Not all African countries are the same. In a continent relentlessly scoured by armed struggles for power, Benin stands out as one of the strongest examples of democracy in action. Entering the 20th Century as a French colony, Benin moved through self-government to independence within 60 years, held its first presidential and legislative elections in the early 1990s, and was the first African country to successfully make the transition from dictatorship to a multi-party political system.

Benin maintained a good economic performance through the early part of this decade but this weakened markedly after 2002, with growth slowing to about 3 percent in 2004. A year later, the rate was still only 3.9 percent. Allegations of corruption and mismanagement were rife across the board and poverty levels had reached an all-time high.

Thomas Boni Yayi’s landslide victory at the most recent presidential elections, held in March 2006, introduced the seeds of change. Dr Boni Yayi, armed with twelve years of experience as the director of the West African Development Bank, has vowed to bring about economic growth and eradicate corruption.

“Poverty is not a problem but the consequence of a problem: bad governance,” he states. By focusing on the implementation of wealth-creating systems, such as encouraging private enterprises by improving infrastructures and maximising human resources by fostering education and health, the new administration hopes to create a better, more efficient and powerful Benin. As one of the first steps towards this, in November 2006 the president announced new funding to provide free primary education.

But it is thanks to Benin’s excellent record in democracy, respect for basic human rights, and commitment to economic improvement that it has become eligible for funds from the U.S. government’s Millennium Challenge Account (MCA).

U.S. Ambassador to Benin Gayleatha Brown has highlighted the strong ties of friendship and economic cooperation between the two countries since the democratic transition, and has praised President Boni Yayi’s efforts to eliminate corruption and improve governance. “Benin’s consultative process is a model for other MCA candidate countries,” says the ambassador.

Access to this funding, totalling $307 million, is going to be spent on four separate areas over five years, all geared towards improving the general economic and social climate. The Access to Land program aims to regulate land claims; the Access to Financial Services is expected to expand such services to micro, small and medium enterprises, particularly in agricultural areas;

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and the Access to Justice program will undertake thorough reforms of the judicial and court systems. The Ministry of Justice is concurrently embarking on a national census operation. “It’s about modernizing the State,” says former Minister of Justice Abraham Zindindohoue. “We cannot have a trustworthy administration if we do not know who our citizens are.”

The bulk of the grant, however, is going to Benin’s neighbors, namely Nigeria, Niger and Burkina Faso, which operate through Benin’s Port of Cotonou. Benin, as a member of the Economic Community of West African States (ECOWAS) is a key connection point between West and Central Africa. Nigeria, with a population of 130 million, is our neighbor; this is a privileged position for us in terms of economic aspects. This is where the port and telecommunications should be playing major roles, so these are two areas targeted for reform and investment. Obviously, we need to accompany such improvements with similar development in road, maritime and rail infrastructures. These will in turn benefit other sectors, particularly tourism and agriculture.

Continued from page 1

The Washington, D.C. based Corporate Council on Africa (CCA) is dedicated to strengthening trade and investment partnerships between the United States and the 53 countries of Africa. CCA programs and events are designed to bring together potential business partners and to showcase business opportunities on the Continent.

The MCA program is not the only proof of the strong links between Benin and the U.S. The U.S. Agency for International Development (USAID) finances various programs in Benin, primarily in health and education but also targeting economic integration, trade, and energy matters. The West Africa Regional Program (WARP), for instance, aims to ensure that Benin will benefit from the West Africa Gas Pipeline Project. The U.S. is also interested in promoting increased trade between the two countries, in particular to access the far larger markets of Benin’s neighbors, namely Nigeria, Niger and Burkina Faso, which operate through Benin’s Port of Cotonou. Benin, as a member of the Economic Community of West African States (ECOWAS) is a key connection point with the rest of this zone.

For private investors, now is the time to consider Benin, says Dr Boni Yayi, particularly because so much remains to be done. “Where there is no risk, there is no opportunity. People seize opportunities gradually as they appear and economic operators know that well,” he explains. The main advantage, points out Minister of Defense Issifou Kogui N’Douro, is Benin’s political stability. “Benin is a safe country,” he says.

Political stability looks set to continue, with the April 2007 legislative elections giving Dr Boni Yayi’s Cauri Forces for an Emerging Benin party 35 out of 83 seats in the National Assembly: a good sign for the future of the country.

LETTER FROM STEPHEN HAYES, PRESIDENT OF THE CCA

The summit will be a three-day event at the Cape Town Convention Center packed with networking opportunities, as well as sector-specific plenary sessions and workshops such as finance, energy, ICT, mining, agribusiness, and the sports and entertainment industry. A new feature at the 2007 Summit will be a trade show that will allow companies to showcase their products, services, and capabilities to potential buyers and customers throughout Africa. Increased trade and investment between United States and African businesses is the goal of CCA. This year’s Summit will enable you to explore many business partnerships in Africa. We hope to see you in Cape Town.

