



OFFICE OF INSPECTOR GENERAL

for the Millennium Challenge Corporation

AUDIT OF THE MILLENNIUM CHALLENGE CORPORATION'S TRANSPORT INFRASTRUCTURE PROJECT IN VANUATU

AUDIT REPORT NO. M-000-10-005-P
September 30, 2010

WASHINGTON, DC



*Office of Inspector General
for the Millennium Challenge Corporation*

September 30, 2010

The Honorable Daniel W. Yohannes
Chief Executive Officer
Millennium Challenge Corporation
875 Fifteenth Street, NW
Washington, DC 20005

Dear Mr. Yohannes:

This letter transmits the Office of Inspector General's final report on the Audit of the Millennium Challenge Corporation's Transport Infrastructure Project in Vanuatu. In finalizing the report, we considered your written comments on our draft report and included those comments in their entirety in Appendix II of this report.

This report contains seven recommendations for corrective actions. We have reviewed your comments and determined that final action has been taken on Recommendations 2, 4, 5, and 6 and management decisions have been reached on Recommendations 1, 3, and 7.

I appreciate the cooperation and courtesy extended to my staff during this audit.

Sincerely,

Alvin A. Brown /s/
Assistant Inspector General
Millennium Challenge Corporation

CONTENTS

Summary of Results	1
Audit Findings	6
Project Success Could Not Be Measured	6
Early Implementation Problems May Result In Diminished Project Results	9
Roads May Not Be Sustainable After Compact Closure	13
MCA-Vanuatu Was Not on Schedule With Closeout.....	16
Evaluation of Management Comments	18
Appendix I – Scope and Methodology	20
Appendix II – Management Comments	21
Appendix III – Provisions Not Found in Draft Closeout Plan	29

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SUMMARY OF RESULTS

In March 2006, the U.S. Government, acting through the Millennium Challenge Corporation (MCC),¹ signed a 5-year, \$65.7 million compact² with the Government of Vanuatu to reduce poverty and stimulate economic growth by targeting the country's poor transportation infrastructure. The compact was designed to benefit poor, rural agricultural producers and providers of tourism-related goods and services by reducing transportation costs and improving the reliability of access to transportation services.

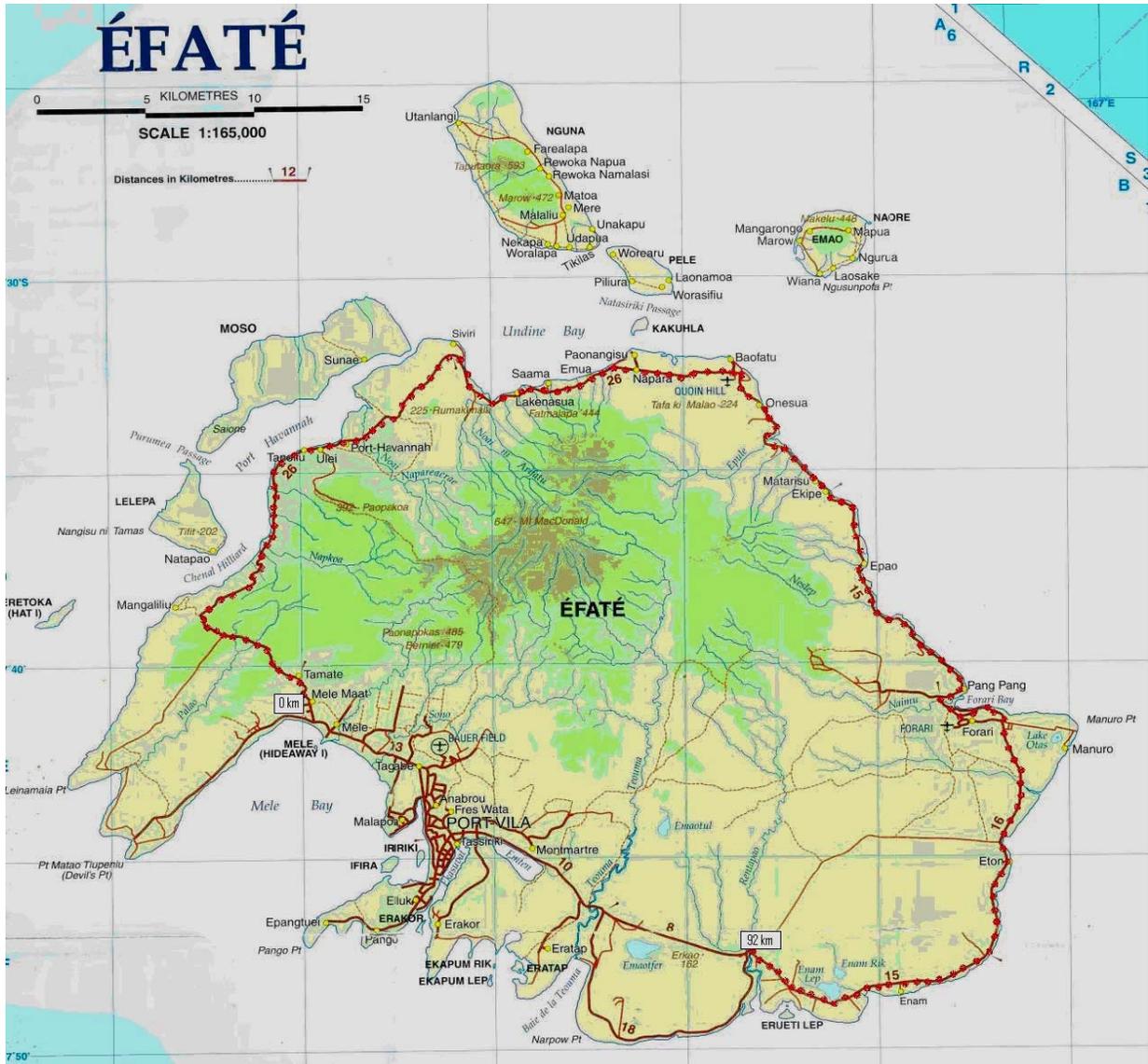
The MCC compact with Vanuatu entered into force in April 2006, formally initiating the 5-year timeline for implementation of the Transport Infrastructure Project (the project). The Government of Vanuatu established an entity called the Millennium Challenge Account for Vanuatu (MCA-V) to implement the project, manage procurements, and serve as the central point of contact for MCC. The compact will end on April 28, 2011.

The project was formally rescope in early 2008. The rescope project consists of (1) construction and sealing of two national roads, the Efate Ring Road and the Santo East Coast Road (shown in maps on the following pages), and (2) institutional strengthening of the Vanuatu Public Works Department (PWD). As of March 31, 2010, MCC had disbursed \$29.7 million for the Efate Ring Road and \$18.8 million for the Santo East Coast Road. The roads are scheduled to be completed by December 2010.

