

MILLENNIUM CHALLENGE CORPORATION SIGNING CEREMONY WITH  
THE REPUBLIC OF BENIN

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SPEAKERS: JOHN DANILOVICH,  
CEO,  
MILLENNIUM CHALLENGE CORPORATION

MATHIEU KEREKOU,  
PRESIDENT OF BENIN

AMBASSADOR ROB PORTMAN,  
U.S. TRADE REPRESENTATIVE

JOSETTE SHINER,  
UNDERSECRETARY OF STATE FOR ECONOMIC, BUSINESS  
AND AGRICULTURAL AFFAIRS

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SHINER: President Kerekou, Minister Sehlin, Ambassador Danilovich, Ambassador Portman, members of the diplomatic corps and distinguished guests, it's with great pleasure that I welcome you to the Department of State on behalf of Secretary Rice, the chairman of the board of the MCC -- who would be with us today and wanted to be very much here, but she was traveling.

We are here today for the signing of the Millennium Challenge Corporation compact with Benin. This is an historic day honoring the leadership and people of Benin and all they have accomplished in creating hope and opportunity at home.

We are also honoring America's transformational diplomacy and the MCC's central role in encouraging democracy, opportunity and growth among the best-performing developing nations.

And we are also honoring the deep partnership that has been forming between our two nations and the high goals we share to benefit the citizens of Benin.

I now invite for remarks the MCC president and CEO, Ambassador Danilovich, who will open the ceremony.

Thank you.

DANILOVICH: Thank you, Ambassador Shiner, and thank you for joining us today for this happy and momentous occasion.

Your excellency, President Kerekou, Minister Sehlin, Ambassador Portman, MCC Board Member Hackett, USAID Acting Director Scheck, distinguished guests, we are delighted to welcome all of you here today to witness the signing of Benin's compact with the Millennium Challenge Corporation, and to celebrate this tremendous achieve fro the people of Benin.

I would like to extend a warm welcome to the delegation from Benin, and also to recognize many of the people who have worked so tirelessly to bring this day to a successful conclusion -- including President Kerekou, Minister Sehlin, the Benin ambassador to the United States, Ambassador Oguin, the coordinator of

MCA Benin, and Michael Grossman, David Weld and other key members of the Benin transaction team of the Millennium Challenge Corporation.

Under President Kerekou's leadership, Benin has made great progress in democratic governance, transparency and fighting corruption. And we are particularly pleased, Mr. President, that the preparations for the elections in your country on March 5th are progressing well.

These are the values that best serve the people of Benin, and values that Americans hold near and dear to their hearts.

With the Benin compact, the MCC will provide a grant of \$307 million over the next five years to help Benin reduce poverty by promoting economic growth, and creating a business environment that will spur investment in people and new opportunities for Benin.

The compact includes a series of four projects that will, one, strengthen property rights for both men and women, and increase competence in land investments; two, improve the functioning of the financial sector, especially microfinance institutions; three, strengthen the judicial system and increase access to courts and legal procedures; four, refurbish and restore the Port of Cotonou, an important gateway for West African trade and investment.

In the medium term, these four projects will expand and restore vital institutional and physical infrastructure to create a better environment for business and investment.

And in the long term, they will lay the foundation for dynamic growth that will transform Benin's economy and provide long-lasting opportunities for the poor to emerge out of poverty and destitute conditions.

The creation of the Benin proposal benefited from a broadly based and inclusive national consultative process. And I was able to experience this last month in my first trip abroad for the MCC when I visited Benin.

I had the opportunity to meet with women's groups, trade unions, representatives of the private sector, craftsmen, members of the agricultural sector and other civil society organizations.

And I commend you, Mr. President, and the people of Benin for this all-inclusive process which is so critical to proposal preparation.

The result of this process is a compact that provides benefits up to 5 million people, or more than half of the population of Benin and that will lift an estimated one-quarter of a million people out of poverty by the year 2015.

Secretary Rice, our chair, who I regret was unable to join us today, has said that the Millennium Challenge Corporation is the flagship program of the president's vision for transformational diplomacy. The MCC mission to reduce poverty through economic growth in well-governed states that respond to the needs of their citizens, countries that rule justly, invest in their people and promote economic freedom and MCC is similar rooted in partnership, not paternalism, and doing the important work of development with countries, and not for countries.

Benin is a manifestation of MCC's core principle of country ownership and has made great strides to change and to take charge of its own development. We are proud to have Benin as a partner.

Benin, under the president's leadership, has put in place the institutional reforms that will support the effective and efficient use of foreign aid. The people of Benin are building the foundation of lasting political, economic and social transformation that will reduce poverty by building a better future for themselves and for their children.

We wish you every success. And we will support you as you implement the program, monitor its progress and work to meet the goals that you have established.

To the people of Benin, I extend our sincere and hardy congratulations and especially to you, Mr. President, for consigning this important legacy to your people.

I would like at this time to introduce at this time our MCC board member, Ambassador Rob Portman, the U.S. trade representative, and ask him to say a few remarks.

(APPLAUSE)

PORTMAN: John, thank you very much.

I want to thank Ambassador Danilovich for his remarkable leadership at Millennium Challenge Corporation. We have seen in his short tenure some great progress, including the signing of this compact today.

And, Mr. President, I think it's quite an honor that Ambassador Danilovich chose to go to Benin as his first stop of every country in the world. And he will be involved in many.

I'd like to welcome President Kerekou here. Over the last several months, as he knows, I've had the pleasure of working with some of his top elected officials, including Trade Minister Loriano and Agriculture Minister Akplogan in the context of the World Trade Organization and the Doha development agenda.

