

Mexico

The Development Challenge: Since the signing of the North American Free Trade Agreement (NAFTA) in 1994, Mexico has become the third largest trading partner of the United States and is among the top ten export markets for 43 states. In 2001, it was the ninth largest economy in the world. As President Bush said in 2001 and reiterated in early May 2002: NAFTA "is recognition that the United States has no more important relationship in the world than the one we have with Mexico . . . Good neighbors work together and benefit from each other's successes."

In 2002 with a population of 100 million, the Government of Mexico estimated gross domestic product (GDP) per capita at \$6,884. By comparison, the GDP per capita in Guatemala (population 13 million) in the same period was \$1,642 and in Honduras (population 6.2 million) was \$920. However, not all Mexicans are reaping the benefits that this extensive trade, international visibility, and close U.S. partnership might offer. About 53% of all Mexicans--over 50 million people--had an annual income of less than \$720. Moreover, environmental degradation in Mexico presents a significant development challenge to the country's biodiversity as well as the country's continued economic growth, particularly in rural areas. The government, after decades of one-party rule, has lacked the rigor necessary to achieve high standards of transparency and accountability.

The election of President Vicente Fox in July 2000 began a new era for Mexico, ending 71 years of one-party rule. Since taking office, the Fox Administration has initiated a number of promising programs to reduce poverty, improve accountability and governance, protect natural resources, and expand the benefits of trade to more Mexicans.

The USAID Program: USAID's program works with Mexico to address shared development problems. A common U.S.-Mexico development agenda has emerged that includes promoting environmental protection, alternative energy and ecotourism; improving public administration, transparency, and accountability; broadening microfinance and remittance utilization; preventing infectious diseases; and furthering competitiveness. FY 2004 is a transition year for the USAID program in Mexico, as it moves into a new strategic plan, under the new regional strategy approved for Central America and Mexico (CAM). The activities under the old strategy, including adoption of more democratic processes, biodiversity conservation, clean energy and production, HIV/AIDS prevention, and access to microfinance, will end in FY 2004. The tuberculosis program will continue to carry out activities through the end of FY 2006. The United States-Mexico joint scholarship and training programs under the education exchange and scholarship objective started in FY 2002 will continue under the new strategy. Under the new CAM Regional Strategy, USAID's program in Mexico has four areas of focus: economic growth (including access to finance and natural resources management), accountable governance and rule of law, infectious disease prevention and control, and educational exchange and scholarships. Each strategic objective is discussed below in greater detail in the Data Sheets.

The new USAID program in Mexico contributes significantly to the bilateral Bush-Fox Partnership for Prosperity to stimulate private investment. USAID's scholarship and exchange program will enhance the capacity of higher education institutions in the United States and Mexico to examine development problems. In FY 2003, 16 university partnerships implemented activities and eight more partnerships will be awarded in the second quarter of FY 2004. In addition, nine U.S. and ten Mexican States will continue to address a wide range of issues, including transborder administration and governance, small business development, and water conservation in Northeastern Mexico. USAID's microfinance program will work with credit unions, private banks and associations to facilitate lower-cost remittance transfers from the United States to Mexico and to encourage savings and investment by Mexicans in both countries.

Other Program Elements: USAID will continue to collaborate closely with USAID regional activities designed to protect Mesoamerican (Mexico and Central America) Reef and the Mesoamerican Biological Corridor as well as to control wildfires in the region.

USAID will also provide technical oversight and management of a Global Development Alliance activity, the Lead Free Alliance (LFA). The LFA is a two-year, \$1 million grant in support of a public-private partnership that includes American Express and other private sector partners, international agencies, such as the United Nations Educational, Scientific, and Cultural Organization (UNESCO), and Mexican public agencies that promote handicrafts. The goal of the Lead-Free Alliance is to remove lead from pottery production in order to increase income and employment opportunities for producers of traditional low-fire pottery and to create markets for their lead-free pottery. The program seeks to train 10,000 Mexican potters over the next two years, and expects to generate \$1 million in local, regional and export sales of lead-free pottery. The LFA will begin in FY 2004.