‘BENIN IS AN IMPORTANT AFRICAN CONNECTION POINT’

Minister of Development, Economy and Finance Pascal Irénée Koupaki sets out Benin’s plans for financial and democratic consolidation

What is the new government bringing to the economic development of Benin?

Benin’s political development from 1990 onwards did not produce lasting results because economic growth was relatively weak. In order to reduce poverty by half over a fifteen-year period, a minimum growth rate of seven percent is required; Benin’s fell short at four to five percent. So there is a need for a new, dynamic economic force to consolidate the country’s democracy definitively. This is the President’s intention, and this is what we are proceeding to implement through newly defined strategic development guidelines.

What are the main areas selected for development in order to maintain economic growth?

Our strategic development guidelines can be divided into five pillars: good public administration and the development of the private sector; stabilization of the macro-economic framework; economic diversification; rural development; and finally, social development: health, education and social structures. For this we need funding; however, we have reached into our own pockets before asking for foreign support.

What aspects of Benin’s economy are most likely to attract foreign companies to the country, and how do you intend to attract such investment?

Benin is an important connection point between West and Central Africa. Nigeria, with a population of 130 million, is our neighbor; this is a privileged position for us in terms of economic aspects. This is where the port and telecommunications should be playing major roles, so these are two areas targeted for reform and investment. Obviously, we need to accompany such improvements with similar development in road, maritime and rail infrastructures. These will in turn benefit other sectors, particularly tourism and agriculture.
CREATING AN ECONOMY AND JOBS FOR THE PEOPLE

Benin’s fiscal and democratic track record has led to increased support from international organizations, with the World Bank and IMF injecting $460 million in debt relief. Economic growth in Benin, although fairly steady for the last sixteen years, has not been consistent enough to reduce poverty levels. A lack of infrastructure inhibited the creation of new industry, while access to financial and social institutions was severely limited. However, the will to engage in a liberal economy, coupled with a good democratic track record, has allowed Benin to benefit from international funding.

In March 2003, the World Bank and the IMF agreed to support a debt reduction package of $460 million under the Heavily Indebted Poor Countries (HIPC) initiative, chiefly because of Benin’s success at controlling inflation and external deficit. “President Boni Yayi’s policies have a two-fold aim: to consolidate democracy and to create a new economic lease,” says Minister of Development, Economy and Finance Pascal Koupakí. The reform of key sectors such as cotton, telecommunications and electricity, with a view to privatization, has recommenced and measures have been initiated to improve competitiveness at the Port of Cotonou. Red tape has been a drawback to the development of economic opportunities. “Step by step, we’re taking all private investment issues into account,” he says.

Private sector activity is crucial to the country’s continued development and economic growth. The government has decided to encourage the development of value-added industries, such as Benin’s cotton factories, which have the capacity to handle 600,000 tonnes annually. Minister of Industry and Trade Moudjiaïdou Soumanou hopes to reach this level and resuscitate the country’s textile industries.

While the West Africa Gas pipeline project will allow Benin to become less reliant on imported hydro-electricity, potential investors are on line for a new dam, and the production of ethanol from cotton, palm oil and even cashew nuts – three of Benin’s main products – is being studied in partnership with Brasilia. Companies opening fuel stations will be eligible for customs and import tax subsidies. “The policy on power management is of using local and renewable sources as much as possible”, says Minister of Mines, Energy and Water Jocelyn Degbey.

Other measures center on reviving the industrial free trade zone. Over the next five years, job numbers here will almost double, according to Ataou Soufiano, President of the Benin Chamber of Commerce and Industry and chairman of the FTZ board. However, agriculture remains Benin’s major source of revenue. With adequate infrastructure investment and access to finance, cotton could make Benin ‘one of the world’s 20 top agricultural nations,’ according to Minister of Agriculture, Roger Dovonou. “Benin should develop fast given its geographical position close to Nigeria, the high levels of commercial activity coming in through the Port of Cotonou, and the fact that it does not suffer from drought, which supports agricultural development,” concurs Bernard Goulouven, General Director of the Société Générale de Banques au Bénin. Through its links with the Société Générale worldwide, which has attracted big business and personal customers alike, SGBB has acquired 16 percent of the market share over the past three years, in spite of increased competition.

Mr Soufiano asserts that finding investment funds is not a problem; however, potential projects cannot proceed without the application of major administrative reforms and the creation of an efficient infrastructure network. “It’s our duty to offer all required conditions because it’s in our interest that people come”, he says.