The objective of the audit was to determine whether the project in Vanuatu is stimulating economic activity in the agricultural and tourism sectors through the improvement of transport infrastructure. Although beneficiaries and stakeholders commented that the new roads have positively improved their livelihoods, the compact may not result in stimulating economic growth in the tourism and agricultural sectors through the improvement of transport infrastructure as intended. At the time of our visit, MCA-V had not finalized a 2010 monitoring and evaluation (M&E) plan although a 2009 plan was in place. The 2010 plan included the appropriate indicators that would effectively measure the progress of the project.

¹ Established in 2004 by the Millennium Challenge Act of 2003 (Public Law 108-199), MCC is a U.S. Government corporation that works to reduce poverty and stimulate economic growth in some of the poorest countries in the world.

² Compacts are large, 5-year grants for countries that meet MCC's eligibility criteria. The cost of the compact with Vanuatu included \$60.7 million for the Transport Infrastructure Project (including \$54.5 million for the infrastructure activity and \$6.2 million for institutional strengthening), \$1.6 million for program management, \$1.4 million for monitoring and evaluation, \$1.7 million for fiscal and procurement agents, and \$0.3 million for audits.



The above photo is a map of the island of Efate and shows the Efate Ring Road project, which circles most of the island's coast. The ring road starts at Mele Bay and ends around Erueti Lep.

Source: Downer EDI Works, Ltd.



The above photo is a map of the island of Espiritu Santo, which is usually referred to as Santo. The Santo East Coast Road project begins near Luganville and ends at Port Olry.

Source: Downer EDI Works, Ltd.

The project may not stimulate economic growth in the tourism and agricultural sectors through the improvement of transport infrastructure as intended for the following reasons:

Project Success Could Not Be Measured – At the time of the audit, MCC had not finalized a 2010 M&E plan to include the appropriate indicators that would annually measure economic growth. MCC did have a 2009 M&E plan. However, we believe that without establishing annual targets, which provide up-to-date performance data, MCC would not be able to modify the project as needed during its progression and cannot determine whether the project is meeting its intended results until after the compact ends (page 6).

Early Implementation Problems May Result In Diminished Project Results – MCC and MCA-V had early implementation problems that resulted in delayed procurements. The bids initially received for the project were \$132 million and \$155 million, almost triple the \$54 million budgeted for the road construction project. MCC rescoped the compact instead of requesting additional funding from Congress. As a result, MCC funded only 2 of 11 subprojects for \$54 million. MCC also modified the standards for the roads (page 9).

Roads May Not Be Sustainable After Compact Closure – Vanuatu's Public Works Department (PWD) is responsible for maintaining the country's 1,800-kilometer national road network, including the two MCC-funded roads. However, MCC canceled the portion of the compact that was for strengthening the PWD. Therefore, PWD was not capable of maintaining the roads due to a lack of training, and Vanuatu's budget was not enough to support sustaining the roads (page 13).

MCA-Vanuatu Was Not on Schedule With Closeout – MCC did not approve the closeout plan within the required 360 days before compact closure. An approved closeout plan will ensure the proper disposition of program assets, and required program documents are retained and archived (page 16).

This report includes seven recommendations to MCC's Vice President of Compact Operations:

1. Finalize the Millennium Challenge Account-Vanuatu's monitoring and evaluation plan by confirming approval of the plan for implementation (page 8).
2. Develop and implement a process that would measure the progress of projects annually throughout the compact to help ensure intended results are met (page 8).
3. Direct Millennium Challenge Account-Vanuatu to respond formally to data quality review recommendations, and post the reviews and responses on its Web site as required by the Millennium Challenge Corporation's monitoring and evaluation policy (page 8).
4. Develop a written strategy to resolve budget shortfalls when they occur (page 13).
5. Develop a written strategy to support Millennium Challenge Account-Vanuatu's efforts to strengthen Vanuatu's Public Works Department's ability to maintain the roads (page 16).

6. Finalize Millennium Challenge Account-Vanuatu's draft closeout plan (page 16).
7. Develop written procedures for the Millennium Challenge Account-Vanuatu on safeguarding documents that serve as permanent records, and on locating and identifying key missing documents of program activities (page 17).

Detailed findings appear in the next section. Appendix I presents information on the audit scope and methodology. Appendix II contains management comments in their entirety.

In its response, MCC agreed with the seven recommendations in the draft report. The Office of Inspector General (OIG) reviewed MCC's response and determined that final action has been taken on Recommendations 2, 4, 5, and 6 and that management decisions have been reached on Recommendations 1, 3, and 7.

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AUDIT FINDINGS

The compact was initially designed to benefit about 65,000 poor, rural inhabitants. After the compact was rescoped, the Efate Ring Road and the Santo East Coast Road are expected to benefit 21,000 rural inhabitants living nearby who will use the roads to access markets and social services. The roads are also expected to benefit tourism and roadside businesses, reduce transportation costs, and improve the reliability of transportation services.

Moreover, beneficiaries and stakeholders commented that the new roads had improved their livelihoods. The audit team interviewed 115 villagers on the islands of Efate and Santo to obtain their views on the benefits brought about by the new roads. The vast majority of villagers spoke positively about the new roads. Many stated that the new roads shortened their trips to the respective capital cities by as much as 50 percent. Another stated that village women could now transport their vegetables to market in half the time it took previously. Further, two business owners stated that the Efate road allowed them to double their incomes as a result of increased patronage of their tourist-related businesses.

The project may not achieve its intended results of stimulating economic growth in Vanuatu for the reasons detailed below.

Project Success Could Not Be Measured

MCC's M&E policy,³ Subparagraph 5.1.1, states that "The M&E Plan is a tool to plan and manage the process of monitoring, evaluating and reporting progress towards achieving compact results." The M&E plan lays out how the results of a program will be measured using quantitative, objective, and reliable data called indicators. Each indicator has one or more targets, which specify the expected result (such as dollars for cash income per capita and kilometers of roads upgraded) and the expected date by when the result will be achieved. A tool called the Indicator Tracking Table (ITT), which is included in the M&E plan, is used to track the indicators and their targets. Subparagraph 5.4.2 of the policy states, "Effective management decisions depend upon regular collection of up-to-date performance information."

The progress of the transport infrastructure project toward achieving compact results could not be determined. Reasons included the following:

Revisions to the M&E Plan – The original M&E plan, dated June 2006, was revised and approved in June 2009 due to the rescoping of the compact (details on the rescoping are discussed in the finding entitled *Early Implementation Problems May Result in Diminished Project Results*). After June 2009, MCA-V continued revising the M&E plan, but at the time of the audit, had not finalized the 2010 plan. The audit team obtained a draft copy of the revised ITT, on May 11, 2010, which provided the latest

³ *Policy for Monitoring and Evaluation of Compacts and Threshold Programs*, May 12, 2009.

indicators. The audit team reviewed 21 indicators⁴ in the M&E plans and found that as of May 2010, only 10 indicators remained unchanged. The remaining indicators were revised, added, or eliminated. Because a revised 2010 M&E plan was not finalized, MCC could not report on whether the roads it funded for about \$54 million stimulated economic growth in Vanuatu. For example, MCC's annual reports to Congress for 2008 and 2009 did not address whether the projects would achieve its intended results. Section 613, "Annual Report," of the Millennium Challenge Act of 2003, as amended, states that Congress is required to receive an annual assessment of the extent to which MCC's assistance has been effective in helping the country achieve compact objectives.

