



*Office of Inspector General  
for the Millennium Challenge Corporation*

May 31, 2011

Mr. Daniel 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 Review of Millennium Challenge Corporation-Funded Contracts with Government-Owned Enterprises in Tanzania (Review Report No. M-000-11-006-S). 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.

The review report contains one recommendation. We assessed whether selected government-owned enterprises adhered to MCC policies and procedures that address (1) quality construction, (2) environmental protection, (3) worker health and safety, and (4) sound labor practices when implementing MCC compact projects; and whether the Millennium Challenge Account-Tanzania adhered to MCC's Program Procurement Guidelines when selecting government-owned enterprises to implement compact projects. We consider that a management decision has been reached on the recommendation. Final action will not be reached on the recommendations until MCC provides additional documentation.

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

Sincerely,

/s/

Alvin A. Brown  
Assistant Inspector General  
Millennium Challenge Corporation

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# SUMMARY

This review is in response to Congressman Frank R. Wolf's September 29, 2010, request to review Chinese government-owned enterprises (GOEs) that receive contracts for Millennium Challenge Corporation (MCC)-funded programs. Congressman Wolf requested that the Office of Inspector General (OIG) review the extent to which Chinese GOEs adhere to health and safety, environmental, quality construction, and labor policies, and whether the procurement process was open, fair, and competitive.

On September 27, 2010, MCC amended its Program Procurement Guidelines (Interim Amendment Notice 2010-001) to prohibit GOEs from competing for MCC-funded contracts<sup>1</sup>. MCC made this amendment to help ensure a level playing field for commercial firms from all countries. Owing to the challenge of determining whether a company is actually government-owned, MCC has identified a process to recognize GOEs if they bid for contracts.

In February 2008, MCC signed a 5-year, \$698 million compact with Tanzania aimed at reducing poverty and stimulating economic growth through investments in the transportation, energy, and water sectors. The compact included \$373 million primarily for road improvements, \$206 million to improve the reliability and quality of electric power and extend electricity service to unserved communities, and \$66 million to increase the availability of potable water, plus funding for administration of the compact. The compact entered into force in September 2008 and will conclude in September 2013. Execution of the compact takes place through the Millennium Challenge Account-Tanzania (MCA-T), the host government entity charged with implementing the terms of compact. As of September 30, 2010, MCA-T had committed \$528 million for the Tanzania compact.

MCC identified contractors on three MCC-funded road improvement projects in Tanzania as GOEs. The total amount awarded to the three GOE contractors was \$170 million. MCA-T awarded a \$53.1 million contract to Sinohydro for the Tanga-Horohoro road construction project in December 2009. Sinohydro won an additional \$59.8 million contract for the Peramiho Junction road construction project in July 2010. In September 2010, MCA-T awarded a \$57.1 million contract to China New Era for the Ikana-Laella road construction project. The OIG team visited the Tanga-Horohoro project because it had advanced beyond mobilization into construction at the time of the review.

The objective of the review was to answer the following questions:

- Did the selected government-owned enterprises adhere to MCC policies and procedures that address (1) quality construction, (2) environmental protection, (3) worker health and safety, and (4) sound labor practices when implementing MCC compact projects?<sup>2</sup>

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<sup>1</sup> As of September 2010, contracts were awarded to government-owned enterprises that totaled \$400 million (see Table 2 in Appendix III).

<sup>2</sup> In a separate audit (Audit Report No. M-000-11-003-P) issued March 30, 2011, OIG reported on worker health and safety and labor practices in Tanzania. As a result, this review focused on the

- Did the Millennium Challenge Account (MCA) adhere to MCC's Program Procurement Guidelines when selecting government-owned enterprises to implement compact projects?

