

Millennium Challenge Corporation Public Outreach Meeting on Benin's Millennium Challenge Compact

February 23, 2006

Steve Radelet: Good afternoon. Welcome to the Center for Global Development. My name is Steve Radelet. I am a senior fellow here at the Center and we are really pleased to see such a great turnout today to discuss the Millennium Challenge Corporation and its brand new compact, just signed with Benin. As most of you know, 23 countries are now eligible for applying for funds through the Millennium Challenge Corporation, eight compacts have now been approved by the Board and with Benin's signing of the compact, that makes No. 6 that have actually been signed and this is the largest so far for \$307 million over five years.

It's an interesting compact that it combines several different elements. There is one element that's focusing on securing property rights and land titling. There is a second component that focuses on increasing access to financial services for operators of small and medium sized enterprises. There is a third that focuses on justice issues around the investment climate and helping to strengthen the ministry of justice and the rule of law around investment and the fourth, and largest, component focuses on significantly strengthening the infrastructure of the port of the main port. So, it's, it's a diverse compact that brings together many different pieces and elements and we are very excited to have the opportunity to discuss this and to hear about it from the people that were most directly involved in the program.

We are delighted to have Minister of Finance Sèhlin with us today. He will speak for a few minutes after our first speaker, Ambassador Danilovich. Following that, we will have a panel discussion with a couple of other people who have been most closely involved at the technical level of the program. So, we'll hear from several different perspectives here and get, I hope, a good overview of what is in the compact and also the process that the country went through to decide on what the content would be and what their plans are for moving forward from here to make sure that this works as well as all of us hope that it will.

But, let's start by allowing me to introduce Ambassador John Danilovich, who started as the head of the MCC 3 1/2 months ago, I guess; sometimes it must seem like 3 1/2 decades ago or even longer but he is in the early part of his leadership where things have begun to change at the MCC; we are beginning to see compacts being signed and rolling out and we are looking forward to lots of changes going forward in the next year. And, he has had a chance now to get out in the field and visit some places and get deeply involved in some of these compacts, particularly this one, and so, we are delighted so start by hearing from Ambassador Danilovich.

John Danilovich: Thank you very much Steve. It's always a pleasure to see you, especially in Washington. Thank you for inviting myself and others from the MCC here this afternoon and also thanks to the Center for Global Development for hosting this occasion. I would also like to extend a warm welcome to Minister Sèhlin, Simon Pierre Adovelande who's head of the MCA

Benin group and to other members of the delegation and to thank them for all the hard work they've done to make our compact signing yesterday possible.

Under the compact that we signed yesterday afternoon in the State Department MCC will provide a grant of \$307 million over the next five years for a series of four projects. That will work together to reduce poverty by creating a business environment that will spur investment and bring new opportunities to the people of Benin. Steve has briefly described them. I'd like to mention them a little bit more in detail for you.

These four areas are as follows: 1) the access to land project which will strengthen property rights for both men and women, increase confidence in land investments and promote easier and faster resolution of land disputes on a consistent basis. It should help over 100,000 households gain access to land titles. This process does not presently exist.

Secondly the access to finance project will improve the functioning of the financial sector especially microfinance institutions and should spur \$60 million more micro lending to small and \$60 million of more of micro-lending to small and medium sized businesses and give aspiring entrepreneurs a chance to succeed.

Thirdly the access to justice project will strengthen the judicial system with new courthouses and new training for court personnel giving over 2 million Beninese more access to a reliable judiciary including special support to allow the poor better access to the ports, to the courts.

And four, the access to markets projects which will refurbish the Port of Cotonou, an important gateway for West African trade and investment and increase the volume of merchandise traffic through the port by over 50 percent. Overall the program that Benin has developed with MCC's help has a potential to provide benefits for up to 5 million people or more than half of Benin's population and to lift an estimated 1 ¼ million people out of poverty by the year 2015. In the long-term this compact program will lay the foundation for dynamic growth that will promote transformation of Benin's economy.

The creation of the Benin proposal benefited from a broadly based and inclusive national consultative process and I was able to experience this firsthand last month when I visited Benin. I had the opportunity at that time to meet with women's groups, trade unions, representatives of the private sector, craftsmen, members of the agricultural sector and civil society and I commend President Kérékou and his government for the excellent job they did in putting together this all inclusive aspect of proposal preparation. In fact over 100 local civil society organizations participated in electing their own representatives to the working group that designed Benin's proposal. And the other groups followed suit and elected representatives as well. This degree of civic participation is unprecedented in Benin and now will carry through the implementation process. The other MCC countries can and should look to Benin for as a model for this and we hope that they will do so as they also prepare their proposals.

As you all know the Millennium Challenge Corporation is committed to rewarding countries that have good policies, to giving them the opportunity to set their own priorities and run their own programs, and to holding them accountable for results. And we have made great progress in the

past two years since we began operations having approved over \$1.5 billion in funding to 13 different countries, 8 compact countries and 5 special companies. However, we don't intend to rest on our morals. We believe firmly in the principles upon which we were established. We know that aid works best when it goes to countries with policies that promote poverty reduction and growth, where countries not the donors take ownership of their own development and feel responsible for the results. By rewarding those countries that have taken difficult steps and adopted good policies, countries like Benin, we hope to create an incentive to all developing countries to tackle corruption, to invest in health and education and promote a better environment for business and investment.

It would be unrealistic to expect that the compacts we have signed will show immediate results on the ground but it's gratifying to be able to report to you that countries are already responding to the incentive effect that the MCI provides to adopt good policies. For example according to the managers of the doing business project at the International Finance Corporation 80 percent of the business startup reforms that they have observed are directly linked to the incentive effect of the MCC. We can in fact refer to this as the MCC effect. To date 24 countries have specifically cited the Millennium Challenge account as the primary motivation for their reform efforts. Our policy staff has met with representatives at the highest level of almost 60 percent of the countries we monitor. These presidents, prime ministers and senior government officials are working with the MCC to make the key political, economic and social reforms that are necessary to become eligible. And Benin's recent economic and political progress is a good example of what MCC was designed to support.

Benin has passed all of the ruling justly indicators and remains committed to a strong economic environment. Under President Kérékou Benin has made great strides in democratic governance in transparency and in fighting corruption and we are pleased that President Kérékou has organized a constitutional succession and preparations for the national elections on March 5 are going forward smoothly. These are the values that best serve the people of Benin and values that we in the United States hold dear and support. I'd be very happy to discuss this in detail with you at any time and ultimately take questions later this afternoon but at this time it's an honor for me to introduce to you the Minister of Finance of our new partner country, His Excellency Cosme Sèhlin, Cosme.