Data Collection for Indicators – MCA-V prepared and MCC approved a 2010 M&E plan that did not measure most results until the end of the compact. It was not intended that annual assessments of indicators would be conducted to measure the progress of the transport infrastructure project. Therefore, MCC would not be able to identify the progress of the project until Year 5.⁵ MCC's M&E policy states that "effective management decisions depend upon regular collection of up-to-date performance information." The plan called for data for 12 established indicators to be collected only in the baseline year, Year 4, and/or Year 5 of the compact. For example, seven indicators were only measured in the baseline year and in Year 5. Only one indicator was measured quarterly. However, the target for that indicator, the number of international tourists, was exceeded even as early as Year 1 (April 2006–March 2007), at least 2 years before the road construction contract was signed in May 2008. The targeted number of international tourists in Year 1 was 65,755 but the actual number was 70,871. According to MCC officials, data necessary to measure the impact of the compact would not be available until after compact closure.

Even for indicators MCA-V planned to measure, it did not obtain the data from those conducting the surveys. For example, two indicators were only measured in the baseline year (2008), Year 4, and Year 5. Vanuatu's Public Works Department, which was also responsible for conducting the surveys, had not provided MCA-V with the results. Thus, the results of these surveys could not be posted on the ITT, as required by MCC's M&E policy. Section 5.3 of the policy states that MCAs must report to MCC on indicators in the M&E plan on a quarterly basis using the ITT.

MCA-V did not ensure that the survey implementer documented methodologies for surveys conducted in 2008. MCA-V still planned to use the results of the surveys as baseline data. MCC's M&E policy, Subparagraph 5.4.2, states that "Data should reflect stable and consistent data collection processes and analysis methods over time." This policy addresses the need to document surveys to ensure the ability to duplicate future surveys.

Because quantified data on indicators were not available to show the results of the project at the time of audit fieldwork, the audit team held discussions with about 115 villagers on both islands to obtain their views on the benefits of the roads. From these discussions, the audit team found the roads were already having an impact on their

⁴ Twenty-one high-level indicators (goal, objective, and outcome) were reviewed during the audit because they helped demonstrate compact results over time.

⁵ The compact's year was April to March. Therefore, Year 5 is April 2010 to March 2011, with the compact ending in April 2011.

livelihood although the roads were still being constructed. The audit team also spoke with business owners who stated that their customers have already increased due to the roads.

Without annual targets, MCC would not be able to modify the project as needed during its progression. Also, because data results for the goal indicators will not be available until after the compact ends, MCC had no way to measure the progress of project until the end of the compact. In the case of Vanuatu, MCC did not annually measure the impact of projects as they progressed. Such a process would enable MCAs to determine the progress of compact projects and provide MCC with up-to-date performance information.

Responses to Data Quality Reviews – MCC's M&E policy, Subparagraph 5.4.3, requires that data quality reviews be performed by an independent entity. Data quality reviews assess data collection instruments and procedures, survey sampling methodology, and data manipulation and analyses. MCA-V hired a policy management firm to conduct the data quality reviews. This firm issued reports on its data quality reviews in February 2008 with 34 recommendations and December 2009 with 37 recommendations. For example, in the 2009 data quality report, the firm recommended that baseline values be amended using cash expenditures instead of incomes, a poverty specialist be recruited, and the collection of local prices be improved.

According to MCC's M&E policy, Subparagraph 5.4.4, MCAs must provide comments on data quality reviews, indicating which recommendations will be implemented. Further, Section 5 of the June 2009 M&E plan states, "MCA-Vanuatu will implement recommendations of the Data Quality Auditor within 3 months of the audit or provide justification for non-compliance when recommendations are not followed." However, according to MCC on June 1, 2010, it did not have copies of any formal responses or comments from MCA-V on the data quality reports, only informal e-mail exchanges. Without MCA-V's formal comments on the data quality reports, MCC did not know whether MCA-V planned to implement MCC-approved recommendations. Subparagraph 5.4.4 of the M&E policy also requires that MCAs post their data quality reviews and comments on their Web sites. As of July 21, 2010, MCA-V had not posted its comments on the February 2008 data quality review, nor had MCA-V posted the December 2009 data quality review and comments on it.

Recommendation 1. We recommend that the Millennium Challenge Corporation's Vice President of Compact Operations finalize the Millennium Challenge Account-Vanuatu's monitoring and evaluation plan by confirming approval of the plan for implementation.

Recommendation 2. We recommend that the Millennium Challenge Corporation's Vice President of Compact Operations develop and implement a process that would measure the progress of projects annually throughout the compact to help ensure intended results are met.

Recommendation 3. We recommend that the Millennium Challenge Corporation's Vice President of Compact Operations direct Millennium Challenge Account-Vanuatu to respond formally to data quality review recommendations, and post the reviews and responses on its Web site as

required by the Millennium Challenge Corporation's monitoring and evaluation policy.

Early Implementation Problems May Result in Diminished Project Results

Initial implementation of the \$65.7 million compact did not take place until 2008, about 2 years into the 5-year compact. Several problems, including removal of key staff and delayed procurement actions, led to the delay. Further, the initial bids were almost triple the \$54 million budgeted for the road construction project. To ameliorate these and other early problems, MCA-V and the Government of Vanuatu, with no objection from MCC, decided to rescope the infrastructure activity by eliminating 9 of the original 11 subprojects. The rescope project focused on the building of two roads, one each on the islands of Efate and Santo.

Early Problems – Some of the early problems that delayed implementation were identified in an MCC action memorandum, dated January 28, 2008, which stated that:

The Project has suffered from very substantial delays in implementation, including the termination of the first procurement agent; the consequent taking over of procurement functions including preparation of bid documents by MCC; and a lack of readiness of the project at the time of Entry into Force, as measured by a lack of finalized implementing entity agreements, bid documents for procurements and staff resources to help fill the gap.

Other early problems which further delayed implementation were that two key personnel were replaced early in the compact. Also, Government of Vanuatu officials and staff acknowledged that the compact was a new experience for Vanuatu and that the country lacked experienced staff necessary to implement and manage such a complex project. MCC officials and staff admitted that the project “did not have the right mix of people in the beginning.” Further, only one staff member who had participated in the initial project implementation remained at MCA-V at the time of our visit.

The initial bidding documents were not issued until the second year of the compact. An international prequalification process was conducted with support from MCC, resulting in three companies being prequalified. A comprehensive Invitation for Bids document covering design and build of the 11 subprojects on eight islands was developed by MCC and issued to the three companies on June 15, 2007. On September 27, 2007, two bids were received—one bid at \$132 million and the other at \$155 million. These bids exceeded the road construction budget of \$54 million by nearly a factor of 3. The procurement was canceled on December 13, 2007, because of the high bids.