A REFERENCE POINT FOR AFRICAN BANKING

Formed in 1990 as a pioneering venture bringing together Benino-Nigerian private investors and four of the most important Nigerian financial institutions, Banque Internationale du Bénin (BIBE) was at the forefront of the era of privatization in the country’s banking sector. Ushering in a new ethos of regional financial cooperation, BIBE and its Nigerian partners - Union Bank of Nigeria, First Bank of Nigeria, Continental Merchant Bank and First Interstate Merchant Bank - created a blueprint for inter-African financial partnerships. Operating as a part of the Group Union Bank of Nigeria PLC, BIBE’s social capital expanded from 1 billion FCFA to 9 billion FCFA over the first fifteen years of its existence. Currently ranked the fourth-largest financial institution in Benin, in January this year the bank expanded its national presence with the opening of three more branches in the country’s predominantly agricultural areas, in line with Group Union Bank’s expansion strategy, which is geared toward providing financial solutions to the region’s growing agricultural sector. “We plan to go fully into the agriculture business, assisting Benin’s economy. Our first branch dedicated to agriculture should open this year, and may be called the Benin Bank of Agriculture,” explains Gbenga Alese, Managing Director of BIBE.

Last year, 6.6 billion naira was pumped into agricultural financing as part of the Agricultural Credit Guarantee Scheme. With a presence in London, South Africa, Benin, Ghana and Nigeria, Group Union Bank has provided a catalyst for local institutions to position themselves globally, and for BIBE in particular to join for a place as the first port of call for investors and customers in the French-speaking West African region. The group won the 2006 Euromoney award for excellence as the best bank in Nigeria, and by association BIBE has forged a reputation as one of the most trusted and respected banks in Benin. With new branches in Mali, the Ivory Coast and Senegal, the group, through BIBE, is realizing its ambition to play an increasingly prominent role in the West African Monetary Union. “Being both locally and internationally connected in this way gives BIBE a substantial advantage,” concludes Mr Alese.
AGRICULTURE
Diversification and modernisation of agriculture

TOURISM
Beninese Riviera: an authentic touristic destination

INDUSTRY AND SERVICES
Boosting industrialization and trade links. Your country of access to the emerging West African economy

PORT OF COTONOU
Gateway of the economy and development

Emerging
PRESIDENT
Benin’s economy enters a new era. As the international confidence has been restored, the new President Boni Yayi’s efforts to build a platform for growth are paying off. Economic development is set to follow, with a special focus on five priority sectors. Political and financial stability has set the stage for progress, and Benin is opening its door to foreign investment.
THE GATEWAY TO THE WEST AFRICAN COMMON MARKET

Port of Cotonou is the main artery for goods traffic entering Benin, its location making it a natural entry point for neighboring countries.

Benin’s geographical position, creating a land corridor from Burkina Faso and Niger to the Bight of Benin, with Nigeria to its east, means that in terms of trade its most vital element is the Port of Cotonou. This fact has not eluded the new administration, which is directing major efforts to rehabilitate, modernize and sanitize the port and its activities.

Funding for an Access to Markets program under the Millennium Challenge Account (MCA) could not have come at a better time. Allocated in October 2006, the $169 million grant (MCA) could not have come at a better time.

Millennium Challenge Account

Our borders will see an explosion in their development,” he adds.

Mr Aguessy is confident that with this injection of funding the port can be brought up to international standards. However, he is also aware of the need to develop the industrial base of Benin to maximize the port’s potential.

“The port can be the base of our industrialization if well managed. It has a significant role to play in attracting foreign partners, and sending out a positive message to potential investors,” Mr Bocco says.

Human resources are a vital element to improve the port’s efficiency, and human resource management is the first priority for Sobemap, the port’s goods handling company.

A GENUINE ‘MADE IN BENIN’ SUCCESS STORY

The Tunde Group is an ideal case study for all those who believe that Africa will only take off through a free market economy and private entrepreneurship. Founded 20 years ago in Cotonou as a modest office furniture shop, this fully Beninese company now ranks among the 100 leading enterprises in the country.

With a turnover in 2005 of 3.8 billion CFA francs (around $7.6 million) and a permanent staff of 146 (plus 120 trainees and 30 part-time employees), it is the nation’s number one printing and graphics services firm. Over the years, it has diversified into sectors as varied as transport and agriculture, and has just recently started a new activity by becoming the exclusive distributor of Volkswagen-Audi automobiles. Tunde is now looking to expand throughout West Africa and to that effect it is preparing its flotation on Benin’s stock exchange.

At 41, Tunde’s founder and CEO Razaki Babatunde Olofinedji is a leading figure in the nation’s economy and a prominent spokesperson for the young generation of private entrepreneurs. An advocate of economic liberalism, he gives an “A” to the new government: “We have entered an era of democratic renewal and there is definitely a much more favorable business climate. This is extremely positive because the only way to tackle the challenge of development in Benin and the whole of Africa is through a strong private sector and a liberal environment.”
TOURISM
WITH A SPLASH
OF INDIVIDUALITY

An oasis of tranquility in a volatile region, Benin is also an untarnished tourism destination far removed from regional mass markets.