During the early stages of the contract, Sinohydro's adherence to the quality standards in the contract was not always satisfactory; however Sinohydro's performance has improved and the review located no instances in which Sinohydro is currently failing to meet the quality of construction standards. To illustrate, although Sinohydro's internal Quality Assurance System Plan was comprehensive and provided detailed requirements on how the various elements of work would be executed, Sinohydro was not always complying with the plan during the beginning stages of construction. For example, Sinohydro crushed 5,000 tons of unsuitable stone that had to be reprocessed (page 5).

OIG found no examples of Sinohydro noncompliance with MCC's environmental protection policies and procedures. For example, Sinohydro was spraying road construction areas for dust abatement and Sinohydro employees participated in an HIV/AIDS awareness training (page 6).

However, as part of a separate audit, OIG found that Sinohydro did not always fully comply with MCC's policies and procedures regarding health and safety and local labor laws. For example, Sinohydro had not provided adequate training, personal protective equipment, or water to its workers and some workers were not always paid properly for overtime work. MCC and MCA-T officials stated that Sinohydro had improved its compliance onsite since the previous audit (page 9).

The review located no instance in which MCA-T failed to adhere to MCC's Program Procurement Guidelines when selecting the three reviewed GOEs to implement compact projects. MCA-T developed its own standard bidding documents and received MCC approval for them. MCA-T and the procurement agent advertised the procurement opportunities, prequalified contractors, obtained bids, convened technical evaluation panels, produced bid evaluation reports, and selected the contractors based first on technical compliance and then on lowest cost (page 7).

Although Sinohydro's compliance with MCC's policies and procedures has improved, some project risks may affect on-time completion. Sinohydro purchased bitumen<sup>3</sup> from an unallowable source, which meant that the bitumen could not be used and must be replaced (page 5). Further, although the contractual relationship between Sinohydro and the supervisory firm Intercontinental Consultants and Technocrats (ICT) needs to be an independent one, there are significant tensions between Sinohydro and ICT, and between Sinohydro and its workers, that could further exacerbate project delays (page 10).

The report recommends that MCC:

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GOEs' compliance with MCC policies and procedures regarding environmental protection and the quality of construction, and MCA-T's adherence to MCC's Program Procurement Guidelines.

<sup>3</sup> Bitumen is a component of asphalt and tar that is used for surfacing roads.

1. Document and report its action plan to the Office of the Inspector General that includes (a) identifying a new source of bitumen, (b) ensuring that the bitumen is tested and meets quality standards and is approved by the supervisory engineer, and (c) ensuring that Sinohydro revises its work plan to show how it will complete the project on time (page 6).

Detailed results appear in the following section. The scope and methodology appear in Appendix I. Management decision has been reached on the recommendation. Final action will not be reached on the recommendation until MCC provides additional documentation.

# REVIEW RESULTS

## **Additional Improvements Needed in Sinohydro's Compliance with Construction Quality Requirements**

While Sinohydro did not always comply with quality standards in the contract during the early stages of construction, its performance has improved and it is now meeting the construction quality standards.

Sinohydro has an internal Quality Assurance System Plan, dated April 2010, that is comprehensive and provides detailed requirements on how the various elements of work will be executed. The plan provides a system for meeting material specifications and approvals, work method review and approval, and a detailed listing of material requirements that must be met as part of the testing program. All materials must meet the specified parameters based on laboratory testing that is ongoing throughout the project timeline.

According to its results to date, Sinohydro has had a steep learning curve in meeting all of the stringent specifications for the various construction materials and other workmanship requirements for this project. Through close supervision and direction by the supervisory engineering firm, Sinohydro has steadily improved compliance with the contract quality requirements, although it has not achieved full compliance with the following key quality-related contract terms and specifications:

1. Initial production of suitable stone aggregate from the crushing plant
2. Construction of the supervisory engineer's independent laboratory in a timely manner
3. Purchase and delivery of bitumen from an allowable source, as stated in the contract

Corrective actions have been taken on the initial issue noted above, as Sinohydro crushed 5,000 tons of unsuitable stone that had to be reprocessed. The supervisory engineer's materials testing laboratory is nearing completion, but it may be so late in delivery that its usefulness for this project will be limited.