Rescoping the Compact – To address the early problems, MCC sent a team to Vanuatu that included an engineer from the U.S. Army Corps of Engineers. The team identified 16 options available to MCA-V and the Government of Vanuatu in a document entitled “MCA-Vanuatu - Design & Build Contract Options Paper.” One option was to rescope the compact and reduce its scope. MCC and MCA-V selected that option. According to the options paper, the advantages of rescoping included that (1) it offered

“possible cost savings,” (2) subprojects would “appear to be delivered as promised,” and (3) it constituted a “potentially quick solution.” However, disadvantages included (1) “reduced quality may affect the infrastructure’s life span,” (2) “reduced quality infrastructure may be more susceptible to ... damages, leading to increased repair and maintenance costs for PWD,” and (3) the U.S. Government may question “the economic benefits of a program with lowered quality standards.”

MCA-V issued Tender No. MCA-VAN-02 in February 2008. A bidder who was eventually awarded the contract stated that the budget allowance of about \$54 million was “only sufficient to complete the works as identified in Scheme A [Schedule A⁶]—all other works would be dependent on securing alternative funding.” MCA-V and the Government of Vanuatu, without objection from MCC, rescope the project from 11 to 2 subprojects (the Efate Ring Road and the Santo East Coast Road) rather than add additional U.S. Government funds to the compact although the Millennium Challenge Corporation Act (MCC Act) of 2003, as amended, allows for the refunding of compacts. According to MCC, the Prime Minister of Vanuatu solicited donations from New Zealand when it was discovered that the \$54 million would not cover sealing the entire Santo East Coast Road. The New Zealand Agency for International Development provided about \$10 million to assist in completing the road.

Modified Standards – On May 2, 2008, the contractor who submitted the lowest bid, Downer EDI Works, Ltd., of New Zealand, signed the design-and-build contract with MCA-V. In April 2008, MCA-V and the contractor held negotiations and agreed to design a project approach. The project approach was rescope to allow “completing the maximum amount of work in the minimum period of time within the available budget.” The resulting approach identified the Government of Vanuatu’s priorities as the roads on the islands of Efate and Santo. The approach allowed for variations from the “nominated standards” with agreement by the engineer. The approach also allowed for other changes. For example:

- Reducing base and sub-base material⁷ requirements
- Reducing the width of the Santo road from 6 to 5 meters with a 1-meter shoulder
- Removing the concrete requirement on slopes exceeding 12 percent

During discussions with beneficiaries, the audit team found consistent concern with the thinness of the road’s seal, uneven edges (see photo below), and the road’s width. The road’s seal was also discussed in a desktop review and site inspection by an independent engineering firm, dated March 2, 2010. The review provided comments on the sprayed seal surfacing performance and recommended remedial treatments. The inspection report stated:

The current design and construction practices are not considered sufficient to provide a satisfactory seal design life of the order of at least 5 to 12 years. The Downer EDI Road Maintenance Manual (Page 59)

⁶ Schedule A to Tender No. MCA-VAN-02 contained the price summary for bids on the design of all subprojects and construction of the Efate Ring Road and the Tanna White Sands Road. The Tanna White Sands Road was subsequently replaced by the Santo East Coast Road.

⁷ The base or sub-base material is a layer of crushed rock or other materials used for paving a road.

recommends the full site [be] resealed with a 14mm to 20mm aggregate at the beginning of year 3 or earlier if funds allow.

As noted above, the base and sub-base materials were modified to stay within the budget. The Fédération Internationale des Ingénieurs Conseils (FIDIC) engineer estimated that \$50,000 per kilometer, or about \$7.4 million, would be required to reseal the 149 kilometers of constructed project roads.



The photo above shows that at the time of the auditors' site visit, the edge of the Santo East Coast Road appears uneven. MCC officials subsequently stated that the uneven edge has been repaired. (Photo by OIG, April 26, 2010)

An MCA-V official stated that the use of modified standards would not affect the road's quality but could affect the road's useful life. He estimated that the roads would more likely need maintenance in 5 to 8 years and stated that the completed roads should be "adequate." By comparison, the audit team found that the Japan International Cooperation Agency constructed a section of road on Efate about 10 years ago. The road was built to full Australian standards.

The audit team observed problems with the road width. During a road trip to Santo, the audit team travelled behind a truck that took up the entire lane. The driver needed to drive on the road's edge to avoid oncoming vehicles. Also, the audit team found that there were drainage problems in causeways in one section of the road that could necessitate additional repairs if flooding continues beyond the contractor's period of defect liability.



The above photo shows that at the time of the auditors' site visit, a causeway on Efate Ring Road failed after heavy rains. Accumulated rain water found a path under the road. The now unsupported shoulder of the road is breaking up. MCC officials subsequently provided us with a photo showing this causeway has been repaired. See Appendix II. (Photo by OIG, April 20, 2010)



The above photo shows that at the time of the auditors' site visit, a drain on the Efate Ring Road became covered with debris from a failed drain located higher on the hill. That drain failed because of heavy rains. MCC officials subsequently provided us with a photo showing the drain has been repaired. See Appendix II. (Photo by OIG, April 20, 2010)

The completed roads may not meet beneficiary expectations. Also, the modified standards may impact the life span of the infrastructure project, thereby minimizing the long-term use of the road. MCC had estimated that \$95 million would be required to

fund the original 11 subprojects.⁸ The MCC Act provides for increasing funding to existing compacts with congressional notification and publishing of the justification in the Federal Register. However, MCC officials stated that “the timing was not right for MCC to pursue those actions.”

In response to our draft report, MCC informed us of the following:

- The Santo East Coast Road has now been sealed to the 6-meter width.
- Slopes with a significant gradient were concreted, and those with lesser degrees of gradient were given a third seal.
- The Downer EDI Road Maintenance Manual, in draft form at the time of our audit, has since been revised to its final form, and the recommendation that the full site be resealed with a 14mm to 20mm aggregate at the beginning of Year 3 or earlier was removed.
- All early sealing problems have been rectified, and all work requiring resealing or a third seal due to the initial methods has been completed and is satisfactory.

Recommendation 4. We recommend that the Millennium Challenge Corporation’s Vice President of Compact Operations develop a written strategy to resolve budget shortfalls when they occur.

Roads May Not Be Sustainable After Compact Closure

The transport infrastructure project may not stimulate economic activity through the improvement of transport infrastructure as required by the compact. This occurred because MCC did not develop a written strategy that would provide enough support to strengthened PWD’s ability to maintain the road projects. Also, Vanutau’s PWD, responsible for sustainability of the roads, had limited capacity to perform road maintenance. Although the GoV budgeted about \$5 million for road maintenance as required by the compact, it may not be enough to sustain the roads. As a result, the roads may not be properly maintained annually.