The following remarks by H.E. Minister Sèhlin were translated by David Weld of the MCC:

Cosme Sèhlin (translated by David Weld): Thank you Mr. Ambassador Danilovich for giving me the opportunity to speak. Concerning the details of the program we have the honor of giving you some of the details of the MCA Benin program. This is a work that took an enormous amount of work and time. All the actors of society were involved in this work. Civil society, the private sector, the agriculture sector, the unions, the craftsmen. That I have the honor of telling you that this is the true work of the entire nation. We have not forgotten any compartment or segment of the society.

I'd like to tell you a little bit about the program that we signed yesterday. And that the overall goal of the program is to increase the investment in Benin and the activity of the private sectors.

The program is composed of four components, access to land, access to financial services, access to justice and access to markets. Concerning the access to land component of the program it concerns three things, to reduce the cost of obtaining a title to land, to reduce the number of land conflicts and to increase the confidence of investors in guaranteeing land titles.

Concerning the component of the program access to financial services this concerns the creation of new financial products, the reinforcement of the capacity of micro-finance institutions and the increase of the number of credit given to, given to those holding land titles.

Concerning the component of the program access to justice this concerns the construction of eight courts of first instance and a court of appeals in the Town of Abomey, the training of court personnel and the financing of center of arbitration at the Chamber of Commerce and Industry in Benin.

Concerning the segment of the program access to markets this will concern the improvement of a system of reform for the management of the Port of Cotonou, the construction of two new quays at the port, the reinforcement of existing infrastructure, the construction of a fish inspection facility and the observation of international norms at the Port of Cotonou.

This program will have visible impact upon nearly 5 million people out of a total population in Benin of 7 million people. In the name of the government of my people of Benin I would like to thank the United States of America for this support of this program. Just as I said yesterday we would like to also have a new component of the program concerning agriculture. I want to thank you for your attention.

Steve Radelet: Thank you very much to both Ambassador Danilovich and to the minister. We'd now like to turn to you for a few minutes for some questions. I think that the minister now actually has to leave. He has a meeting with the president so unfortunately he will have to leave us but Ambassador Danilovich will be available for a couple of questions before we turn to our panel. Oh five minutes, oh okay. He's available for five minutes, that's great. So if you do have questions for either Ambassador Danilovich or for the Minister please come up to the microphone. We've got time for a couple of quick questions. So please state your name and your affiliation and be very short. No speeches, questions only. Thank you.

Elise Young: Yes hello. My name's Elise Young. I'm the original organizer for Bread for the World. I'm also a returned Peace Corp volunteer from Benin where I served in the North Matatangu and my question is just your reflection on how parts of this compact proposal will benefit parts of the north such as in the Adacore region where perhaps in the past not all development plans have always touched.

Cosme Sèhlin (translated by David Weld): The minister says he speaks for the country east, west, north, south but in fact it's really one country. He wants to make sure the impression a lot of money in this program is going to the Port of Cotonou. Perhaps you have the impression that because this is in the south it's a south heavy program but that's not really the case. A lot of the money that's going to the Port of Cotonou is actually going to benefit the entire country. The other, another point is the access to land project is actually going to be spread throughout the

entire country not north, south, not east, west but the entire country and that it's really the preoccupation of the government to develop the entire country. But having said this is one of the reasons that I spoke about agriculture continent in particular that we really do need to develop, develop the country agriculturally.

Steve Radelet: Thank you. Next question.

Seema Jalan: Hi, my name is Seema Jalan. I'm here from the Women's Edge Coalition and you've spoken a little bit about the extensive consultative process that you've undertaken which is really wonderful to hear including the input of local women's groups and women. If you could explain a little bit more detail about how many local women's groups were included, how their voices were included and how those, that input was incorporated into the proposal. Thank you.

John Danilovich: I would just make a few brief comments. I could answer your question at some length but I would prefer that the minister actually address your question. I spoke this morning to Women's Edge and had a very good meeting for over an hour with them with regards to our consultative processes. Specifically how it addresses gender integration. Benin has been an exemplary model of a consultative process as I mentioned and it's really something that we'd like to put forward to the other countries in the hope that they will follow that.

That being said in all the countries that we deal with there are nuances of the consultative process. Some are much better as in the case of Benin than others. To a certain extent it's establishing the level and degree or satisfaction that we can have that enough has been done to incorporate all aspects of society especially women. We make a special emphasis in that regard. Our embassies in country make a special emphasis on that regard to include women not only to the point where specific groups that are known in the country are invited to participate but not just to attend but to actually speak and when they speak not to be ignored. And that is often the case in some of the countries that we deal with because they don't have a tradition of incorporation of women into that, into this process. That has not been the case in Benin whereas I mentioned they've been absolutely outstanding.

In those countries where we don't have a similar situation it's a matter as I've said of establishing a level of satisfaction and being sure that gender integration is nevertheless not only a part of the proposal formation process but is also something that is observed, adhered to throughout the implementation of, of the process after the compact has been signed. But I'd like to ask, ask the minister to make a few comments about this because he could probably tell you more specifically the women, the women who were involved in Benin.

Cosme Sèhlin (translated by David Weld): Yes, the Minister says wants to thank you for the question, that in the MCC program the involvement of women in Benin has been very important. They have taken that very seriously. In particular in the access to the financial services part of the program of a lot of women are involved in microfinance activities. And they benefit from those activities, that activities that don't take a lot of money that women are all, often involved in. And that that's one of the reasons why one of the projects of this program is to improve the structure of the microfinance institutions. Simon Pierre Adovelande who's the head

of the program can talk more about this since he knows the details. We can talk more about that during the panel discussion but one other point is that the, the family code which has just been, been brought about in Benin, one of the reasons for that is to give, give more power and more opportunity to women.

Steve Radelet: Very good. Let's take these last two questions quickly together and then they can answer them together and then the Minister needs to be on his way.

Next Speaker: My name is Omar *****. I'm the managing director for Global Speciality. My question is basically one of the criteria for awarding this funding for Benin is the democracy. And as we know that currently there is an election underway and basically the reports from the country are this is not definitely not a safe, we're not out of the wood as somebody would say in Benin with regard to those elections. The report ***** indicating that the election may be stopped in the middle of the election. I would like to know what are they, I mean I would say what is the Millennium Challenge would do in that case?

Steve Radelet: Thank you. Good question and we'll take the other question at the same time.

Jonas Lima: Thank you.

Jonas Lima: My name is Jonas Lima. I'm the presidency of ***** Concepts, Inc. here. I'm Benin, I'm from Benin also. And I wanted to ask a question concerning the nature of the Millennium account itself. Yesterday I was reading on Washington Post that we are signing a loan. I want to know if there's any way a loan attached to Millennium Challenge account.

John Danilovich: Quick answer to your question, it's not a loan, it's a grant.