The quality control process did not identify the procurement and delivery of the asphalt bitumen to the project site from an unallowable source country. Several steps are required by the contract and Sinohydro's Quality Assurance System Plan before Sinohydro would be authorized to purchase the bitumen. Specifically Sinohydro's plan, paragraph 2.6, page 33 required the following:

- (a) The various types of bitumen must meet the American Association of State Highway and Transportation Officials (AASHTO) specifications.
- (b) Representative test certificates showing relevant properties of the bitumen must be submitted to the supervisory engineer for approval.
- (c) Samples of the materials must be submitted together with test results.

- (d) New test certificates and samples must be provided for approval if there are changes in the type or source of the bitumen, crude oil source, and refinery plant or refinery method.
- (e) The technical specifications in the contract required a variety of tests to confirm the quality of any bitumen product selected for purchase.

If all of these quality control tests and approvals had been performed, then Sinohydro would have been aware of the source country for the bitumen.

At the time of the OIG team site visit, the issue of where the new bitumen material would be obtained was undetermined. This delay in the source identification, sample testing, purchase, and delivery of the bitumen product for the road is a significant project issue and a major project risk that could cause delays and compromise paving quality in a compressed construction schedule. Therefore, this audit makes the following recommendation:

***Recommendation 1.*** *We recommend that the Millennium Challenge Corporation document and report its action plan to the Office of the Inspector General that outlines the steps by the respective parties to fully resolve this issue including (a) identifying a new source of bitumen, (b) ensuring that the bitumen is tested and meets quality standards and is approved by the supervisory engineer, and (c) ensuring that Sinohydro revises its work plan to show how it will complete the project on time.*

### **Sinohydro Complied with the Environmental Management Plan**

MCC's authorizing legislation, the Millennium Challenge Act of 2003, Section 605 (e), point 3, prohibits assistance to any project "likely to cause a significant environmental, health, or safety hazard." As part of its efforts to manage environmental risks, MCC requires contractors to develop, implement, and comply with a site-specific Environmental Management Plan.

Sinohydro developed a site-specific Environmental Management Plan for the Tanga-Horohoro road activity that was approved by MCA and reviewed by MCC in April 2010. The plan identified environmental risks during various phases of construction and outlined steps to mitigate these potential negative impacts. For example, according to the plan, Sinohydro will spray dry road sections and stockpiles with water for dust abatement. During the site visit, OIG observed that Sinohydro was spraying water along the road construction site. In another example, to prevent and control the spread of HIV/AIDS, Sinohydro employees participated in an HIV/AIDS awareness training. In November 2010, half of the employees attended the first 8-hour session, and in the following month additional workers were trained.

According to the supervisory engineer, Sinohydro was not in full compliance with the plan when construction began, but as a result of pressure from stakeholders its environmental management has improved over time. In addition, the supervisory firm

would not approve Sinohydro's requests for inspection<sup>4</sup> unless Sinohydro met the proper environmental requirements.

**MCA-T Adhered to MCC's  
Program Procurement Guidelines  
When Selecting GOEs**

The OIG found no examples of MCA-T noncompliance with MCC's Program Procurement Guidelines when awarding the contracts to Sinohydro and China New Era for the three MCC-funded road improvement projects. MCA-T developed its own standard bidding documents and received MCC approval for them. MCA-T advertised the procurement opportunities in local, regional, and global media outlets. Contractors from 15 different countries submitted applications for the roads. The GOEs won on the basis of technical compliance first and then lowest cost. There were no bid challenges.<sup>5</sup>

Twelve contractors<sup>6</sup> applied for pre-qualification<sup>7</sup> on the Tanga-Horohoro road project. Four of the 12 were selected for pre-qualification and 3 of the 4 firms submitted bids. The technical evaluation panel<sup>8</sup> evaluated the bids first for technical quality and then by cost. The committee performed a qualification assessment on Sinohydro, the lowest bidder, and awarded it the contract.