Section 1.1(b) of the compact states that one key project objective to help stimulate economic activity is strengthening the ability of the Government of Vanuatu, specifically the capability and capacity of PWD, to maintain Vanuatu’s infrastructure assets. In addition, Subparagraph 2(b) of Schedule 1 to Annex I of the compact states that the program will provide support for the sustainability and viability of PWD through organizational reform and policy changes. Further, Subparagraph 5(a) states that MCC funding will expand PWD’s capability and capacity in all maintenance and repair activities.

Budget for Maintenance of Roads – The budget for road maintenance may not be sufficient. The Government of Vanuatu allocated about \$5 million for road maintenance

⁸ MCC Infrastructure Project Re-Estimates Summary Table, May 23, 2008.

in 2009 and 2010, as required by Subparagraph 5(b)(i) of the compact. The subparagraph states that the MCC and the Government of Vanuatu agree that an annual budget of about \$5 million is considered an appropriate level of funds for road maintenance. However, only about \$2 million was allocated each year specifically for road repairs and maintenance. The road maintenance budget is for the 1,800 kilometers of national roads, which includes the 149 kilometers of roads that MCC funded.

In addition, the Service Performance Agreement between PWD and the Ministry of Infrastructure and Public Utilities, dated March 2008, stated that the Government of Vanuatu would increase funding for road maintenance over about 4 years to about \$5 million annually (2006 prices) for a national road network of about 1,800 kilometers.

The Australian Agency for International Development analyzed the road sector for its Vanuatu Transport Sector Support Program and produced a report stating that about \$2 billion Vatu (about \$19 million) was actually needed for roads. The report further stated that, "Even the substantially increased annual budget of \$500 million Vatu (about \$5 million) is only likely to meet around 25% of actual maintenance needs (or around 500 kilometers of roads)" of the 1,800 kilometers that PWD is responsible for maintaining.

Finally, the supervisory engineer stated that it would cost \$50,000 to reseal each kilometer of road. Therefore, PWD would need about \$7.5 million just to reseal the 149 kilometers of MCC-funded roads.

In the future, PWD may also need to replace pipes in private driveways. Flooding has occurred because pipes were too small. (See photo on next page.) The supervisory engineer had received complaints regarding the driveways, and drainage problems have occurred. According to an MCA-V official, if all 600 pipes needed to be replaced, PWD would have to spend about \$1.2 million. Replacing the pipes would strain limited road maintenance funds.

Capability of PWD – The capability of PWD to sustain the roads has been an ongoing concern of the Government of Vanuatu, MCA-V, MCC, and the supervisory engineer. The Government of Vanuatu's country proposal, dated March 2005, recognized the lack of PWD's capacity to maintain transport infrastructure projects. The proposal stated that "maintenance has suffered in part because of the deterioration of PWD[s] capacity." MCA-V noted in its narrative report for April through June 2009 that it had delayed purchasing additional equipment because of PWD's underperformance. MCC responded to MCA-V's narrative report in a letter dated June 30, 2009. MCC stated that while MCC will continue to work with MCA-V to enhance the capacity of PWD, MCC was "disappointed in PWD's lack of cooperation to date" and hoped to see demonstrated improvement "as evidence of the Government's commitment to the proper and sustainable maintenance of the roads built under the compact."

The supervisory engineer's monthly report for May 2008 stated that PWD did not have sufficient capacity and experience to supervise a design-and-build contract of this size, nor was it able to fulfill the role of the engineer. Therefore, the role of the engineer was assigned to a technical advisor under the supervisory engineer until sufficient capacity was developed within PWD. PWD was to assume the duties of the engineer after 18 months because there was no financial provision for the technical advisor to extend this

role. The supervisory engineer repeated this issue in his August through December 2008 monthly reports. As late as March 2010, the supervisory engineer stated that the technical advisor should continue as the FIDIC engineer until PWD had the necessary capacity to take over the role.

The contractor for the road construction was assisting in training PWD's Engineering Support Unit, which will be responsible for road maintenance. However, an MCA-V official stated during an April 2010 meeting that PWD was learning how to build roads, not to maintain them. This comment is further supported by an MCC official who stated in his April 2010 trip report that PWD and MCA-V were not able to define what activities were involved in institutional strengthening, which include road maintenance. A draft Road Maintenance Strategic Plan developed by the Director General of the Ministry of Infrastructure and Public Utilities provided routine, periodic, and major maintenance timelines and definitions.⁹ However, the plan had not been finalized by the end of audit fieldwork.



The above photo provided by PWD during the auditors' site visit of the road shows a failed drain pipe on the Efate Ring Road, Tanoliu Village. The drain pipe under the homeowner's driveway was too small and caused flooding of the ditches. MCC subsequently provided us with a photo that the drainage failure has been resolved. (Photo by PWD)

Roads may not be properly maintained annually after compact closure. PWD's lack of road maintenance capability and GoV's budget for road maintenance may not be sufficient to sustain the roads. Sustaining the roads could improve Vanuatu's economic activity and investment in the tourism and agricultural sectors. A written strategy developed by MCC, which would provide support for MCA-V's efforts in helping PWD, would ensure that PWD has the proper capability and funding to maintain the roads and sustain them annually.

⁹ PWD is a department under the Ministry of Infrastructure and Public Utilities.

Recommendation 5. *We recommend that the Millennium Challenge Corporation's Vice President of Compact Operation, develop a written strategy to support Millennium Challenge Account-Vanuatu's efforts to strengthen Vanuatu's Public Works Department's ability to maintain the roads.*

MCA-Vanuatu Was Not on Schedule With Closeout

MCA-V was not on schedule to meet MCC's closeout requirements. Version 6 of the draft closeout plan did not contain all of the provisions required by MCC policy. MCC did not approve the plan within the required 360-day period before closeout. Section 5.3 of MCC's closeout guidance,¹⁰ "Timeline for Submission, Approval, and Execution of the Program Closure Plan," requires that MCC approve compact closeout plans 360 days prior to compact closure.

The audit team found that the draft plan did not include 13 required provisions. (See Appendix III.) Without an approved closeout plan, MCA-V cannot begin the closeout process as required by MCC policy and cannot provide a plan for the proper disposition of program assets. MCA-V's draft closeout plan was dated March 2010. According to MCC, the draft plan (Version 7) has been approved by the GoV's Steering Committee. The draft plan was reviewed by the Vanuatu Implementation Support Team, and their comments are being included in a revised draft plan (Version 8). MCC expected to receive Version 8 of the draft plan by the end of July 2010 for its approval. The draft plan should have been approved by at least April 28, 2010, 360 days prior to compact closure as required by MCC policy. Without an approved closeout plan, MCA-V cannot begin the closeout process as required by MCC policy and cannot provide detailed plans for program closure, to include properly disposing of program assets and retaining and archiving official program documents. For example, without detailed plans, MCA-V would not be able to account for and dispose of program assets in an orderly manner no later than the closure date. Also, MCA-V would not be able to ensure the program closure does not create any environmental health or safety hazards.

