



Benin and the Millennium Challenge Corporation: Building a Partnership for Poverty Reduction Through Economic Growth

The Millennium Challenge Corporation (MCC) signed a five year, approximately \$307 million compact with the Government of Benin on February 22, 2006.

Situated in West Africa, between Nigeria and Togo in the Gulf of Guinea, Benin is a small country with a population of nearly 7 million, a third of whom live in poverty. As part of its consultative process, Benin identified a poor investment climate and the need for more dynamic private sector activity as the country's key obstacles to sustainable poverty reduction and economic growth. To help overcome these obstacles, Benin proposed a program to MCC to improve physical and institutional infrastructure by focusing on access to four critical sectors: land, financial services, justice, and markets.

"We talked about the Millennium Challenge Account. It's one of the most innovative foreign policy initiatives ever proposed by an administration. It's having a positive effect around the world."

*President of Benin,
Thomas Yayi Boni
December 14, 2006*

About the Millennium Challenge Compact with Benin

Access to Land

The Land Project aims to secure property rights for the poor and non-poor alike and to create effective, transparent governance of land and property issues. This project is designed to:

- Reduce the time and cost to obtain a land title,
- Reduce the number of land disputes, and
- Increase confidence in the viability of land investments.

Access to Financial Services

The Financial Services Project is designed to improve the ability of micro, small and medium-sized enterprises to pursue opportunities and is expected to:

- Expand access to financial services,
- Improve oversight of financing to micro-enterprises, and
- Increase the number of loans guaranteed with land titles.

Access to Justice

The Justice Project aims to create a better environment for business and investment in Benin by improving the ability of the judicial system to resolve claims, and is expected to:

- Finance the construction of new court houses,
- Train court personnel, and
- Establish an arbitration center to resolve business disputes.

Access to Markets

The importance of the Port of Cotonou to Benin's economy has been increasing, while its competitiveness has been steadily decreasing. This Project is designed to promote access to markets and will:

- Improve Port operations and infrastructure, and
- Reduce delays and increase the volume of imports and exports through the Port.

Implementation Progress: Changing Lives in Benin

- The rural land titling program has begun and is expected to formalize land registries in 300 villages across Benin over the next four years. Public information sessions have been conducted in the targeted areas, informing local authorities, NGOs, and village leaders about the process and the role of local government in decentralized land management. Equipment for installation of West Africa's most modern GPS surveying network has arrived and installation will begin in the 2nd quarter of 2008.
- Engineering analyses and design for infrastructure improvements and related environmental studies of the Port of Cotonou began in January 2008. These studies will guide the major infrastructure works planned for the third year of the compact.
- MCC support has led to stricter adherence to ISPS (international port security) entrance and other regulations for the Port of Cotonou, leading to greater efficiency, security, and decongestion of the facility.
- Studies of the demand for financial services and of technological alternatives for the provision of financial services have been completed and form the basis for a competitive grant facility to begin in 2008.

- In January 2008, four new microfinance institutions (MFIs) signed agreements with MCA-Benin to be audited, and an additional MFI will sign an agreement in the near future.
- The Center for Arbitration, Mediation, and Conciliation is moving into a larger facility, where it will serve entrepreneurs, merchants, and others by facilitating the resolution of commercial disputes.

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Millennium Challenge Corporation, a U.S. government corporation designed to work with developing countries, is based on the principle that aid is most effective when it reinforces sound political, economic, and social policies that promote poverty reduction through economic growth. For more about MCC, visit www.mcc.gov.