MCA-T chose to pre-qualify contractors for several road segments of the Mainland Trunk Activity, and Ikana-Laela and Peramiho Mbinga were part of those efforts. MCA-T advertised for pre-qualification for the road segments, but was not satisfied with the number of applicants. As a result, MCA-T relaxed some of the requirements, such as the financial turnover ratio. During the first round, MCA-T received 11 applicants, and after reposting received 15 applicants (resubmitted applications from the same 11 applicants, along with an additional 4 applicants). Ten of the 15 applicants pre-qualified to bid on one or more of the road segments.

Eight firms pre-qualified for Ikana-Laela and four firms submitted bids. The technical evaluation committee panel evaluated bids first for technical quality and then by cost. The committee performed a qualification assessment on the lowest bidder's documents, and found discrepancies in the bidding documents which led to the bidder's

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<sup>4</sup> Requests for inspection are submitted by the contractor to the supervisory firm for approval of work during construction. Work cannot continue unless the supervisory firm approves the requests for inspection.

<sup>5</sup> A bid challenge is submitted by bidders or potential bidders that believe they have been damaged by a violation of the procurement principles or procedures by the MCA entity.

<sup>6</sup> Thirteen applicants submitted applications for pre-qualification, but one applicant mistakenly submitted the application for the wrong road and did not intend to submit a bid for Tanga-Horohoro.

<sup>7</sup> Pre-qualification of bidders is conducted for large or complex works, or for any other circumstances in which the high costs of preparing detailed bids could discourage competition. Pre-qualification is based entirely on the capability and resources of prospective bidders to perform the particular contractor satisfactorily.

<sup>8</sup> Technically qualified panels evaluated each bid or technical proposals. Panels generally consist of three to five technical members, all of whom are qualified to review and evaluate the substance of the proposal.

disqualification. Therefore, MCA-T performed a qualification assessment on the next lowest bidder and awarded the contract to China New Era.

For Peramiho, eight firms pre-qualified and four firms submitted bid applications. The technical evaluation committee panel evaluated bids first for technical quality and then by cost. The committee performed a qualification assessment on the lowest bidder, Sinohydro, and subsequently it was awarded the contract.

**Table 1: Procurement Results on Three MCC-Funded Road Activities**

Road Activity	Tanga–Horohoro	Ikana–Laela	Peramiho Mbinga
Contract Award	Sinohydro	China New Era	Sinohydro
Contract Amount	\$53,131,189	\$57,050,577	\$59,845,418
Number of Applicants Requesting Pre-qualification	13	15	15
Number of Applicants Pre-qualified	4	8	8
Number of Applicants That Bid After Pre-qualification	3	4	4

# STATUS UPDATE

## **Improvement Made in Compliance with Health and Safety Management Plan and Tanzanian Labor Laws**

As part of the Millennium Challenge Corporation's (MCC's) efforts to manage health and safety risks, MCC requires contractors to develop, implement, and comply with a site-specific Health and Safety Management Plan. MCC also requires contractors to comply with Tanzanian labor laws. A separate Office of Inspector General (OIG) audit<sup>9</sup> reported that Sinohydro was not fully compliant with its Health and Safety Management Plan and Tanzanian labor laws. Sinohydro had not provided adequate training, personal protective equipment, or water to its workers at the time of the audit team's first visit in October 2010, even though all of these provisions are required by the Health and Safety Management Plan.

Although the OIG team did not specifically review health and safety compliance on its second visit, MCC and Millennium Challenge Account-Tanzania (MCA-T) officials told OIG that Sinohydro's compliance had improved. The officials said that Sinohydro had provided workers with additional protective equipment, and was also regularly providing water. The OIG team observed during the second site visit that water was now being provided to workers. In addition, the supervisory firm's report stated that the contractor had provided additional personal protective equipment.