Other Donors: The World Bank is the first and the Inter-American Development Bank (IDB) is the second largest development assistance organizations in Mexico. The World Bank's portfolio in Mexico in 2002 comprised about 28 active projects with five areas of focus: macroeconomic stability through budget and tax reform; enhancing competitiveness through infrastructure, financial reform, agricultural productivity and integration of more small and medium-sized firms into the new economy; developing human capacity through education and health; creating environmental sustainability; and building more efficient, accountable, and transparent government. IDB lending to Mexico funded approximately 30 projects centered around four themes: social sector modernization, economic integration through NAFTA and Plan Puebla-Panama, modernization of the state and lowering barriers that limit the competitiveness. The North American Development Bank is providing funding to the border states (4 U.S., 6 Mexican) for water, solid waste, and wastewater infrastructure development, including technical assistance on rates and management issues. Its efforts have been slow in starting, but should begin to improve water quality and use in the border states in the coming years.

Japan is the third largest donor and has historically been the largest bilateral donor. It is collaborating with USAID in several activities related to environment and HIV/AIDS. Smaller bilateral donors include the British Department for International Development (environment), the British Council (education and governance), Spain (microfinance and environment), and France (environment).

The United Nations (UN) group is represented by 18 organizations in Mexico. Among the UN organizations with which USAID collaborates more closely are the Pan American Health Organization, the United Nations Development Program, the United Nations Environment Program, the United Nations Fund for Population, UN-AIDS, and the United Nations Children's Fund (UNICEF). Areas of collaboration include prevention of tuberculosis and HIV/AIDS, streamlining government, promotion of renewable energy, and protection of natural resources.

Mexico PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	5,509	5,200	3,700	3,230
Development Assistance	7,715	10,440	17,855	13,915
Economic Support Fund	10,000	11,650	11,432	11,500
Total Program Funds	23,224	27,290	32,987	28,645

STRATEGIC OBJECTIVE SUMMARY				
523-002 HIV/AIDS				
CSH	1,500	2,200	0	0
523-003 Democratic Processes				
DA	700	800	0	0
ESF	9,000	5,700	0	0
523-006 Environmental Conservation				
DA	4,565	950	0	0
523-007 Energy Conservation and Pollution Reduction				
DA	1,750	694	0	0
523-008 Tuberculosis Control				
CSH	4,009	3,000	0	0
523-009 Microenterprise				
DA	700	900	200	0
523-010 Training, Internships, Education and Scholarships				
DA	0	2,500	5,700	5,268
ESF	1,000	2,200	1,932	1,000
523-021 Ruling Justly				
DA	0	0	781	986
ESF	0	3,750	9,500	10,500
523-022 Economic Freedom				
DA	0	4,596	11,174	7,661
523-023 Investing in People				
CSH	0	0	3,700	3,230

Mission Director,
Edward Kadunc

Data Sheet

USAID Mission:	Mexico
Program Title:	Microenterprise
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-009
Proposed FY 2004 Obligation:	\$200,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$0
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2004

Summary: The passage of the historic new Savings and Credit Law in 2001 revolutionized the microfinance sector in Mexico. USAID's microenterprise program has responded to the new environment by slightly modifying the emphasis of its program, which informed the development of this law. It includes three inter-related components: 1) creating an improved legislative policy environment for microfinance in Mexico, 2) strengthening select microfinance institutions, and 3) conducting and disseminating research on the role of microenterprise in the Mexican economy and its relationship to migration. The first component of the program has evolved from early efforts to improve advocacy and communication with the sector to its current focus on supporting the development of a prudent regulatory environment and adequate supervision scheme. Activities under the second component were expanded in 2003 with the addition of a second long-term advisor dedicated exclusively to institutional strengthening.

