



Lessons Learned in Managing Large Infrastructure Programs

December 16, 2009
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USAID assessed performance under our large \$2.0 billion infrastructure portfolio and identified twelve lessons learned. Most of these lessons appear obvious; yet, USAID Afghanistan did not consistently apply these lessons mainly because there was extreme pressure to move quickly, achieve tangible results fast and employ Afghans. We hope that other Missions can benefit from our experience.

1. Issue Sector-Specific Indefinite Quantity Contracts with Multiple Holders

Competition among IQC holders encourages optimum performance and reasonable costs. Avoid one large multi-sector, single source IQC, and issue sector-specific IQCs to multiple implementers in order to increase competition.

2. Establish Annual Work Plans, Performance Management Plans and Other Quality Control/Risk Management Plans in a Timely Manner

USAID should establish an operating framework early on in the life of a large infrastructure program that clearly defines specific tasks, deliverables and implementation schedules as well as how to ensure quality and mitigate risks.

3. Oversee Design and Construction with Qualified Engineers

USAID needs to significantly increase the Agency's engineering expertise to oversee its infrastructure activities. Establishing engineering support mechanisms can help, but the ultimate responsibility for Agency programs rests with the Agency.

4. Assess Local Labor Capacity during Design

USAID should carefully assess local labor capacity during the design of large-scale infrastructure projects and, if needed, invest in training local labor in semi-skilled construction trades. This approach will build the capacity of local workers and may reduce delays due to potential problems with importing workers.

5. Train USAID Staff in Preparing Scopes of Work and Independent Government Costs Estimates

There is rapid turnover of USAID staff in overseas posts, thus it's essential that the Agency train new staff in how to write enforceable scopes of work and prepare reasonable Independent Government Costs Estimates.

6. Provide Financial Incentives to Ensure Accountability

Look at financial incentives to ensure accountability for performance. For example, no additional fee (profit) paid on cost overruns. USAID Afghanistan negotiated a \$40 million cost increase to complete a large power plant without a profit (saved the USG \$1.6 million).

7. Consider Options for Controlling Costs

Control costs through fixed management fees and fixed profits, and apply penalties if key deliverables are not achieved on schedule.

8. Implement Incentives to Attract and Retain Qualified Staff

Ensure that contracts include adequate incentives to attract and retain both local and international qualified staff. There is often a tendency to cut costs, e.g., fewer regional breaks than U.S. Embassy staff, which in the end may undermine efforts to attract and retain qualified staff and cause project delays.

9. Conduct Independent Quality Assurance/Quality Control

Avoid an over-reliance on the prime contractor to carry out their own Quality Assurance/Quality Control. Provide independent Quality Assurance/Quality Control to understand overall progress more clearly, learn about problems quickly and identify actions needed to improve construction quality and progress.

10. Use an Integrated Project Monitoring Tool

An integrated project monitoring tool that measures progress, contract status and budget can help improve project management. For example, USAID Afghanistan's complex portfolio of infrastructure projects (over 50 mechanisms) experienced management problems with work continued after contracts ended.

11. Prepare Well-Documented Contractor Performance Reviews (CPRs)

Positive or negative CPRs can affect a contractor's ability to get future USG contracts; thus, it is very important that USAID staff prepare accurate and well-documented annual CPRs that are based on facts, not impressions.

12. Tell Our Story

Build public support for USAID's development efforts by regularly telling our story about how infrastructure investments benefit the people, create jobs and improve security.