Further, the previous OIG audit indicated that some workers on this construction project were not always being paid properly for overtime work. As a result, MCA-T officials contacted the Tanzanian Labor Ministry and requested assistance with this issue. The ministry conducted labor inspections onsite, and Sinohydro has increased the workers' daily wages. According to the supervisory firm's report, overtime is now paid and weekly rest days and holidays are observed.

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<sup>9</sup> Audit Report No. M-000-11-003-P.

# OTHER MATTERS FOR CONSIDERATION

## **Tensions Could Further Exacerbate Project Delays**

The road is scheduled for completion by April 2012, but the project is behind schedule. According to a Millennium Challenge Corporation (MCC) official, Sinohydro was 90 days behind its original work schedule in December 2010. Sinohydro increased the number of laborers and working fronts and revised its work schedule. According to an MCC official, as of April 15, 2011, Sinohydro is between 41 and 47 days behind this new schedule.

Significant tensions exist between Sinohydro and its workers, and between Sinohydro and its supervisory firm Intercontinental Consultants and Technocrats (ICT), which could further exacerbate project delays. In January and February 2011, some workers staged protests and work stoppages at two of the four work camps. On one occasion, the workers objected to the contractor's handling of an alleged theft by an employee. On a second occasion, workers complained of a misunderstanding regarding an HIV/AIDS training program. However, in both cases, the workers expanded their list of concerns to include other labor issues, such as wages and the timing of their payments.

Furthermore, the level of cooperation between Sinohydro and ICT has become a project risk. Instead of working side by side and verbally communicating, the two parties are exchanging letters. Millennium Challenge Account-Tanzania (MCA-T) officials stated the conflict between the two parties has not been productive. An MCC official stated that ICT needs to accept and reject work more quickly. For example, requests for inspection from Sinohydro to ICT have at times taken weeks rather than days, and prevented Sinohydro from moving forward on the project.

MCA-T has recognized the significance of these tensions and has taken steps to address them. To improve working relations between Sinohydro and the Tanzania laborers, MCA-T has involved the Tanzania Labour Ministry. The ministry has a local office onsite where workers can express their grievances. To address the working relationship between ICT and Sinohydro, MCA-T has written two letters to the president of ICT expressing dissatisfaction with the supervision of Sinohydro and asking ICT to improve its contract administration and supervision.

MCC provided the Office of Inspector General (OIG) with an update of the steps taken to address tensions between ICT and Sinohydro. MCC officials told OIG that subsequent to the OIG visit, MCA-T has taken additional steps to improve the relationship between Sinohydro and ICT, and they continue to report positive results. On April 4, 2011, there was a meeting at the MCA-T offices in Dar es Salaam that involved senior officials from both ICT and Sinohydro. This followed similar meetings onsite the week before. Both ICT and Sinohydro have acknowledged the need for more frequent, civil, and cooperative communication and have now set up biweekly one-on-one meetings between the ICT resident engineer and Sinohydro project manager in an effort to resolve

issues. ICT also will be deploying additional personnel to the site and Sinohydro will be adding two key personnel to further address problems. According to MCC, both MCC and MCA-T will continue to closely monitor the evolving relationship between these two firms as part of the ongoing project monitoring and performance management.

Although MCC and MCA-T have taken steps to address these issues, additional project delays could occur if these efforts fail. Because MCA-T has taken actions, this review is not making recommendations at this time.

# EVALUATION OF MANAGEMENT COMMENTS

The Millennium Challenge Corporation (MCC) provided written comments on our draft report that are included in their entirety in Appendix II of this report. In its comments, MCC agreed with our recommendation.

MCC has been working to ensure that Sinohydro identifies new sources of bitumen. In addition, the supervising engineer will give formal permission to Sinohydro to use the bitumen upon acceptance of test results and the provision of a manufacturer's test certificate. Technical and management staff from both Sinohydro and the supervising engineer have also produced a revised workplan to meet all contractual requirements and deadlines.

