

Highlights of [GAO-12-728](#), a report to the Subcommittee on Asia and the Pacific, Committee on Foreign Affairs, House of Representatives

## Why GAO Did This Study

In December 2004, an earthquake in the Indian Ocean caused a major tsunami that devastated several countries, affecting Indonesia most severely. In May 2005, Congress appropriated \$908 million for aid to the affected countries. USAID budgeted \$245 million of this amount to rehabilitate and construct a 150-mile paved coastal road in Aceh Province, Indonesia, with a planned completion date of September 2009. After reducing the project's scope, USAID completed a 91-mile road in April 2012 at an estimated cost of \$256 million. GAO was asked to (1) describe USAID's construction operations as well as factors that delayed the road's completion, (2) assess USAID's efforts to ensure the road's quality, and (3) examine factors that could affect the road's sustainability. GAO reviewed USAID documents, interviewed USAID and Indonesian officials, and traveled the entire length of the road.

## What GAO Recommends

GAO recommends that USAID (1) ensure that road sections still under a 1-year warranty are inspected in a timely manner and require the construction contractor to make any needed repairs and (2) work with the Indonesian government to develop and implement a process addressing factors that could affect the road's sustainability. USAID stated that it concurred with GAO's first recommendation and concurred with the intent of GAO's second recommendation.

View a video of GAO's March 2012 inspection of the road.  
[http://www.gao.gov/multimedia/video#video\\_id=592299](http://www.gao.gov/multimedia/video#video_id=592299)

View [GAO-12-728](#). For more information, contact David Gootnick at (202) 512-3149 or [gootnickd@gao.gov](mailto:gootnickd@gao.gov).

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## FOREIGN ASSISTANCE

### Actions Needed to Help Ensure Quality and Sustainability of USAID Road in Indonesia

## What GAO Found

From August 2005 to September 2010, the U.S. Agency for International Development (USAID) awarded five contracts to reconstruct a major coastal road in Aceh Province, Indonesia. Three of the contracts were for construction, one contract was for design and supervision, and one contract was for project management. Several factors delayed the road's completion and increased costs. For example, according to USAID, when one contractor did not make acceptable progress, the agency reduced the scope of work, terminated construction of an 8-mile road section, and hired another contractor to complete the section. Other factors included the Indonesian government's difficulty in acquiring land for the road and local opposition to the new road alignment.

USAID took several actions to ensure quality in the road's design and construction. For example, USAID hired an experienced, U.S.-registered professional engineer as Project Manager and hired a U.S.-based engineering firm to design the road and supervise most construction. USAID also required contractors to remain liable for any quality defects for 1 year after completing road sections. In addition, USAID required the Project Manager and the engineering firm to perform routine inspections, including final inspections when the warranties ended. Some inspections revealed poor-quality work that the contractors corrected. However, the engineering firm's and Project Manager's contracts ended in March 2012 and April 2012, respectively, leaving no qualified staff to inspect around 50 miles—more than half of the completed road—still under warranty. USAID told GAO it is considering rehiring the Project Manager on an intermittent basis, but USAID has not finalized this arrangement and has no mechanism to ensure quality in these sections.

USAID also took several actions to help ensure the road's sustainability, such as designing it to withstand heavy weights and providing a maintenance plan and equipment to the Indonesian Directorate General of Highways. However, various factors could affect the road's sustainability for its intended 10-year design life. For example, according to USAID and Indonesian officials, the Directorate lacks resources needed to maintain the road. Also, according to USAID, the Indonesian government has not taken certain actions, such as using portable scales to prevent overweight vehicles that could cause pavement failure and prohibiting construction in the road right-of-way that could obstruct drainage.

#### Sections of Old Road Destroyed by Tsunami and New Road Built by USAID



Source: GAO.

Section of old road destroyed by tsunami



Section of new road built by USAID