Jonas Lima: Okay.

John Danilovich: So that clarifies that. The Washington Post made a mistake which is surprising because they rarely do. Thank you. With regards to the election process, elections are scheduled for the 5th of March and our indications are to date that this election will go ahead as scheduled and in fact my trip to Benin one month ago, a little bit less, was in fact to ascertain from all segments of society, from all levels of the government and ultimately from the president himself that he and his government and the people of Benin were committed to holding the constitutionally required elections on March 5 and he assured me repeatedly as did others that they were. And on that assurance I was able to go ahead and advise him that the Millennium Challenge Corporation Board of Directors had approved the \$307 million grant to Benin.

I also made it clear when I was there not only to the president but to others that we have within our power the ability to suspend and terminate countries either from our compact or threshold process. We don't like to use that mechanism. We've only had to do it once but nevertheless we did not hesitate to do so and we had the courage to do so. It was an unfortunate thing. It was with Yemen where they had very badly transgressed on their ruling justly category indicators. We made it clear that when we have to do this the money comes to a screeching halt,

immediately, that's it, finished until they sort out to the problems. We want to help them sort them out, we want to bring them back into the program.

We've expended a huge amount of time and personal effort here in Washington and in the field and financially to bring these companies, to bring these countries up to the level of performance and cooperation that we'd like to see. So it's, it's unfortunate when we have to suspend a country. I do note envisage that happening with Benin. Again, yesterday in the afternoon as well as last night when we had our dinner together the president made it clear and we reinforced his conviction that elections would be held on the 5th of March and in fact the two greatest legacies that he was leaving his country were his observance of the constitutional requirement for an election stepping down after two terms and the Millennium Challenge Corporation grant to his country which are two outstanding legacies and models in both respects for not only West Africa but the Continent of Africa and other countries as well, that this country who has gone through revolution to democracy is willing to reinforce its commitment to democracy in the immediate future and hopefully in the indefinite future.

It also happened to be a convenient date yesterday, February 22 of our own George Washington's anniversary of his birth who also led his country, ours, through revolution to democracy and also stepped down from office when he in fact was not constitutionally required to do so. And I thought that analogy would be an important one to make to President Kérékou and the representatives of Benin who were there last night. So I think that answers your question I hope very thoroughly and completely. We made that message very clear to the government and it's clearly understood that although the compact has been approved no money has yet been delivered and no money will be delivered to any country if there is not observance to the criteria that we demand in our 16 indicators. Thank you.

Cosme Sèhlin (translated by David Weld): I'd like to thank everybody assembled here and I'd like to thank everybody and the benefit of this program is really for the people of Benin to benefit from the same program. Thank you very much.

Steve Radelet: Thank you very much. The Minister now unfortunately has to leave to go join the President but we're delighted that he's been able to be with us this afternoon and best of luck as you go forward.

John Danilovich: I can answer any more questions if anybody has...

Steve Radelet: We have a couple more minutes with Ambassador Danilovich if you have specific questions for him and then after that we will turn it over to the panel who can talk at a more technical level as to the details of the proposal. But if you've got a question or two for the Ambassador, please go ahead.

Andreas Hipple: Yeah thanks. My name's Andreas Hipple. I'm a doctoral candidate at Johns Hopkins SAIS just down the street. He, the Minister, raised the question of a follow on grant, the agricultural one. Is that something the MCC is beginning to consider at some point a couple years down the road will then be eligible for such a thing?

John Danilovich: He said agriculture to which I thought agricultural diversification outside of cotton. With regard to your specific question at this point in time we don't have add-ons, but there is the likelihood or the possibility as we grow up and mature, get involved in this process that there may be a request that we'll have to make to Congress for that. I think it's likely. I think it's also likely the five year compact might not hold, might have to ask for extensions, might have to ask ***** for a longer period of time so all of that is sort of a work in progress. The legislation that came out of Congress just over two years ago, January 23, 2004 is really an excellent piece of legislation given that they were creating a completely new entity and so far we're functioning very well under those regulations. But there's a likelihood that in ***** for the extension of time but we'll have to address that as we go forward.

Steve Radelet: Yes sir.

Next Speaker: My name is *****. I wish I have a couple of inches up, but can't. My name is *****. I am from ***** Group. The question is dealing with the amount which was allocated. Was it based on certain criteria or a certain country has a certain upper limit for the grant? Thank you.

John Danilovich: In the, in the initial compacts that we have as you can tell from our web site the amounts are somewhat smaller, some are 110 million some are 175 million, some just over the 200 million range. This is our largest compact to date, 307 million. We have a smaller one which has been approved with the Pacific Island of Monuwatu which will be signed on the 2nd of March for 66 million although as a small compact I'd like to say it has the possibility of becoming our first compact that will enter into force very rapidly because that has been a problem that we've had internally between the signing of the compacts and their entering into force in Vanuatu we'll have a situation where that compact will in fact enter into force in a matter of weeks. Thirdly we have a compact with Armenia that's been approved for 235 million which will be signed on the 27th of March. Leaving aside Vanuatu because of its size obviously, as you can see from the other two compacts we are having larger compacts to deal with and in fact there's a likelihood that the countries that will remain for the rest of this year the ones that we hope to conclude by the end of the year indications are that their proposals are going to be larger, 350, 450 million. They're not complete yet.

There is at the moment somewhat of an ambiguous relationship between the amount of money we have and the compacts that we have. The overriding force is for us to be transformational, to be an instrument of the U.S. foreign policy, part of transformational diplomacy. The only way that we can be transformational is to incentivize these countries to make the reforms that are necessary. It inevitably happens that because the countries know that there are large amounts of monies involved that they create projects that can absorb lots of money so they don't generally speaking come to us and say please build three schools or two hospitals. They come to us with large infrastructure projects which absorb a lot of the capital that we have.

But there are two areas in which the MCC can be judged, one is of course on the compacts and the implementation of the compacts but on the implementation of what is generally speaking infrastructure projects but also in the immediate term on the institutional infrastructure reforms that are required in the countries that we're dealing with and inevitably in all the countries that

we're dealing with in almost all the categories where we have indicators they are required, that is it incumbent upon them to reach a certain level of performance and they have to institute the either legislative or regulatory if it doesn't require legislation reforms to adopt those standards and adhere to those standards throughout the life of the compact.

So the amount of money in this particular case 300 plus million and in future cases larger is connected to our ability to incentivize the countries to make the reforms that we think will put in place the institutional infrastructure to sustain the development of the actual compact over the five years. So there isn't a formula which says this country is this geographically and this population and this degree of poverty which equals this amount of money for those prerequisites. But there's a relationship of an ambiguous nature let's say.