On the basis of MCC's actions, the Office of Inspector General (OIG) considers that a management decision has been reached. However, final action will not occur until MCC provides additional documentation showing the source of the bitumen, test results and manufacturer's test certificate, and Sinohydro's revised work plan to show how it will complete the project on time.

# SCOPE AND METHODOLOGY

## Scope

The Office of Inspector General (OIG) conducted this review as a response to Congressman Frank R. Wolf's September 29, 2010, request to review Chinese government-owned enterprises (GOEs) that receive contracts for Millennium Challenge Corporation (MCC)-funded programs. To put the results in a broader context, OIG expanded the review to other GOEs that received infrastructure contracts for MCC-funded programs. Congressman Wolf had four specific areas of concern regarding the contractors' compliance with MCC policies and procedures: (1) health and safety, (2) environmental protection, (3) quality construction, and (4) sound labor practices. He also asked whether the procurement was open, fair, and competitive.

Although this review was not an audit, we conducted this review in accordance with *Government Auditing Standards*, July 2007 Revision (GAO-07-731G) specifically Chapter 3 and Chapter 7, Sections 7.55 and 7.72 to 7.79. We planned and performed this review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

OIG conducted its fieldwork from November 15, 2010, to April 12, 2011, at MCC headquarters in Washington, DC, with site visits to Tanzania from February 7 to 15 and March 14 to 18, 2011. OIG selected Tanzania because MCC identified three Chinese GOEs with contracts totaling \$170 million there. However, because two of the three contractors were in mobilization stages and construction had not yet begun, OIG focused on the Tanga-Horohoro road project and reviewed only the procurement process for the Peramiho Junction and Ikana-Laella projects. In addition, a separate OIG audit<sup>10</sup> reported Sinohydro's noncompliance with its Health and Safety Management Plan and Tanzanian local labor laws. As a result, this review focused on Sinohydro's compliance with MCC policies and procedures regarding environmental protection, the quality of construction, and MCA-T's adherence to MCC's Program Procurement Guidelines. Because the request focused specifically on GOEs that received MCC funds, the OIG did not review private sector companies implementing MCC projects.

## Methodology

To address Congressman Wolf's concerns, we established audit steps to determine whether: the selected GOEs adhered to MCC policies and procedures that address environmental protection and quality construction when implementing MCC compact projects, and whether the MCA-T adhered to MCC's Program Procurement Guidelines when selecting GOEs to implement compact projects. Specifically, we performed the following activities—

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<sup>10</sup> Audit Report No. M-000-11-003-P.

- Interviewed MCC and MCA-T officials to gain an understanding of how they ensure adherence to MCC policies and procedures.
- Interviewed contractors and implementing entity officials to gain their perspective on the GOEs' adherence to MCC policies and procedures.
- Reviewed documents supporting the procurement process for the three road activities, including advertisements to bid, bidding documents, final bid evaluation report, due diligence process, and contracts awarded.
- Conducted a site visit to Tanga and observed the contractor's compliance with the Environmental Management Plan.
- Reviewed monthly reports from the implementing entity, supervisory firm, and independent engineer.
- Engaged an engineer to review the quality of construction and ensure that substandard materials were not used in the MCC project.

# MANAGEMENT COMMENTS



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

RE: Management Response to OIG Review of Government Owned Enterprises  
 (GOE) in Tanzania (Report No. M-000-11-00X-S)

Dear Mr. Brown:

The Millennium Challenge Corporation (MCC) appreciates the opportunity to respond to the USAID Office of Inspector General's (OIG) draft report entitled "Review of Millennium Challenge Corporation-Funded Contracts with Government Owned Enterprises in Tanzania." The report contains one recommendation:

*We recommend that Millennium Challenge Corporation document and report its action plan to the Office of the Inspector General that outlines the steps by the respective parties to: (a) identify a new source of bitumen, (b) ensure that the bitumen is tested and meets quality standards and is approved by the supervisory engineer, and (c) ensure that Sinohydro revises its work plan to show how it will complete the project on time.*