Finally, MCA-V could not locate documents that supported meeting its work plan goals during project implementation. Locations of the documents were unknown because only one staff member remained from the initial implementation of the project. Also, MCA-V had not delegated responsibility for maintaining or filing the documents. Therefore, more than half of the documents that supported the tasks in MCA-V's work plan could not be located and provided to the audit team.

Recommendation 6. *We recommend that the Millennium Challenge Corporation's Vice President of Compact Operations finalize Millennium Challenge Account-Vanuatu's draft closeout plan.*

¹⁰ *Guidelines for the Program Closure of Millennium Challenge Compacts*, September 8, 2009, Version 2.0.

Recommendation 7. *We recommend that the Millennium Challenge Corporation's Vice President of Compact Operations develop written procedures for the Millennium Challenge Account-Vanuatu on safeguarding documents that serve as permanent records, and on locating and identifying key missing documents of program activities.*

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EVALUATION OF MANAGEMENT COMMENTS

The Millennium Challenge Corporation (MCC) provided written comments to our draft report that are included in their entirety in Appendix II. MCC agreed with all seven recommendations in the draft report.

For Recommendation 1, MCC agreed with the recommendation. MCC stated that the latest revision to the monitoring and evaluation (M&E) plan was undertaken during the OIG audit period and was approved on September 24, 2010. OIG considers that a management decision has been reached. A copy of the 2010 M&E plan is needed to show that final action has been reached.

For Recommendation 2, MCC agreed with the recommendation. MCC stated that it has a process to measure the progress of the project. MCC also stated that it (1) monitors each of its compacts using quarterly and annual reports, (2) uses the Indicator Tracking Table (ITT) to report on and monitor all indicators, and (3) analyzes quarterly and annual indicators against targets in implementation performance reviews. OIG acknowledges that MCC has a process in place to measure the progress of the projects. Therefore, final action has been reached.

For Recommendation 3, MCC agreed with the recommendation. MCC stated that MCA-V's written responses to the recommendations in the February 2008 and July 2009 data quality reviews will be formally documented and posted on Millennium Challenge Account-Vanuatu's (MCA-V) Web site on December 10, 2010. OIG considers that a management decision has been reached. To reach final action, MCC will need to provide our office with MCA-V's written responses to the recommendations and notify OIG when the responses are posted on MCA-V's Web site.

For Recommendation 4, MCC stated that the process for approving changes in the compacts resulting from budget shortfalls is covered in MCC's *Policy on the Approval of Modifications to MCC Compact Programs*, dated August 2, 2010. OIG considers that a management decision was reached and that final action has been taken on the recommendation.

For Recommendation 5, MCC agreed with the recommendation. MCC stated that on July 5, 2010, MCA-V and the Director General of the Ministry of Infrastructure and Public Utilities agreed on a transition action plan to ensure a comprehensive turnover of road maintenance responsibilities to the Public Works Department. OIG considers that a management decision was reached and that final action has been taken on the recommendation.

For Recommendation 6, MCC agreed with the recommendation. MCC stated that MCA-V's compact closure plan was submitted to MCC for formal approval on September 22, 2010. OIG considers that a management decision was reached and that final action has been taken on the recommendation.

For Recommendation 7, MCC agreed with the recommendation. MCC stated that the MCA-V compact closure plan describes the arrangements whereby permanent records have been stored by the fiscal agent and procurement agent in addition to MCA-V's records, and how these will be safeguarded to comply with MCC requirements and Vanuatu legislation. OIG considers that a management decision has been reached. To reach final action, MCC will need to provide us with a copy of MCA-V's compact closure plan.

OIG considered MCC's responses and made changes to the final report as necessary. MCC requested that the photos be removed from the audit report. However, OIG believes that the photos represent road conditions at the time of the audit fieldwork in April 2010. At that time we did not have any assurance repairs would be made to the roads. MCC has addressed the issues in its comments and has provided photos showing that repairs have been made.

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SCOPE AND METHODOLOGY

Scope

The Office of Inspector General conducted an audit of the Millennium Challenge Corporation (MCC). The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, in accordance with our audit objective. We believe that the evidence obtained provides that reasonable basis.

The team reviewed selected MCC procedures used to implement the compact and determine whether the transport infrastructure project in Vanuatu was achieving its intended result of stimulating economic activity in the tourism and agricultural sectors through the improvement of transport infrastructure. As of March 31, 2010, MCC had disbursed \$48.5 million out of \$65.7 million to Vanuatu. Of that amount, \$29.7 million was disbursed for the Efate Ring Road and \$18.8 million for the Santo East Coast Road.

The audit fieldwork was conducted from February 4 through April 29, 2010, at MCC Headquarters in Washington, DC, and in Vanuatu. In addition, the team visited MCA-V offices and beneficiaries in or near the cities of Port Vila and Luganville. Interviews were conducted with the Millennium Challenge Account-Vanuatu's (MCA-V) procurement agent and also its fiscal agent, who is in the Government of Vanuatu's Ministry of Finance and Economic Management.

We examined the internal control environment by identifying and assessing the relevant controls. We tested various controls, including documentation, record keeping, and guidance. In addition, we reviewed prior audit reports and considered relevant findings.

To reach its conclusions, the audit team interviewed MCC and MCA-V staff, Government of Vanuatu officials and staff, beneficiaries, and international donors. The audit team also reviewed and analyzed records and reports related to the project.

Methodology

To answer the objective, we performed the following activities:

- Interviewed MCC and MCA-V staff involved in the implementation of the transport infrastructure project.
- Reviewed relevant documents, interviewed relevant individuals, and visited construction sites of the two road projects to confirm the progress of those projects.

For audit testing, we used judgmental sampling to verify whether selected program objectives were met. Our results cannot be projected to the entire universe.

MANAGEMENT COMMENTS



DATE: September 28, 2010

TO: Mr. Alvin Brown, Assistant Inspector General
Millennium Challenge Corporation

FROM: Mr. Patrick C. Fine, Vice President - Department of Compact Operations
Millennium Challenge Corporation /s/

Dear Mr. Brown:

The Millennium Challenge Corporation (MCC) appreciates the opportunity to respond to the Office of Inspector General's (OIG) draft report entitled "Audit of the Millennium Challenge Corporation's Transport Infrastructure Project in Vanuatu."

MCC's specific responses to the seven recommendations in the draft report are detailed below and in the supplemental information provided as part of this letter which contains additional information and corrections to specific statements presented in the audit report.

Recommendation No. 1: We recommend that the Millennium Challenge Corporation's Vice President for Compact Operations, finalize the Millennium Challenge Account-Vanuatu's monitoring and evaluation plan by confirming approval of the plan for implementation.

MCC Response: MCC agrees with this recommendation. MCA-Vanuatu's Monitoring and Evaluation Plan was initially approved by MCC for implementation in June 2006. As part of MCC's continued oversight, the plan was subsequently revised and approved in June 2009. The latest revision to the plan was undertaken during the OIG audit period and was approved on September 24, 2010.