Steve Radelet: I'm going to take my prerogative and ask a question if I can just interject for a minute because it follows directly on the comment about building institutions and I wonder Ambassador if you're concerned at all, I'm a little concerned, that in setting up the way that the financial flows are being moved through the accountable entities establishing new institutions that are part of the government but sort of separate from that might attract talent away from government institutions that in fact ah setting things up that way over the long run might actually weaken some of the institutions that we want to strengthen by drawing capable staff away from the Ministry of Finance and some of the other entities into the MCC's accountable entity.

John Danilovich: I think we all hope that that will not be the case. It's certainly not something which is of advantage to either our MCC operations or to the government concerned or to other donors that are involved in the field in these particular countries. And we don't want that to happen. We are very committed to building capacity to be building the talent capacity necessary in a country to follow through on these projects, proposals that we have. We know that we place a tremendous burden on them to implement these projects that we have just as we do frankly in the creation and the conception of the proposals themselves. But the country ownership aspect of it as far as we're concerned is critical. It's not the U.S. government going out and saying you need this, you need this and this is what we're going to give to you and we're going to give you a loan to do it.

On the contrary, we advise these countries that they are eligible and if they want they can come to us with a proposal which they have created, which they have thought through, which they feel is suitable for their country and which they feel will have a substantial impact on the reduction of poverty with an economic growth component and if they do that and they come to us and say here's our proposal then we can round it out, smooth it out, negotiate it and make it more of a viable proposal in some cases and in some cases now we're having within reason to be of some assistance to them in the creation of their proposals. We know that in these instances we're putting a burden on the talent pool that is there and in some cases to produce these proposals in the first place and subsequently we also know that there will be a follow through burden on the countries we're involved in on their internal ministerial structural infrastructure to provide the administration and implementation that we need but they must find a way and we will help them to find a way as I'm sure others will to meet this challenge.

Steve Radelet: Yes sir, in the back sorry to make you wait.

David Lambert: Mr. Ambassador, thank you. David Lambert. I have a public affairs firm. Just a little further on the gender question. Technical assistance in agriculture. The UN particular FAO estimates that women make up more than 80 percent of the farmers in the world, in the developing world and they concede they get probably less than 5 percent of technical assistance. Could you speak to that question either in Benin when it focuses on agriculture or generally for the other compact countries?

John Danilovich: Mm-hmm. I believe the Minister addressed that question in somewhat with regards to micro financing but I will elaborate that on that to the extent that I can. I won't be able to give you a wealth of statistics but in a general conceptual sense we are very, very happy that we are finding ways not only in Benin but in most countries to set up a procedure where women in many cases for the first time are entitled to own land in their own name and to use that land as capital with the micro financing trust bank organization ah to get a loan and to refinance their property which they now own. They know exactly what their territory is which they can expand, which they can enlarge, which they can get a new crop for, which they can use as a facility would in the United States or any other country in perhaps the western world where people in general have ownership of their land. In many countries it's not just women that don't have ownership of the land, it's nobody has ownership of the land. They're not sure who owns what. So they can't adequately use the land as an economic tool. We are encouraging the ownership of land in general and specifically by women and specifically micro finance assistance to women.

In the meeting I had this morning with Women's Edge there were some discussions that were held specifically on this point and they pointed out to me that in many of the micro financing institutions which cater to women in the majority, the people who run them are not women but men and there was some concern about that which is I think a legitimate concern but it's something that we are internally in the MCC very committed to. I am personally, all of my colleagues are. We have recently appointed as of four weeks ago Jenny Sites to be our gender specific responsible person in our office. She was just in El Salvador last week dealing very satisfactorily in gender integration issues where there is a positive climate for that and she'll be traveling again next week. She will not be in charge of gender within the office but each department in our, in our organization in the micro, in the Millennium Challenge Corporation will be responsible for gender integration and gender matters and she will coordinate those things.

Steve Radelet: Thank you. I see three more people. If you could, we'll take the questions right in a row. If you can make them quick and concise and then we'll have to let Ambassador Danilovich go. Please.

Melvin Foote: Okay, Ambassador, Melvin Foote with the constituency for Africa here in Washington. I raised a question with you at the AEI forum about a month ago on regional integration.

John Danilovich: Yes.

Melvin Foote: And I think the concept that you gave me was of Brazil or you were thinking of a region within Brazil. My question is Benin is a very, very fine country. I've been there several times and you have to go up the River ***** to really get appreciation of the country but with a very dynamic country I think the people work hard and I was the MCA a great deal of success with the project but my question is size wise I think the population of Benin is about 7 million I believe I might be...it seems to me that you've got to have a bigger impact. I'm thinking West Africa in the context of 100 million, 200 million people does the MCA give any relevance to larger projects that may cross borders, may well benefit other countries in the region? Because I don't think you can isolate one little country and think you have a significant impact on the region.

John Danilovich: Yeah sure.

Steve Radelet: Good question. Yes sir in the back.

Don McMaster: My name's Don McMaster. I'm a retired Canadian diplomat and I was, I did serve not in Benin but accredited Benin at one point. My question has to do with the fourth component of your compact. You've made reference to institution building. You made reference to the Port of Cotonou which obviously is a key component of that fourth, fourth part meeting international norms um the Port of Cotonou is always known as a rather murky area with some fairly questionable norms or standards and I'm just wondering whether any part of your program has to do with ensuring that the corruption level in the Port of Cotonou is going to be reduced.

Steve Radelet: Thank you and last question.

M.K. Cope: Hi my name is M.K. Cope. I'm with the International Executive Service Corps based in East Africa for the last 15 years. My question has to do with overall changes in development of foreign assistance, instruments on the United, by the United States looking at what is now commonly called the three Ds, defense, diplomacy, and development. I'm quite interested in knowing how those three Ds come to play as the MCC makes decisions in terms of the programming that it's doing in Benin and in other countries.

John Danilovich: Thank you. Melvin with regard to your question about larger areas. We have two compacts in Central America at the moment with Nicaragua and Honduras, El Salvador is in the proposal stage but they're moving ahead lickity split and I wouldn't be surprised if we had a compact with them perhaps by the end of the year all things being equal and acceptable which means that perhaps by the end of this year we will have Nicaragua, Honduras and El Salvador in Central America. And although these grants are country specific it only stands to reason that there's going to be some cross fertilization with regards to the type of infrastructure projects that we are involved in and we will seek to encourage that as we go forward.

Also in Central Europe and the Caucuses we have two agreements with Georgia and Armenia at the moment and we have two countries, compact countries Georgia and Armenia and we have two threshold countries Ukraine and Moldova which means we already have two countries that are contiguous which share a border which have customs, tax, transportation, synergies with each other and perhaps eventually hopefully four countries in that specific area which will again lead

to a certain amount of economic, political and social stabilization especially social in those areas where there are a number of specific areas where there's still a lot of civil unrest.