**MCC Response: MCC has no objection to this recommendation.**

MCC has already provided the OIG information on sources and quality of bitumen and has no objection to providing similar information in the future. The presence of prohibited bitumen was discovered as a direct result of MCC's standard oversight efforts, and before any of the material was actually used. MCC reported this to the OIG. As soon as the problem was discovered, Sinohydro, acting on appropriate instructions from the supervising engineer, Independent Consultants and Technocrats Pvt. Ltd. (ICT), quickly removed all of the prohibited bitumen from the MCC project site at its own expense, and immediately sought other sources to replace it. Consequently, all management action necessary to address this recommendation has taken place or is in the

process of execution, as described in further detail below. MCC believes that this recommendation should have been removed from the report or deemed already met.

With respect to recommendation 1(a), there are two new sources of bitumen that are expected to be sufficient to meet the project's entire needs. First, more than 196 metric tons of bitumen are already available in Tanzania. Sinohydro has begun using the locally available supply of bitumen for its immediate program needs after review and approval of the supply by the supervising engineer. Second, additional bitumen from acceptable sources (e.g. Egypt), in quantities sufficient to meet the entire needs of the contract, have been identified by Sinohydro.

With respect to recommendation 1(b), the formal approval process for Sinohydro to use the additional bitumen is currently underway. In accordance with contract terms, the supervising engineer will give formal permission to Sinohydro to use the bitumen upon acceptance of test results and the provision of a manufacturer's test certificate.

With respect to recommendation 1(c), technical and management staff from both Sinohydro and the supervising engineer have produced a revised workplan, or "recovery programme" under which Sinohydro is expected to increase the pace of its program to meet all contractual requirements and deadlines. The revised workplan takes into account all variables that may affect Sinohydro's achievement of the contractual completion deadline of April 2012, including factors such as weather. MCC's compact with the Government of Tanzania ends in September 2013, well beyond the current contractual deadline of April 2012. Therefore even under the worst case scenario, delays beyond Sinohydro's April 2012 performance period could be acceptable, provided that the delays do not result in any sustainable legal claims or lack of quality.

**Table 2: Government-Owned Enterprises Awarded MCC-Funded Contracts**

<b>MCA Country<sup>11</sup></b>	<b>Company Name</b>	<b>Nationality of Company</b>	<b>Value of Contract Award</b>
Benin	GTZ	Germany	\$ 11,969,525
Burkina Faso	GTZ	Germany	9,628,943
Georgia	Oil & Gas Construction Trust	Azerbaijan	6,345,230
Georgia	Khazardenizneftgastikinti Trust	Azerbaijan	8,358,967
Georgia	Khazardenizneftgastikinti Trust	Azerbaijan	4,679,535
Georgia	Oil & Gas Construction Trust	Azerbaijan	2,806,440
Ghana	China Railway Wuju Corporation	China	42,168,601
Ghana	Arab Contractors, Osman Ahmed Osman & Co	Egypt	9,484,800
Madagascar	GTZ	Germany	3,415,396
Mali	SinoHydro	China	71,619,477
Mali	SinoHydro	China	46,328,142
Namibia	GTZ	Germany	7,826,423
Namibia	China Jiangsu International Ltd	China	4,587,734
Tanzania	SinoHydro	China	53,131,189
Tanzania	SinoHydro	China	59,845,418
Tanzania	China New Era	China	57,050,577
<b>Total</b>			<b>\$ 399,246,397</b>

Source: Millennium Challenge Corporation. Nonaudited data

<sup>11</sup>OIG selected Millennium Challenge Account (MCA) countries in which Chinese government-owned enterprises were implementing Millennium Challenge Corporation infrastructure projects (Ghana, Mali, Namibia, and Tanzania). OIG also included any non-Chinese firms implementing infrastructure projects in these countries (Arab Contractors, Egypt). For MCA countries without a Chinese government-owned enterprise presence, OIG did not review the non-Chinese firms.

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