



# Benin and Millennium Challenge Corporation: Building a Dynamic Partnership for Poverty Reduction through Economic Growth

The Millennium Challenge Corporation has signed a five year, approximately \$307 million Compact with the Government of Benin.

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 who live in poverty. Despite the progress Benin has made in development resulting from reforms initiated in the early 1990's, per capita income in Benin remains below the sub-Saharan African average and rural poverty has increased in recent years.

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 an MCA Compact program to improve physical and institutional infrastructure by focusing on access to four critical sectors: land, financial services, justice, and markets.

## **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 (MSMEs) 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 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.

## Engaging Civil Society

Over 100 local civil society organizations participated in electing their own representatives to the Executive Board of the MCA working group that designed Benin's Compact proposal. This cooperation will continue during implementation through steering committees composed of members of civil society, and other sectors of society, who will advise on the implementation of each Project.

## Expected Results

The Program is expected to impact up to 5 million people and lift an estimated 250,000 Beninese out of poverty by the year 2015. Specifically:

- The Land Project is expected to help an estimated 115,000 rural and urban households obtain a more secure and useful title to land.
- The Financial Services Project is expected to expand financial services to MSMEs by nearly \$60 million (a multiple of three times the Project's funding).

- The Justice Project is anticipated to benefit approximately 2.38 million Beninese by bringing courts closer to rural populations, and by making courts more responsive and effective.
- Finally, a more efficient Port will substantially reduce operational costs and increase the volume of merchandise traffic through the port by over 50%.

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*Millennium Challenge Corporation (MCC), a United States government corporation designed to work with some of the poorest countries in the world, is based on the principle that aid is most effective when it reinforces good governance, economic freedom, and investments in people that promote economic growth and elimination of extreme poverty*