



## CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

In accordance with section 610(b)(2) of the Millennium Challenge Act of 2003, as amended, we wish to inform you that the Millennium Challenge Corporation (“MCC”) entered into a concurrent Millennium Challenge Compact with the Government of Benin on December 14, 2022 (the “Compact”). We have included a detailed summary of the Compact. The text of the Compact is available on MCC’s website.

We will identify a link to the Compact and a summary of it in the Federal Register and on MCC’s website.

The attached notification is being sent to Congress on December 14, 2022.

Sincerely,

/s/  
Aysha House  
Vice President  
Congressional and Public Affairs

Enclosure as stated

**MILLENNIUM CHALLENGE CORPORATION  
CONGRESSIONAL NOTIFICATION**

December 14, 2022

In accordance with section 610(b)(2) of the Millennium Challenge Act of 2003, as amended (22 U.S.C. 7701 et seq.) (the “Act”), this notification is to advise that the Millennium Challenge Corporation (“MCC”) entered into a concurrent Millennium Challenge Compact with the Government of Benin under sections 605 and 609(k) of the Act on December 14, 2022 (the “Compact”).

A detailed summary of the Compact follows.

## **SUMMARY OF BENIN CONCURRENT COMPACT**

### **Overview of MCC Benin Concurrent Compact**

MCC has signed a five-year, \$202,000,000 Compact with the Government of Benin aimed at reducing poverty through economic growth.

The Compact seeks to assist the Government of Benin in reducing transportation costs along the transport corridor from Cotonou, Benin to Niamey, Niger (“Corridor”) to reduce poverty through inclusive, sustainable economic growth while increasing regional economic integration, trade, or cross-border collaboration with Niger. The Compact will achieve this goal through two projects: the Corridor Infrastructure Project and Efficient Corridor Operations Project.

### **Background and Context**

Benin is a coastal, West African country that has a current estimated population of 13.3 million people. About 40 percent of Beninese live below the poverty line.

#### *Selection and Eligibility*

In December 2018, MCC’s Board of Directors (“Board”) selected Benin and Niger as eligible to develop concurrent compacts. MCC began working with each country to determine if there were projects that met MCC’s compact investment criteria and evaluated the countries’ ability to work with MCC. In 2019, 2020, and 2021, the Board reselected both Benin and Niger to continue developing potential concurrent compacts. MCC focused the development of the concurrent compacts on a potential regional integration transport program between the countries. The Board approved the Benin concurrent compact in September 2022 and MCC and Benin signed the Compact on December 14, 2022.

Following the initial selection of Benin and Niger for potential concurrent compacts, an MCC team conducted project scans and worked to gather priority projects in the energy and transportation sectors from each country for consideration. It was determined that ideal investment opportunities for MCC’s initial concurrent compacts would be cross-border infrastructure projects, with policy and institutional reform (“PIR”) components, which collectively have significant political support and otherwise meet MCC’s investment criteria. Important market and institutional constraints along the Corridor include uncompetitive and extractive freight allocation arrangements, inefficient trucking industries, dysfunctional border crossings and customs processing, weak maintenance regimes, and weak application of regional axle load limit regulations. The concurrent compact includes transport infrastructure and PIR aimed at addressing one or more of these constraints.

The Government of Benin has stated clearly that developing this Corridor with Niger is its top priority for a concurrent compact. This investment has a clear link to the MCC investment at the Port of Cotonou in the prior Benin compact, as well as to the current MCC compact program in

Niger, which is focused on agriculture and roads. The Corridor has a relatively high traffic volume with an average of approximately 1,000 vehicles per day, of which a high percentage are trucks.

Benin passes the MCC scorecard. In Fiscal Year (“FY”) 2023, it passes 11 of 20 indicators, including the Control of Corruption and Democratic Rights hard hurdles, though it has exhibited a multi-year decline in democratic governance, as seen on the Democratic Rights indicators on the scorecard. As communicated in MCC’s Report on the Selection of Eligible Countries for FY 2022, at the December 2021 meeting, the Board reselected Benin as eligible to continue developing a potential concurrent compact. However, the Board also endorsed MCC’s determination to significantly reduce the planned regional investment that would be made in Benin through a concurrent compact in response to these concerns regarding democratic governance. The concurrent compact with Benin that was approved by MCC’s Board in September 2022 and signed between MCC and the Government of Benin on December 14, 2022, reflects this reduced investment.