And let me assure you, Mr. President, that your ministers are tough negotiators. They have done a very good job in representing the interests of your country. And one night they kept me and my colleagues up all night negotiating on the sensitive trade issue of cotton. And we were able to find common ground, I am pleased to say.

I am pleased to report the United States, in fact, has already acted on the first commitment that we made on cotton, in Hong Kong.

Earlier this month, only a few weeks ago, President Bush signed into law legislature eliminating the step two cotton subsidy program.

As important as that action was, I think it's just part of what needs to be done to ensure that the challenges facing the West African cotton sector are addressed.

The compact we are signing today is part of addressing those problems. It can be a very important tool in Benin's effort to bolster its agricultural production and its trade.

Ambassador Danilovich has talked about some of these very specific issues, but let me just address, if I could, some that I think will affect trade in a very direct way.

First, by promoting faster and easier resolution of land disputes on a consistent basis. Over 115,000 households will gain access to land titles.

Second, the compact today will spur \$60 million in more micro lending to small and mid-sized businesses, giving aspiring entrepreneurs a chance and helping with regard to Benin's ability to be active partners of the United States and others in trade.

Third, it will improve the judicial system, not just with new courthouses, but also with training for court personnel, giving 2 million people access to a reliable judiciary system who do not have that access today.

Fourth, it will help the Port of Cotonou function better and increase the volume of merchandise traffic by 50 percent, with infrastructure improvements that will reduce delays and cut the administrative burden. So this is extremely important to the cotton sector, of course, and to try in general.

This compact complements the U.S. pledge we have made to expand trade capacity building globally over the next five years by \$2.7 billion. This was announced during the Hong Kong ministerial of the WTO, and it will help a number of developing countries, including West African cotton-producing countries.

It is my pleasure to introduce President Mathieu Kerekou today. He has led his country for over 30 years as Benin has adopted economic reforms and made the transition to democracy.

I'm told that another fair and free election will be held in Benin only in the next couple of weeks. Our two countries share a belief in the power of trade to raise living standards and trade opportunity.

But trade can only grow in countries where people are able to participate in the economy and where the infrastructure and legal systems function properly.

We have become partners in the WTO DOHA Development Round. Today, we become Millennium Challenge Compact partners, encouraging democracy and reform.

I am confident our partnership will bear fruit, Mr. President.

Please welcome President Kerekou.

(APPLAUSE)

KEREKOU (THROUGH TRANSLATOR): Honorable U.S. Trade Representative Ambassador Rob Portman, Honorable Ambassador John Danilovich, CEO of the Millennium Challenge Corporation, Undersecretary for Economic, Business and Agricultural Affairs Josette Shiner, the honorable ambassador of U.S. to Benin, all of our guests, ladies and gentlemen, it is a real pleasure and a good satisfaction to take the floor on behalf of Benin people and government to express our sincere thanks to all those who, for months, days and nights, have

relentlessly worked with courage and patience toward the realization of this important development project whose final phase is being celebrated today in Washington, D.C., the impressive capital of the United States of America.

Of course, I found it absolutely normal to solemnly express to his excellency, President George W. Bush, and to the whole people of America our high appreciation for this token of confidence displayed to our country, Benin, by financing our program under the Millennium Challenge Account after we have been eligible.

Benin national approval for the Millennium Challenge Account is the happy end of efforts by all cross-sections of the Benin people, that is to say government, civil society, private sector, trade unions, farmers and craftsmen, who gathered to define the major concepts that hinder economic growth and who suggested concrete actions to efficiently overcome such hindrances.

The assessment performed by your experts as regards the way forward and the actions proposed has enabled all of us to design a program whose positive effect will be felt by more than 5 million beneficiaries and which will relieve about 250,000 households who are struck by poverty.

It is undoubtedly realized the legitimate ambition of Benin government. And we all have great hopes of enjoying the support of the United States of America, so as to jointly translate such noble ideals into visible achievements.

Posterity will teach that our program, under the Millennium Challenge Account, is an integrated program which aims at increasing investment and various activities of the private sector through the improvement of physical and institutional infrastructures.

Therefore, the program is structured to allow for four components: that is to say, access to land property, access to financial services, access to justice, access to outlets and markets.

Therefore, this program will significantly contribute in boosting the economic growth of our country while assuring poverty alleviation within our hard-working populations.

It means that, through the size of financing enjoyed by our program, \$307 millions of U.S. dollars, we have already got a clear-cut grasp of how important the development of our country stands for you.

Consequently, owing to our great responsibility in the wise and clever utilization of such invaluable financial support, we have to behave as people who are fully conscious and who remain faithful to the word of honor.

It is a reason why the Millennium Challenge Account program in Benin henceforth calls to account the responsibility and sense of honor of any state (ph) executives appointed to perform a sound management of the financial resources that will be made available for them.

We would, therefore, like to rely on your permanent availability to keep on supporting the program management team, which will be established after this official ceremony, by building its technical and professional capacity so as to enable us achieve all the objectives that have been set.

As far as I am concerned, I hereby commit myself to strictly abide by the criteria which enabled our country to be eligible for financing under the Millennium Challenge Account over three successive years. That is to say, good governance, democracy, fight against corruption, economic freedom, and investment in the promotion of human capital.

I would like to assure all of you that the file of Benin program under the Millennium Challenge Account will be the business of the whole of people of Benin who guarantees our democratic process in terms of sovereignty and sustainability.

While expressing once again and in advance the profound gratitude of the beneficiaries, I would like to wish that our country, which is meant to be a model of democracy in Africa, could equally serve as a model of respect for (inaudible) at all costs.

Long live the cooperation between Benin and the United States of America. And given the fact that we are all believers, I will say: May God bless our peoples and our states.

I thank you.

(APPLAUSE)

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