So our hope in terms of being transformational and having an impact you're absolutely right is to greater effect if there can be a certain degree of regionalization. Quite frankly this regionalization that has occurred has sort of occurred by accident. No one sat down at a map, with a map and said well we want these countries and then we're going to have these and now we're starting with Benin and we're going to have three more. It doesn't work like that and with the prospective countries that we have in Africa they aren't contiguous either. But you're absolutely right. I'm all for having regional impact in areas in that, in that, in countries in Central America and the Caucuses because it works much better if we can get them to work together. With regards to corruption, I thought you were going to suggest that Dubai take over the Port of Cotonou. Better not go there. I for many years...

Steve Radelet: Did you get that on camera...

John Danilovich: I for many years was in the shipping business. I'm not in the port business, I was in the ship business but I know a lot about ports and they are strange creatures. In any country frankly. And corruption is a hardcore indicator for us. It's the one that's immovable in terms of adherence to and it's one that we are addressing in every country, not only in Benin but in every country whether it's with per se corruption or with customs or with tax or with all those things that are related to corruption so yes we have that in mind and yes we will deal with it and we already have, we have in the Port of Cotonou specifically for example for now to get your bill of lading through or to pass your ship through you need 26 signatures and 42 stamps. That's going to be refined probably down to one person that does that job. That lessens the possibility of corruption but there are a number of other things that are going to be done in a number of our countries to deal with corruption. It is our hardcore indicator, the President, our President, is steadfast in that regard.

With regard to the three Ds, I don't know where to start on that subject. It's very important that we coordinate the three Ds and not only oddly enough I met with the Department of Defense last week with Gordon England to discuss things that the Department of Defense is doing in various countries which are not dissimilar to the things that the MCC is doing and of course it's not dissimilar to what USAID is doing and not dissimilar to what many, many, many other American agencies are doing. The secretary wants very much at least in terms of the areas of responsibility that she has control and coordinating effort over to bring some semblance of order and coherency to our various aid programs so I suppose that's a simple way of answering your DDD question, but I think it's very important that the secretary has brought in development to our strategy with regards to foreign assistance and foreign policy.

Steve Radelet: If I can add to that on the last issue it seems to me that there's a real challenge between finding the balance between coordinating programs that might affect all three components of the three Ds on the one hand but on the other hand recognizing that sometimes you want to separate those and that you don't from development purposes you might not necessarily want defense or short-term short-run diplomacy kinds of objectives to affect what your development programs might be that for short-term diplomatic reasons you might want to

move money from one country to another which might undermine your longer term development roles and I think one of the strengths of the MCC is not designed to do all three of those. It's designed to play one important part and in some ways to be separate from some of those other pressures that might build that it can really concentrate and focus on the development aspect of it. One of the innovative parts of the MCC is in fact that it is separated from those other kinds of diplomatic interests by the way that the countries are chosen by using independent data and not by whoever the state department wants on the top of their list so I think that's the trick is that on the one hand you do want some integration and some balance but on the other hand you also want focused programs that don't try to meet all objectives at one point in time. That's the issue. I want to thank Ambassador Danilovich very much for joining us and for staying with us.

John Danilovich: Thank you.

Steve Radelet: Thank you.

John Danilovich: Thank you all very much. Thank you.

Steve Radelet: We're going to move to part two now of the program which will be mostly some more opportunities for question and answer but a little bit of discussion with two of the people that have been most deeply involved in ah in the program and know the nuts and bolts of the program ah from the Government of Benin we're delighted to have Simon Pierre Adovelande here with us who's the real, I think, the real brains behind this organization from everything that I hear and certainly been deeply involved from the beginning. Simon Pierre, if you can join us up here. He's the national coordinator for the MCA in Benin and Michael Grossman will also join us who's a long time West Africa hand now with the MCC as the senior country director for all of francophone Africa.

So what we'd like to do is take a couple minutes for a little bit of discussion and then open it back up again for some question and answers that you might have for these folks. Let me get it started actually by asking you a question and then I'll join you over there. But I'm curious about the process, kind of from start to finish particularly for you Simon Pierre, of how the thinking evolved on the ground as to what should be in this compact and in particular as you went through the consultative process. Not so much who was involved and who wasn't but how that changed the end product. What effect did that consultative process have on how this thing was designed at the end of the day? Was it just for show and tell or did it actually have some impact in terms of bringing ideas, holding you accountable, making sure that it was public, what was the impact of that consultative process?

Simon Pierre Adovelande: Thank you very much. The consultation process was, we start with the process. The first that that we did is we learned to admitting for all the NGOs on the countries. We got our modern **** NGOs, explained the idea of MCC and asked them to elect three members from all the NGOs to work with the national coordination. We did the same thing with the predecessors, where we called all the businessmen in the country and elected three members. The same thing with the union. We called all the union on the country and did the same thing. The Chamber of Agriculture, and also from the government so that we have around 20 people with myself.

And we start to think about what are our main constraints? And from that point we started brainstorming to find what are those constraints. And we go back to the radio. Have a radio program with the national radio cover all the countries. Explain during this one-hour program, explain the idea and the concept of MCC to the people, and giving 30 minutes we asked people to phone and to react and give their idea also of what are the best perspectives and constraints. From that point we have a technical team, people from the civil society, from the government who design the first draft of the program, what the program could look like. And we go back to the radio with this first draft. And also explain to people and to hear their opinion about that. And then we have a second draft and go back to the field. And I can show that the visit to the fields give us more detail about what the program look like today. We met with a group of women who talk about what they are envision with what they are suffering about the insecurity of the land, what they are issues concerning access to finance, what they are issues concerning justice. And that is all those so that we put together to have today what we have at the conference.

Steve Radelet: Can you give a specific example, something that was not in the original draft that you then added to the subsequent version of the compact because of the input that you received from those processes?

Simon Pierre Adovelande: Let's talk about agriculture because many people talking about agriculture and that can make some confusion, because when we start everybody was saying, "We need to develop agriculture." But when we go inside the country, we discover that to develop agriculture we need to secure first the land. After people are talking about what are the issues that they are facing in their own, the conflict that they have in the land issues, then at the beginning of the first draft we can find agriculture. But we discover through the process it is not agriculture is the issue, but the issue that we need to solve first is the insecurity on the land. That is the case some example that we fit what we discover during the consultation process.

Steve Radelet: Thank you. Michael, do you want to comment on that at all, that process, from how you saw it?