## **Project Summaries**

The projects and activities to be completed are:

### **1. Corridor Infrastructure (“CI”) Project**

The objective of the *CI Project* is to reduce transportation costs along the Corridor with transportation costs including vehicle-operating costs, time-related costs, and injuries and deaths.

- **Activity 1 - Road Rehabilitation:** This activity aims to rehabilitate and upgrade approximately 83 km of road between the cities of Bohicon and Dassa with the potential to add complementary traffic mitigation components.
- **Activity 2 - Road Maintenance:** This activity aims to support the newly established *Société des Infrastructures Routières et de l’Aménagement du Territoire (“SIRAT”)* to implement the annual road maintenance program developed by the Ministry of Infrastructure and Transport’s (“MIT”) Direction Générale des Infrastructures de Transport.

### **2. Efficient Corridor Operations (“ECO”) Project**

The objective of the *ECO Project* is to reduce transportation costs along the Corridor including vehicle-operating costs, time-related costs, injuries and deaths as well as costs related to unreliable processes and market inefficiencies.

- **Activity 1 - Freight Sector Operations Improvement:** This activity intends to promote meaningful reforms intended to impact and improve the efficiency of truck freight sector operations by addressing axle load management, regulatory review and capacity building, freight vehicle regulation, and the organization and establishment of a Corridor Authority.
- **Activity 2 - Customs Border Operations Improvement:** This activity intends to support improvements to the Beninese custom border operations at the Gaya-Malanville crossing between Benin and Niger in order to improve the fluidity of corridor operations.

## **Policy Reform and the Compact**

The PIR identified as critical are focused on the improvement of the road maintenance institutional framework and ensuring untapped sources of maintenance funding can become available.

The following is a preliminary, non-exhaustive, list of the proposed reforms:

- Cooperation and coordination between SIRAT and the MIT to implement the periodic road maintenance.
- MIT's *Direction de la Planification, de l'Administration et des Finances*, in collaboration with MIT's *Direction de la Gestion et du Suivi des Infrastructures*, develops a road master plan using the HDM-4 model.
- Road Asset Management Unit ("RAMU") prepares and updates (on an annual basis) the 5-year periodic road maintenance plan using a model such as HDM-4.
- Establishment of data-driven and economic-based periodic road maintenance planning and programming procedures.

Some of these reforms must be adopted by the Government prior to entry into force of the proposed concurrent compact. Demonstrating continued compliance to the terms and conditions of these reforms will be a condition precedent to subsequent disbursement requests of Compact funding. The project design incorporates technical assistance to support the successful implementation of these reforms.

## **Compact Overview and Budget**

Below is a summary describing the components of the Compact with the Government of Benin. The budget and expected impacts are based on initial due diligence and project appraisal. The anticipated budget for the proposed compact is up to \$217,150,000, including the Government of Benin's country contribution.

### **Benin Concurrent Compact Budget (US\$)**

<b>MCC Funding by Compact Component</b>	<b>Amount</b>
<b>1. Corridor Infrastructure Project</b>	<b>\$143,313,000</b>
1.1 Road Rehabilitation Activity	\$139,113,000
1.2 Road Maintenance Activity	\$4,200,000
<b>2. Efficient Corridor Operations Project</b>	<b>\$26,000,000</b>
2.1 Freight Sector Operations Improvement Activity	\$20,555,000
2.2 Customs Border Operations Improvement Activity	\$5,445,000
<b>3. Monitoring and Evaluation</b>	<b>\$1,500,000</b>
<b>4. Program Administration and Oversight</b>	<b>\$31,187,000</b>
<b>Total MCC Funding</b>	<b>\$202,000,000</b>
Government of Benin Contribution	\$15,150,000
<b>Total Compact</b>	<b>\$217,150,000</b>