Recommendation No. 2: We recommend that the Millennium Challenge Corporation's Vice President for Compact Operations, develop and implement a process that would measure the progress of projects annually throughout the compact to help ensure intended results are met.

MCC Response: MCC agrees with this recommendation and currently has a process in place to measure the progress of projects. MCC monitors each of its compacts via a

comprehensive set of quarterly and annual reports, which assists management in reviewing both progress and impediments towards meeting intended results. One of these reports, the Indicator Tracking Table, is used to report on and monitor all indicators. MCC also analyzes quarterly and annual indicators against targets in implementation performance reviews. Quarterly or semi-annual performance is further assessed prior to approval of quarterly disbursement requests.

Recommendation No. 3: *We recommend that the Millennium Challenge Corporation's Vice President for Compact Operations, direct Millennium Challenge Account-Vanuatu to formally respond to data quality review recommendations, and post the reviews and responses on its website as required by the Millennium Challenge Corporation's monitoring and evaluation policy.*

MCC Response: MCC agrees with this recommendation. In compliance with MCC's *Policy for Monitoring and Evaluation of Compacts and Threshold Programs*, dated May 12, 2009, and as part of MCA-Vanuatu's close-out strategy, MCA-Vanuatu's written responses to the recommendations of the February 2008 and July 2009 data quality reviews will be formally documented and posted on the MCA-Vanuatu website. The target date for compliance with the OIG recommendation is December 10, 2010.

Recommendation No. 4: *We recommend that the Millennium Challenge Corporation's Vice President for Compact Operations develop a written strategy to resolve budget shortfalls when they occur.*

MCC Response: Budget shortfalls may occur for a variety of reasons, and MCC approaches mitigation for these issues individually, as part of its quarterly portfolio review process. MCC resolves budget shortfalls dynamically, by working together with our partner governments utilizing a variety of approaches, including, *inter alia*, re-scoping, changes in implementation approaches, additional government contributions, and contributions from other donors. The process for approving changes in the Compacts resulting from budget shortfalls is covered in MCC's *Policy on the Approval of Modifications to MCC Compact Programs*, dated August 2, 2010.

Recommendation No. 5: *We recommend that the Millennium Challenge Corporation's Vice President for Compact Operations, develop a written strategy to support Millennium Challenge Account-Vanuatu's efforts to strengthen Vanuatu's Public Works Department's ability to maintain the roads.*

MCC Response: MCC agrees with this recommendation. MCC, as part of its oversight role and its commitment to sustainability, has regularly supported MCA-Vanuatu's (and the Government of Vanuatu's) efforts to strengthen road maintenance. This support has resulted in a number of actions designed to further strengthen Vanuatu's Public Works Department's ability to maintain MCC's road investments. These actions have included the development of a \$5m road maintenance fund with continued annual contribution, the provision of \$1m of road maintenance equipment and complimentary equipment support via an Australian-funded project. Additionally, on July 5, 2010, MCA-Vanuatu and the Director-General of the Ministry of Infrastructure and Public Utilities agreed on a transition action plan to ensure a comprehensive turnover of road maintenance responsibilities to the Public Works Department.

Recommendation No. 6: We recommend that the Millennium Challenge Corporation's Vice President for Compact Operations, finalize Millennium Challenge Account-Vanuatu's draft closeout plan.

MCC Response: MCC agrees with this recommendation. The MCA-Vanuatu compact closure plan was submitted to MCC for formal approval on September 22, 2010.

Recommendation No. 7: We recommend that the Millennium Challenge Corporation's Vice President for Compact Operations, develop written procedures for the Millennium Challenge Account-Vanuatu on safeguarding documents that serve as permanent records, and on locating and identifying key missing documents of program activities.

MCC Response: MCC agrees with this recommendation. The current MCA-Vanuatu compact closure plan describes the arrangements by which permanent records have been stored by the Fiscal Agent and Procurement Agent in addition to MCA-Vanuatu's records, and how these will be safeguarded to comply with MCC requirements and Vanuatu legislation. A process is underway to reconcile MCA-Vanuatu and MCC records.

In addition to the responses in the management response letter, MCC has found several factual inaccuracies within the draft report which are addressed herein. Many of the conclusions in the draft report were based on a site visit conducted in April 2010. Photographs taken after severe wet weather and during construction have been mistakenly used to suggest permanent reduced road standards. One of these photographs is of a road section that was not a part of the design and build contract. This supplement is intended to correct factual inaccuracies within the draft report. MCC strongly recommends that the audit photographs be removed to avoid misrepresenting the facts. We believe that this confusion can be mitigated in the future via an informal review and mutual exchange prior to the formal submission of the draft report.

OIG Audit of the Millennium Challenge Corporation's Transport Infrastructure Project in Vanuatu: Technical Inaccuracies and Factual Errors

I. Technical Inaccuracies

1. Photographs of "road failures":
 - a. The report includes four photographs designated as road failures as evidence for Finding Two that the road standards may have been reduced. The photographs were taken at a time when 890mm of rain had fallen; starting what became the heaviest quarter of rainfall in Vanuatu's recorded history.
 - i. Photograph #1: This photograph depicts a seal edge that was deemed to "appear uneven". This photo was taken at time when the road had not undergone the final finishing stages of construction, and has since been refined. In addition, the photo appears to have been distorted horizontally and exaggerates the reality.
 - ii. Photograph #2: This photograph shows a causeway damaged from this rainfall. However, this causeway was never part of the design

and build contract and can therefore not be regarded as an example of reduced road standards. Nonetheless, and due to MCA-Vanuatu's prudent management, this causeway (and five others which were not part of the original contract) have been repaired as part of subsequent variations.

- iii. Photograph #3: This photograph incorrectly designates that it is of "a failed stone-lined drain" on Efate. It actually depicts a drain which survived the rain deluge but was covered from the debris of a drain higher up the hill which was damaged. The excessive rains damaged a total of 80 meters of a total of 18,230 meters (0.4%) of stone-lined drains on the two roads. Under the Engineer's supervision, the methodology was reviewed, lessons from the excessive rains were learned, and the drains were re-constructed at the expense of the road contractor.
- iv. Photograph #4: This photograph of the Tanoliu driveway is in an area only meters from Ulei creek which flooded severely during the historic rainfall. Although the photograph shows flooding in the area around the drain, it is not due to a road failure, or a drain pipe that was too small as incorrectly noted in the draft report, but because of the record rainfall. The drains depicted protected the road from any overflow or damage, enabled access to the property, and drained within a few hours. While it would be ideal to design structures to accommodate record-breaking events, it would remain cost-prohibitive and contrary to engineering best practice to design to such standards.
- v. All four sections depicted in these photographs have been corrected through the normal contract management processes. None of them are related to the auditors' finding that these are examples of early implementation problems which may diminish program results or reduce standards. The inclusion of these photographs and related assertions in the final publicly available audit report convey an inaccurate picture of the road standards achieved under the compact. We have included updated photos of three of the four sites in our response to the draft report to provide a clearer understanding of its current state. MCC was unable to provide an updated photo of the Santo East Coast Road due to the undocumented location of the photo in the draft report.