Michael Grossman: Yes, from the beginning, and I don't like to compare countries, but from the beginning Benin shared a commitment to speaking with all segments of society, and it was, as Simone as described it, it was very impressive because they kept reaching out, sent us a draft proposal, we start working on it, they send us another draft proposal a couple weeks later saying, actually, we've talked to now more different actors and we've refined it. And I think as he put the land, the land question then led to the justice question, saying, okay, we need to resolve land conflicts and then we don't have the court infrastructure, you know, as we go and talk to people and say, this is, how do we resolve these conflicts, led to well, we need to do this as well. So it was very much an iterative process and it did involve a broad-based group of people.

Steve Radelet: Another question. Looking forward as the program begins to be implemented, if I lived in Benin and was interested in following this how would I be able to find information quickly over time about developments on the program? How will I know that the money is being used effectively and that the program is being implemented on time or not on

time? What are the channels of information for the public in Benin to know what's going on? And related to that, if someone in the public, in a watchdog agency, whoever, believes that there's something going wrong that isn't being publicized, what do they do? Who do they contact? How do they find out? What's the channel for public accountability to make sure that this thing keeps on track and is for the benefit of the people of Benin?

Simon Pierre Adovelande: Thank you very much. Right now before we come here we launch a notice to select the communication director because that is a key position on the implementation structure. What we envision to doing the board of the MCC Benin will have all the various component of the society inside the board. We'll have the civil society, the private sector people, the mayors and the union. Those people will be elected by the people that they represent. And they'll go back to give report to that. But apart that every week we'll have, three times a week, in the major newspaper in the country, a page link to MCC activities when every week we have during three days on five a report on the activities. Now we are building right now the communication plan of MCC. But apart that we have Internet access to have all the reports. Of course not all the people in Benin have access to Internet, but there are the network is growing. But apart that anybody can come to the office of MCC to ask documentation about the report. The report will be a public document.

Concerning the implementation also we have a big component of monitoring and evaluation. Where we start the program with our national statistic institute will involve building the basic indicators that will follow to see the impact of the program. To summarize we have various tools that we put in place to inform people. But coming back to the report, when the people find out something wrong we set up two financial audits per year and the report of that audit are public documents. They will be on the web site. They will be in the newspapers. And everybody can get access to that. Especially those who are members the board they have the report and they can go back to those who are elected to give them the report. And that is the various tool that we put in place to have as many people well informed about the program. Because they are involved at the development of the proposal, then they need to have the report also in the implementation time of the proposal.

Steve Radelet: Thanks. Michael, how do you see these—the public accountability mechanisms going forward?

Michael Grossman: I think, I think Simon—once again the government of Benin is taking very much an aggressive approach to communicating with the potential beneficiaries. MCC has some standard requirements we have we'd like them to publish the MNE plan on their web site. We'd like to publish the compact on their web site in French. We'd like them to publish minutes of their board meetings on their web site. But the government and Simone's organization is actually going a little bit beyond what our requirements are by reaching out directly to the public through a communication strategy that they're developing now.

Steve Radelet: Okay, I'm going to ask one more question and then line up. If you have questions to ask, please line up. My question is on the administrative budget. As I looked at the budget here I saw \$307 million, \$40 million for program administration and management, \$8 million for monitoring and evaluation, \$48 million, 15 percent of the budget, struck me as a little

high. So I wanted to know what's the, why such a large number? What are the uses of that \$48 million over five years?

Michael Grossman: The first distinction I'd like to make, Steve, is that we consider monitoring and evaluation program funds. Okay? It's not administration. It is for the development and guidance and implementation of the program. So we'll take out the eight. Now admittedly it doesn't necessarily make that much difference when you're talking about 48.

Earlier you had made a remark about, which we hear frequently, about bringing people out of the government and weakening government institutions. We asked MCC Benin as they developed their proposal to do market analysis and market surveys of what private sector were paying to attract talent in Benin so that we would be competing with the private sector for talent, not necessarily competing with the public sector. So you see actually a relatively high salary base in some of that so that we actually can recruit from the private sector.

Look at a case in Madagascar, for instance. I think only one of the members of their 21-person team right now actually comes from the government for exactly that reason because we were trying to strengthen the talent pool available to the government and not vice versa. And then a lot of that funding is also related to control. We have a lot of, I don't have the exact figures in front of me but the fiscal and procurement agents where we are stewards of U.S. taxpayer money, and we want to make sure we understand what that money's being used for. A lot of the funding is going to that, and a lot of the funding is going to auditing to make sure, as Simon said, do biannual audits to start with. We're going to make sure there's sufficient funds to do that.

Steve Radelet: Good. All right. Questions? Can you please state your name and affiliation and a hopefully concise question to whoever you'd like to point it to. Please, go ahead, sir.

Fred Berger: Fred Berger with Lewis Berger Group. I see four elements to the project. My question is, to what extent will the grant funds pay for those elements, to what extent will they rely on matching funds from the government or some contribution from the government, and to what extent will they be dependent upon co-financing or parallel financing from either private sector or public sector sources of funds? Do you need buy-ins at the ports in order to make the project work?

Simon Pierre Adovelande: *****

Michael Grossman: Okay.

Steve Radelet: They're debating whose—

Michael Grossman: No, no. It's just to understand the question. Thanks, Fred. The government of Benin has agreed to contribute \$5 billion CFA so about \$9.6 million as co-financing. They have actually made the first years of funds available yesterday to demonstrate their commitment to this process. Um, that is the only requirement in terms of co-financing. The program is really, if we're going to say what is it contingent upon? It's not really

contingent upon large private sector investment. It's not really contingent upon parallel financing. What it is contingent upon is the government undertaking certain very discrete policy reforms and institutional reforms that will allow the investments we're going to make with American tax payer money to have the most impact possible. Reforms around the way the port functions. Reforms around the land code and relationships between gender and land ownership. Reforms around how supervision of microfinance institutions are undertaken, and reforms around the legal system. So there's not really a link to money, but there is very much a link to certain actions the government's going to have to undertake which at the end of the day we probably consider more valuable than money.

Steve Radelet: Thank you. In the back. Yes, sir?

Maurille Beheton: My name is Maurille Beheton. I'm a cost and budget financial analyst for Circle, Inc. in Vienna, VA. My question is that we have four component on that program, and I would like to understand why is it just those four component, and you guys do not include any health issue, because I believe we have some health problem in that country as well and if I understand quite well we only have almost three big hospital in that country, and I was thinking it would be a good idea and certainly something like building other hospital for the country. The second thing is that the program is talking about as well credit financing. The women in the population and doing business. When I understand that before a corporation can allow to finance somebody it's not just the land that's supposed to be secured. We have to be assured that those people are who they are. And I would like to understand what kind of idea you have in making sure managing the population, making sure that this person who is called "John" is really John. Thank you.