Benin’s tourism industry brings in $44.5 million in revenues each year; it is the sector with the second highest number of businesses in the country; and is the third highest provider of jobs. As a destination, Benin ranks fifth out of the thirteen countries of Western Africa. Yet, despite these figures, tourism only contributes around two percent to the country’s GDP. Because of this, the President has earmarked the sector for major development on both domestic and international fronts.

Minister of Tourism and Craft Industries Soumanou Seibou Toleba’s immediate priority is to increase visitor numbers from the current 170,000 per year. The main problems he faces are the lack of an adequate legal framework to regulate the sector and an insufficiency of pubic-private partnerships. For this latter aspect, attracting investment is vital to develop both the physical infrastructures and the promotional aspects required for the industry. At the same time, an international marketing campaign creating the concept of Benin as a destination, and the promotion of Benin’s numerous cultural, ecological and leisure attractions to its own population are expected to help build up trade.

“We need to facilitate access to financial institutions for private entrepreneurs so that they can invest in the hotel business,” says Mr. Toleba. “We are working jointly with private operators, and we have also included a number of tourism projects in our own public works, improving roads and transport to allow tourists to move easily across the country.” In terms of attracting foreign visitors, the ministry is already dealing with air companies for the reduction of air fares; in internal tourism, one project seeks investment for coach tour companies.

There are many aspects of the industry to be developed in Benin. Aside from the fine sand beaches for typical sea and sun vacations, the Minister plans to develop cultural, religious, nature and business tourism. The Route des Peches project will optimize 32km of shoreline from vibrant Cotonou to the town of Ouidah, where the slave trade was based; the government hopes to prepare the ground, assisted by MCA funding for land regulation, and then invite investors in to create hotels and marine parks.

African-Americans who may be able to trace their roots to Benin and its neighboring countries are one target market for the budding industry, but cultural sites such as the Royal Palaces of Abomey, a UNESCO World Heritage site, or nature reserves like the Pendjari Park, a UNESCO Biosphere reserve, should help to bring in tourists from the West and from the African sub-region. In terms of business tourism, Mr. Toleba is keen to create an infrastructure capable of hosting major regional and international events, such as meetings of the African Union.

One hotel already welcoming businessmen and official visitors to the capital is the Benin Marina Hotel in Cotonou. In private hands since 2003, the hotel is undergoing extensive refurbishment to maintain its well-known standards, and has a number of conference rooms. “Our main objective is to keep the leadership of the tourism sector in Benin,” says Marcel Andeweg, Benin Marina’s General Manager. The hotel is also involved in promoting Benin as a destination abroad, particularly to African-Americans, in association with other industry operators.

TALKING ON THE MOOV IN WESTERN AFRICA IS THE WAY FORWARD

Few companies better illustrate the positive impact of mobile telephony on the West African regional economy than Moov, Benin’s leading player in the sector. Formerly Benin Telecel, Moov is in the midst of a coordinated re-branding campaign by its parent company, Atlantique Telecom, that will see regional affiliates in Togo, Burkina Faso, Gabon, Niger, Côte d’Ivoire and the Central African Republic share the Moov logo.

The decision to establish a single regional brand came after Etisalat, the United Arab Emirates’ partially state-owned operator, bought a 50% stake in Atlantique Telecom in April 2005. “Moov is now a movement; and in Benin, it is built on Telecel’s success,” says general manager Talibi Haidra. “With the launching of the Moov brand, things are really starting to happen.” Mr. Haidra joined what was then Benin Telecel in 2004, and took the company’s helm in June 2005.

He says the secret of Moov’s success is based on the quality and coverage of its network, which already reaches 70% of the country. Its value-added services include MMS, web browsing, WAP, email, downloads of ring tones and other accessories. The company intends to launch a 3G service later this year.

Mr. Haidra highlights three objectives for 2007: “The first is to increase network coverage to 85%, and our goal is for nationwide access; the second is to continue improving the quality of the network; and the third is to provide new services to make life better for our customers. Demand for GSM is growing fast, and we want our subscribers to enjoy the same service as people in Europe or the United States.”

He describes Moov as a youthful brand, dynamic and, crucially, pan-African. Moov operates in a region with a combined population of 61 million people, but with a mobile penetration rate of less than 10%. Subscriber growth in the region was 40% in 2006 and exceeds 100% in some countries.

Revenue is increasing by 20-50% annually, while margins are around 40%.

“We need to further develop roaming in the region,” concludes Mr. Haidra. “All our neighbors ought to interconnect so that people can travel throughout West Africa and make low-cost calls.”

Subscriber growth and demand for GSM in the region are firing Moov’s 2007 objectives.

SUMMIT COMMUNICATIONS
IN BENIN

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