Figure 1: Photo by Downer 09 September 2010 - Efate Ring Road: Causeway Crossing at Lakenasua



Figure 2: Photo by Downer 11 September 2010 – Efate Ring Road: Rock Lined Drain (RLD)



Figure 3 : Photo by Downer 11 September 2010 – Efate Ring Road: Driveway in Tanoliu

2.. Early Implementation Problems May Result in Diminished Project Results”: MCC wishes to clarify that the roads have been designed and constructed to a standard appropriate to the projected traffic volume, functional standard, and level of service expected to provide over service life per internationally applied practices. The feasibility study for the roads provided a conceptual design, so all quantities of materials were general estimates. Since MCA-Vanuatu decided to award a *design-build* contract, these estimates were used to determine the bidders’ price per unit of material. The contract (see “Annex 5: The Employer's Requirements”) stipulated that the actual quantities (and the final price) would be determined by the winning bidder at the final design stage according to Australian standards, performance specifications in the contract (such as lifespan, which was 20 years), and consultations with and approval from the Engineer (an Australian firm) and MCA-Vanuatu (project led by an Australian road engineer). In addition, MCA-Vanuatu needed approval from MCC’s resident country mission and infrastructure director (a road engineer), who in turn consulted with the United States Army Corps of Engineers’ experts in road engineering. Modifications made to design and quantities were determined according to criteria specified for quality and durability and overseen and approved by three layers of oversight (the Engineer, MCA-Vanuatu, and MCC). Ultimately, MCC

determined it would not be appropriate to waste U.S. taxpayer money on over-engineered roads.

II. Other Factual Errors

1. The report incorrectly notes that *one* engineer from the United States Army Corps of Engineers was sent to Vanuatu by MCC, when it was a team of three experts including a road specialist, cost engineer, and project manager.
2. The report incorrectly states that “MCC decided to re-scope the infrastructure activity by eliminating 9 of the original 11 subprojects.” This statement inaccurately presents the reality of the re-scoping exercise as these two roads accounted for 75% of the original Transport Infrastructure Project scope and budget.
3. Re-scoping the compact: This paragraph incorrectly states a decision was made to reduce the compact. This paragraph makes a declaration of why the option to reduce scope was chosen. MCC kindly requests the source of this statement.
4. The first paragraph under the photo incorrectly states that the Japan International Cooperation Agency constructed a section of road 10 years ago that only now is in need of repair. This statement is factually inaccurate as there are two core types of maintenance; routine which is regular upkeep, and regularly attended to by PWD and; periodic maintenance and repair, which is required every 5-7 years per industry standard. Stating that no maintenance has been performed or required for 10 years is factually inaccurate as periodic maintenance and repair is a requirement in order to maintain a sustainable road.
5. MCC wishes to clarify that the roads were built to the technical specifications as outlined in the final design and build contract. The thickness of the road is designed to service traffic for 20 years. In addition, it is important to be clear that this is a sealed road and not an asphalt road. While the materials are more or less the same, the application process is different. Asphalt roads are suited for high volume and heavy traffic, such as those in urban areas, while sealed roads are ideal for rural areas, which is the case for Vanuatu.
6. Below is a breakdown of inaccuracies related to the provisions not found in the draft closeout plan:
 - a. *Designate principle representative of the government:* The draft closeout plan indicates that the Director General of the Prime Minister’s Office shall continue to act as the Principle Representative covering all matters and issues related to the compact, including those noted in the draft report.
 - b. *Modification of existing agreements:* Section 9 of the draft closeout plan includes a review of existing agreements and any necessary modifications.

- c. *Submit the Final Quarterly Financial Report during the closeout period:* Section 5.10 of the *MCC Guidelines for the Program Closure of Millennium Challenge Compacts*, dated September 8, 2009, (the “Closeout Guidelines”) describes the treatment of various documents, data, and reports before and after the compact end date. Although section 5.10.5 of the Closeout Guidelines indicates that MCA-Vanuatu must submit a final quarterly financial report during the compact closure period, the guidelines do not require that MCA-Vanuatu include a description of the process for finalizing this report in the closure plan.
- d. *Submit a final report at the end of the closure period indicating that all taxes have been exempted or reimbursed by the government:* Section 5.10 of the Closeout Guidelines describes the treatment of various documents, data, and reports before and after compact end date. Although section 5.10.6 of the Closeout Guidelines indicates that MCA-Vanuatu must submit a final report regarding the treatment of taxes the Closeout Guidelines do not require that MCA-Vanuatu include a description of the process for finalizing this report in the program closure plan.
- e. *Submit a final Indicator Tracking Table in the M&E Plan within the closure period:* Section 5.13 of the Closeout Guidelines notes that the accountable entity should submit a final Indicator Tracking Table within the compact closure period no later than 45 days after the end of the compact. It is not required to be included as part of the closure plan, but has been noted in section 6.1 of the draft closeout plan.

Thank you for the opportunity to provide our comments on the draft report.

PROVISIONS NOT FOUND IN DRAFT CLOSEOUT PLAN

Version 6 of the Millennium Challenge Account for Vanuatu's draft closeout plan did not contain all the provisions as required by MCC's *Guidelines for the Program Closure of Millennium Challenge Compacts*, dated September 8, 2009. Below shows the provisions MCA-V needs to include in its closeout plan.

1. Provide an outline of the Project Completion Report
2. Designate principal representatives of the government who would:
 - a. Liaison as necessary with MCC and independent evaluators contracted by MCC to conduct an evaluation of the program, including impact evaluations.
 - b. Retain and archive all official documents and records for a minimum of 5 years after the compact end date (the draft plan contained provisions for the archiving of financial documents only)
 - c. Respond to auditors
3. Evaluate the method of disposition of program assets that include:
 - a. the ability to use the program asset to sustain the goals and objectives of the compact
 - b. the value and remaining useful life of the program asset
 - c. the practicality of the disposition method
4. Provide criteria that ensured program vehicles will be used to further the objectives of the compact
5. Identify the disposition of intellectual property
6. Identify the disposition of Imprest Fund cash
7. Identify the management of cash flow
8. Conduct environmental assessments
9. Review of existing agreements to determine if they need modifying
10. Submit the final Quarterly Financial Report during closeout period
11. Submit a final report at the end of the closure period indicating that all taxes have been exempted or reimbursed by the government
12. Identify actions for retaining and safekeeping records
13. Submit a final indicator tracking table (ITT) in the monitoring and evaluation plan within the closure period

Based on the draft at the time of the audit fieldwork, the above provisions were not included in the closeout plan. According to MCC officials, the draft has been subsequently updated.

DRAFT

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