Simon Pierre Adovelande: Yes, about the four component. When we go back to the idea that we developed these, how to remove incremental growth constraints. And then to allow the country to get more resource to deal with loyalty. Then the four project that we have here is those who will remove those constraints so that the government can have more incomes to build more hospitals. But go directly to build the hospital and the government does not have the means to maintain those hospitals, that is what we did in the past decade. Then it's the new approach to see the development. That is why we go through those four components to remove those constraints for incremental growth so that the government can generate, the country can generate through the private investment more income for the government to deal with the social issues. That is the way that we developed the program.

About the credit, it's not just give loan to the people. Is a whole project that starts with the study of what are the real needs of people in terms of credit? And through those needs is only the need of credit or a need of training, technical training, management training for the person who want access to their credit. Is a package that we developed and if you go to the document your received that is not only a credit give to the people but the package will deal with all the issues relate to the people.

But coming back to the names of people or all those things, we are working with a credit bureau that we have in Benin for microfinance to develop a program to manage those who are borrowers and to see how we can have a database, a reliable database who we can use to strengthen the

microfinancing situation in the way that they are worked today to avoid that two people the same people can use two names to get access to their loan from various microfinancing institutions, and all those issues are in the package of the project access to finances. Thank you.

Steve Radelet: Yes, sir. In the front.

Andrew Mack: My name is Andrew Mack. I'm with Samuels International. And first of all, congratulations on what is obviously a very big accomplishment and a lot of work. I have a very simple question, partly, I guess, aimed at Michael, which is Benin is a small country with a limited capacity to deliver on some of these things. Obviously outsiders are going to have to participate in this in a number of different ways. To what extent do you know how the procurement situation is going to be set up? How can outsiders participate? How can I get information? What kind of procurement rules are you going to use? And to the extent that you know it, when is this all going to start?

Michael Grossman: Okay. I'll answer the last question first. Legislatively we're not allowed to actually disperse any funds to, after 30 days after signing. So we have at least 30 days, and I would imagine if 30 days takes us to on or about March 23, March 22 that'll be right about the point of the second round of elections in Benin assuming nobody wins in the first round. So it's likely we would wait til the new government's in place before we actually start spending any significant money. We will be using modified World Bank procurement standards, and there is an external procurement agent that's been hired, Louis Berger International, who is going, who was selected through 34 people, 34 firms responded and Louis Berger was chosen at the procurement agent. And they will be administering the procurement process with MCC Benin. Procurements will be posted on MCC Benin web site, on our own web site, or there will be links on our own web site, and I believe they are required to be published in the United Nation's development market, whatever you call it, I'm sorry, I don't know what it's called, DG Market. And they'll be listed, and we would invite tremendous participation. Our only consideration, different than perhaps other U.S. government, is that there's no buy-American requirement, and it is open to international competition based on the modified World Bank standards that will be used by the government of Benin.

Steve Radelet: That's how the Port of Abudabi is going to run that.

Michael Grossman: Dubai. Dubai.

Steve Radelet: I'm sorry. Dubai.

Paul Ehmer: Hi, my name is Paul Ehmer and I'm a public health guy at USAID. I've been with AID for quite some time now. I'm going to not touch on the health aspect that was asked earlier. I'm more interested actually in the model that you're putting forth here. And I was a little bit surprised. I just wanted to hear from either of the two discussants here, when both the ambassador and the minister mentioned the MCC projects for Benin, because I recall, and I should be maybe better informed about this, when the earlier idea about the MCC came up, it was an idea that the MCC was going to provide what we call in the development business non-project assistance, what we used to call non-project assistance, and we used to do some of that at

AID. And I had thought in that model that then the money would become budget support to the government or whatever entity would then be managing the project, and this goes to kind of the question that Steve was asking before. I now understand that there is going to be a specific entity set up to manage and be responsible for the money, but I'm just wondering how that evolved and whether I was mistaken when I had this earlier impression that the MCC was setting up a non-project assistance model? Thanks.

Michael Grossman: I can't really say if you were mistaken or not. I think that MCC as an organization that really has now been functioning for, you know, the first round of selection of countries was made 2004, so a little bit less than two years. I think we're a corporation that's going to continue to evolve and look at many different ways to work with our partner countries. In the case of Benin, the approach is similar to a project finance approach, all right? You know, as you put it, project development assistance, and I think in some other countries we'll see things that are slightly different, and some countries might be radically different. We're one piece in a mosaic of ways to help develop models for foreign assistance. Budget support is one extreme, the ultimate extreme in country ownership, and, you know, very specific project focused is perhaps the other extreme. And I think we're somewhere in the middle, and I think we're going to be all over the board as we develop in trying different approaches, trying to be experimental and trying to be, to take calculated risks with U.S. taxpayer money to see how we can have the most impact over time.

Steve Radelet: Let me try to answer that a little bit as well to add to Michael's comment, because unlike Michael I was actually around, I guess, a little bit at the beginning of this thing. There was never a decision that it would necessarily be program support. I think that was held out as a possibility, that there could be budget support that would fund the activities under the MCC. It was never firmly conceptualized in that way, but there was certainly a lot of discussion that it could evolve that way. I still hold out some hope that at least in some countries it can, and to be perfectly honest I think there's a missed opportunity here at the moment for the MCC to be a little bit more innovative in this particular regard.

I've been pushing around an idea for a little while where there's a little discussion of perhaps moving towards more budget support to do the same kinds of activities over time. The constraint is the concern over fiduciary controls that we're all familiar with, and the old dilemma which is responsible for AID changing its model many times over the years as you well know, that the concern is that the fiduciary controls are not there on procurement, on auditing, on oversight, on a whole range of activities. And I think that needs to be recognized. But unfortunately in my mind that always leads to a decision that we can't trust the system so we will work around the systems, and I believe that over time it does actually undermine the systems, that that's been the impact. And in this way the MCC is actually doing what most aid agencies have done over the years rather than doing something new.

I hope that they can do something more innovative along the following lines: begin to actually use ratings that are out there that the IMF and others put together on the quality of financial systems, on quality procurement systems, and provide incentives for countries that the higher they score on ratings of their financial and procurement systems, the more of the money would go through their standard institutions in an effort to build those institutions, and the lesser the

money that would go through the procurement system. So the incentive would not be on the overall money but rather on how that money actually flows and to provide the incentives that if they do strengthen their internal systems and procurement and financial systems, that more of the money will be directed in a way that they would like it to be directed which is through their own institutions. So I think there's an opportunity there that has not yet been fully developed, and I think they've got the flexibility to do something innovative that other agencies have not been wanting to do yet. Thanks. In the back. Yes, sir?

