

## Data Sheet

<b>USAID Mission:</b>	Mexico
<b>Program Title:</b>	Economic Freedom
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	523-022
<b>Proposed FY 2004 Obligation:</b>	\$7,765,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2005 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	FY 2003
<b>Year of Final Obligation:</b>	FY 2008

**Summary:** USAID has two primary activities under the economic growth area of the new regional Central America and Mexico strategy: microfinance and environment. These activities will serve to benefit communities by improving management of their natural resources while developing of a more diversified rural economy and creating of new income opportunities.

USAID microfinance activities in Mexico are focused on increasing access to effective financial services by traditionally underserved populations. The program will seek to: build the capacity of a critical mass of microfinance institutions; improve the capacity of the supervisory system; and leverage remittances for savings and investment.

USAID environment activities focus on improving the management and conservation of natural resources in targeted watersheds. Activities will: 1) strengthen the national enabling environment to support improved natural resource management and clean energy production; 2) increase community capacity and involvement in natural resource management; 3) increase the use of environmentally sound and economical practices; 4) establish alliances between different levels of government in Mexico, local communities, and nongovernmental organizations (NGOs); and 5) promote rural diversification activities that will increase environmentally sound production of exportable timber products. The program will support the increased use of renewable energy, clean production technologies and improved preparation for climate changes.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Microfinance institution capacity building (\$1,300,000 DA). USAID will finance a technical assistance/training program for four to six microfinance institutions (MFIs) that will be competitively selected. USAID's support will enable them to expand their client base and adopt best management practices. Activities will increase the supply of financial services for populations that currently lack such access. (Principal implementers to be determined through a competitive process).

Supervisory federation capacity building (\$400,000 DA). USAID will provide training for supervisory federations to develop a capability to oversee compliance with the new savings and credit law and to supervise member MFIs. USAID will support activities that seek to ensure effective compliance with the new Mexican Savings and Credit law and to develop standardized reporting by institutions. (Principal implementers to be determined through a competitive process).

Remittances (\$900,000 DA). USAID proposes to link its ongoing work in microfinance to remittances. The program will seek to: 1) increase the variety of financial services available for recipient families; 2) strengthen the financial position of microfinance institutions by developing a new source of revenue; and 3) create a new source of lending capital for Mexican microenterprises. USAID will also work with migrant associations that are interested in investing in their home communities, to improve the quality of those investments. (Principal implementers to be determined through a competitive process).

Improved community-based forest and watershed management (\$3,900,000 DA). Under grants to three U.S.-based NGOs, USAID will support the establishment of alliances in targeted watersheds. These alliances will bring Government of Mexico agencies together with state and local organizations and national NGOs to develop natural resource management plans in these watersheds. These plans will integrate biodiversity conservation goals with improved economic opportunities related to forestry, agriculture, grazing and other forest extraction activities. A coastal resource management activity will reduce marine pollution and protect the MesoAmerican Reef. A regional forest fire management activity will use Mexico's experience to improve fire suppression in Mexico and Central America. (Principal implementers to be determined through a competitive process).

Expanded use of renewable energy and clean production. (\$1,365,000 DA). USAID will continue to promote clean production and energy efficiency concepts to selected municipalities, the Secretary of Energy, and the Mexican petroleum company--PEMEX. This activity will link with and support watershed plans. This activity will provide renewable energy to remote communities and reduce both air and water pollution. (Principal implementers will be determined through a competitive process).

**FY 2005 Program:**

Microfinance institution capacity building (\$1,300,000). USAID plans to continue efforts in technical assistance and training for microfinance institutions. Activities will expand client outreach and build institutions that are more effective. (Principal implementers to be determined through a competitive process).

Legislative and supervisory environment (\$400,000). Efforts to improve supervision and regulation of microfinance will continue. (Principal implementers to be determined through a competitive process).

Remittances (\$900,000). USAID expects to continue its work on remittances by expanding the number of institutions offering low-cost services and by expanding the supply of innovative financial products tied to remittances. (Principal implementers to be determined through a competitive process).

Improved community-based forest and watershed management (\$3,900,000). USAID activities will create alliances that link GOM agencies and NGOs with community-level groups to promote community involvement in the management of local resources. To provide economic opportunities for communities, rural diversification activities will increase production and international marketing of shade-grown coffee, certified timber, and other forestry products. The program will also establish alliances in tourist areas to promote clean production techniques, and improve water and waste treatment. (Principal implementers to be determined through a competitive process).

Expanded use of renewable energy and clean production (\$1,365,000). USAID funds will assist key GOM agencies and local municipalities to develop clean production practices and reduce pollution, focusing on border regions and key watersheds. The program will promote renewable energy and innovative financing of power generation. (Principal implementers to be determined through a competitive process).

**Performance and Results:** Principal outcomes of the microfinance program will be an increase in the number of clients with microfinance services of 250%; the development of four to six financially self-sufficient microfinance institutions; the development of an effective supervisory system that ensures compliance with Mexican law; and an increase in the amount of remittances captured as savings by 100%.

Environmental Activities will protect 1,000,000 hectares of high biodiversity forests and watersheds through the implementation of improved management plans--including development of thirty integrated community watershed plans. New sources of renewable energy will be provided to remote communities.

## US Financing in Thousands of Dollars

Mexico

523-022 Economic Freedom	DA
<b>Through September 30, 2002</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Fiscal Year 2003</b>	
Obligations	4,586
Expenditures	0
<b>Through September 30, 2003</b>	
Obligations	4,586
Expenditures	0
Unliquidated	4,586
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2004 NOA</b>	
Obligations	11,174
<b>Total Planned Fiscal Year 2004</b>	
Obligations	11,174
<b>Proposed Fiscal Year 2005 NOA</b>	
Obligations	7,661
Future Obligations	0
Est. Total Cost	23,421