

Why GAO Did This Study

To help developing countries reduce poverty and stimulate economic growth, MCC has approved 26 bilateral compact agreements totaling about \$9.3 billion. In the seven compacts that ended in 2010 and 2011—Honduras, Cape Verde, Nicaragua, Vanuatu, Georgia, Armenia, and Benin—transportation infrastructure projects generally received about 50 percent of the compact's total funding. To measure the results of its compacts, MCC sets targets for various performance indicators—such as number of kilometers paved or volume of merchandise passing through a port—and estimates the number of beneficiaries. This report, responding to a congressional mandate, examines the extent to which MCC has, for transportation infrastructure projects, (1) achieved expected performance targets and (2) consistently estimated numbers of beneficiaries. GAO analyzed MCC documents, interviewed MCC officials, and drew on fieldwork completed for related work in four of the seven countries.

What GAO Recommends

MCC should strengthen existing policies and practices regarding measuring and evaluating results data and formalize a quality review process to improve its beneficiary calculations. MCC agreed with all of our recommendations and outlined some steps the agency will take or has already taken to address them.

MILLENNIUM CHALLENGE CORPORATION

Results of Transportation Infrastructure Projects in Seven Countries

What GAO Found

The Millennium Challenge Corporation (MCC)—a U.S. government corporation—recognizes the importance of a disciplined, transparent, and accountable approach to tracking compact results. However, it reduced the scopes of its early transportation infrastructure projects and reports mixed success in meeting key performance targets. In addition, problems with data quality call into question the reliability of those reported results. GAO found the following for the seven compacts ending in 2010 and 2011, each with a road project or a port project.

Road Projects

- MCC reduced kilometers to be paved under six compacts—Honduras, Cape Verde, Nicaragua, Vanuatu, Georgia, and Armenia—by a combined 63 percent (from about 1,800 to 600 km) because of increased construction costs and political problems in partner governments. MCC reported meeting reduced targets for five compacts. However, for three compacts, MCC did not consistently account for kilometers completed with funding from third parties.
- MCC reported meeting revised targets for road roughness—a measure of pavement quality—for five of the compacts. However, reported data have quality issues, including the inconsistent application of measurement methodologies and calculation errors that resulted in overstated results.
- MCC reported meeting targets for annual average daily traffic—a measure of the volume of traffic using the road—for three of the compacts. However, weaknesses in traffic baseline estimates may have affected the establishment of targets and therefore MCC's ability to measure results.

Port Projects

- In Cape Verde, MCC funding (\$53.7 million) was insufficient to construct all planned port elements. As a result, MCC reduced the project's scope and deferred measuring the results of key indicators.
- In Benin, MCC completed most of the envisioned scope of the port project. MCC's data show that the compact met the original target for one of three key performance indicators, volume of merchandise. (The other two indicators relate to the measurement of shipping costs.) However, GAO found that MCC's estimation of this indicator's baseline may lead to overstated results. In addition, data quality reviews identified problems with the data used, which MCA-Benin did not formally address.

In 2009, MCC improved its methodology for estimating beneficiaries—people who realize income gains or expenditure savings as a result of its investment—by standardizing its approach. MCC subsequently revised its beneficiary numbers for all compacts. However, the new approach did not include a formal quality review process. As a result, implementation of the new approach suffered from varying degrees of quality problems. For example, (1) MCC did not implement its beneficiary estimation methodology consistently across early transportation infrastructure projects; (2) beneficiary calculations contained incorrect formulas and numbers, and differed from supporting documents; and (3) beneficiary figures in MCC's public documents were sometimes inaccurate.