Next Speaker: Thank you. Good morning, folks. My name is Michele ****. I'm a Benin food security consultant, and I'm very happy to see that finally Benin is here and the MCC program is working. My hands to you all, those from Benin and those who are here. I want to say that the king dies but the kingdom never dies. It's great to see that our, we thought of an analogy between George Washington and President Kérékou, but the reason why I say the kingdom never dies is that it appears to me, if I fully understand this undertaking that there will be some institutions, and in so doing there would be some national folks that make those institution take place and continue on. The Benin people are very smart people, and my concern would be at two levels.

First, would these projects, or would these undertakings change the State Department or the U.S. country strategic development layout. Two, in all of these element, could someone either from Benin or from the States explain the specific training that need to be done, because it's a great thing to hear the Ambassador, the Minister mention the effort from the grassroots level to these document that we hold in here today, but as Mr. Adovelande has mentioned the dissemination of information it's scary. It will remain scary because one would have expected to see here today a great large number of Benin, but it appears to me that we are not. So that if it is the case here where people like this could read [dictation ends here]

Next Speaker: [dictation restarts here] ...Between the reforms and the physical investments.

Steve Radelet: Thank you. Take those two and then we'll come back to the last two gentlemen for their questions.

Simon Pierre Adovelande: Thank you. About the information under the program, how they benefit people, I was seeing that we have a program. We launched a notice to select our communication director. Because we have a plan to cover all the countries, the people are aware about the program because we share the information with them when we are developing the proposal. Then we need to maintain the same contacts if you want to achieve the goals that we have, but also we need the people to get involved in the program so that the implementation will be easy. Then in the program, the communication issue is a big issue and also a big component, and as you know, not everybody who understands French in our country, then we have a program in our local language working with our national radio. It's a program – we take it in account in the program. Coming back to the port issue. The port issue, their reform is the program, the project of the port start with the reforms. At the same time that we will start the studies and on the feasibility studies to update all the studies that we have on the port. We have the port advisor. We still have the port advisor who will visit the port – to help us in terms of the

reform or implementation of the reform that we already identified for the port. That is something that also in the – in the project.

Michael Grossman: I just want to add that the economic rate of return on the port investment is 24 percent per year.

Lenny Sapozhnikov: Yes, hi. My name is Lenny. Uh –

Steve Radelet: Hang on just one second, sir.

Next Speaker: ****.

Steve Radelet: Ninety percent of all the trade goes through the Port of Cotonou, so – 24 percent ex ante we hope that it's ex ante.

Lenny Sapozhnikov: That's a perfect segue. My name is Lenny Sapozhnikov. I work at Interaction. Interaction is a coalition, as many of you know, of 160 humanitarian relief and development organizations and we work very closely with administration, with Congress and now with MCC on the focus on poverty reduction, consultation, etc. One of the questions that we ask ourselves is ex ante, if the rate of – economic rate of return on the port, for example, is 24 percent, what kind of analysis is done to supplement the economic rate of return to assess the expected impact on poverty since the mission of the organization is a dual mission on growth and poverty reduction? Thank you.

Steve Radelet: Good question.

Steve Radelet: Okay. Should we just take the other question on?

Steve Radelet: Go ahead, sir.

Claude Toze: Okay. My name is Claude Toze. I'm director of CBN USA, but I'm asking this question as a Benin citizen. I want come back a little bit to the accountability process of the project. I think this approach that we just heard about is not as rigorous when we consider the amounts, how much we have at stake for this – the management of this project. So my question is to what extent the national assembly, which this parliament has been in, is involved in this process, and if you have thought about any idea of having a special inspector general who will be independent from the government and whose job will be to basically check this project and check if everything is going as they were set to go. Thank you.

Steve Radelet: Thank you.

Michael Grossman: I'd like to answer that second question first, and then talk about the poverty impact. The accountability structure is actually very rigorous and maybe – I mean, it doesn't err on the side of being too rigid. We have envisioned the USAID Inspector General as the supreme auditing institution of this compact. Te implementing agencies, whether they be public sector in Benin, private sector, firms that are rehired, will be subject to audit by external

auditors. The U.S. government will fund the audits throughout the four or five year process. There will be local financial audits. There'll be data quality audits we understand, the information we're using to make decisions and the quality of that information, and there is going to be audits of the fiscal and procurement agents. So actually we've structured it very, very rigorously in order to make sure that the U.S. taxpayer money is being use.

I like to talk, when I speak with my clients, I frequently point out that we have a budget deficit here, so at the end of the day, it's my children who are going to have to pay back the money we're borrowing today to help Simon's children. I'm not willing to mortgage my children's future for his, so this has got to be something that's really done very rigorously and it's something that we take very, very seriously. So much so that frequently some of the actual implementation is – it's not slowed down, but it's more measured because we need to have a better control over, as Steve put it earlier, our fiduciary responsibility. I'll let Simon talk about the poverty impact of the port investment.

Simon Pierre Adovelande: The poverty condition impact of seeing that at the beginning of the program, we'll have a survey with our national institute – statistic institution to build a deadline of our indicators and every six months we'll do the impact survey to see if we are on track with our targets, and if we are not, what to do to correct that. Then it's – it's such a battery of indicators, but also activities who will help us to measure the impact of the implementation of the program on the ground.

Steve Radelet: Okay. Let me just add if I can on the port – I haven't seen the economic analysis of this but I've seen them for other ports and for other roads and infrastructure projects and there's a least, in theory, two ways that it could help reduce poverty. One, just on the cost side, that if in fact it succeeds in reducing the costs around the port and port efficiency, then anything that's imported is going to have lower port charges and reach the ground faster so that anything that the poor, along with everybody else, would buy should be cheaper, and that's what has happened in other countries when you improve that efficiency. So whatever they're earning, they're earning power is higher, that's one on the demand side. On the supply side, on their earnings side, that if the port is more efficient and lowers cost, that should help to make labor intensive industries like agri-processing and derivatives from cotton and other kinds of things more competitive so that businesses could create more jobs. Now, that's in theory. Whether in practice that actually happens is exactly the question that you're asking, which I think is a good one. But we sometimes think that this port infrastructure is very distant from the poor, but it can affect both what they pay for goods and also their ability to earn income, which is what we care about – part of what we care about in the long run, so –

Michael Grossman: And we also do believe that our partners, the government of Benin, are – one of the reasons that they're eligible is because they've demonstrated their commitment to using their resources to invest in their people, and 40 percent of the government resources come from taxes on the port and the – I think someone described it a little bit earlier as murky environment – a lot of the investments will go to, – will not directly combat corruption, will go to change the incentive structure so – and eliminate the opportunities for corruption, which should ideally increase the amount of revenues available to the government, which they have

demonstrated in the past they're using for investment in their people, so a reduction of poverty over time.

Steve Radelet: Thanks. On behalf of everybody here, let me offer congratulations to both of you, but particularly to the government. Best of wishes and thanks to Simon Pierre and to Michael for their time this afternoon. Thank you.