Inputs, Outputs, Activities:

FY 2004 Program:

Legislative and supervisory environment (\$75,000 DA). USAID will provide technical advisors to assist the Government of Mexico (GOM) in drafting secondary norms and regulations for the new Savings and Credit Law in order to help establish an effective regulatory environment for microfinance institutions. In addition, USAID will support the development of federations called for under the law that will supervise and provide other support services to their member institutions. The principal contractor is Chemonics Inc.

Microfinance Institution (MFI) Capacity Building (\$125,000 DA). USAID will assist a select number of MFIs (4-6 over 2003 and 2004) to transform their operations to comply with the new law. Beyond simple compliance, USAID's activities will seek to strengthen best practices within MFIs, including sound business planning and the adoption of strong internal control systems to better manage default risk, in order to build efficient MFIs that are capable of reaching large numbers of microentrepreneurs. The principal contractor is Chemonics Inc.

FY 2005 Program:

This program will end in FY 2004 and a new follow-on microenterprise program will begin, described in a separate Data Sheet.

Performance and Results: Technical assistance under this program during FY 2003 resulted in important improvements to the legislative framework that will improve the likelihood that the new Savings and Credit Law will contribute to a financially sound microfinance sector with broader and deeper outreach.

Through the development of an extensive list of manuals and other documents, the Pro-Development Supervisory (a microfinance federation) received official certification. USAID has also offered these manuals to a second federation, and to the Government of Mexico's development bank for the cooperative sector. As a result, the manuals will be distributed to approximately 600 institutions that are preparing to make the changes necessary to comply with the new Savings and Credit Law.

Finally, USAID expanded sources of capital for MFIs through use of the Development Credit Authority and targeted technical assistance. During FY 2003, one participating Mexican microfinance institution increased its total deposits by \$1.8 million and increased its fixed deposits by 43% for a total of \$9.1million; another Mexican microfinance institution increased its total fixed deposits by \$5.6 million to \$8.0 million (which was 0 in 2000).

By the end of the program in FY 2004, the program will have achieved several significant results since its initiation in FY 2000. First, MFIs in Mexico are now governed by a comprehensive supervision and regulatory framework that will protect depositors, improve access to capital, and promote the expansion of financial services in Mexico. Second, a selected group of microfinance institutions will have improved capacity due to the technical assistance provided under this program. These institutions will be ready to make the necessary changes when the new law takes effect in 2005. Furthermore, materials developed for these institutions will have been disseminated by the Government of Mexico to all institutions preparing for compliance with the new regulatory framework (more than 700 small- and large-scale cooperatives, and MFIs), thus expanding the impact of this program far beyond its initial scope. Finally, research on both the needs of microenterpreneurs and the impact of microenterprise on the Mexican economy will have been shared with policymakers throughout the country.

US Financing in Thousands of Dollars

Mexico

	DA	DCA
523-009 Microenterprise		
Through September 30, 2002		
Obligations	2,167	67
Expenditures	1,683	0
Unliquidated	484	67
Fiscal Year 2003		
Obligations	900	0
Expenditures	0	0
Through September 30, 2003		
Obligations	3,067	67
Expenditures	1,683	0
Unliquidated	1,384	67
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	200	0
Total Planned Fiscal Year 2004		
Obligations	200	0
Proposed Fiscal Year 2005 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	3,267	67

Data Sheet

USAID Mission:	Mexico
Program Title:	Economic Freedom
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-022
Proposed FY 2004 Obligation:	\$7,765,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$0
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	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
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	4,586
Expenditures	0
Through September 30, 2003	
Obligations	4,586
Expenditures	0
Unliquidated	4,586
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	11,174
Total Planned Fiscal Year 2004	
Obligations	11,174
Proposed Fiscal Year 2005 NOA	
Obligations	7,661
Future Obligations	0
Est. Total Cost	23,421

Data Sheet

USAID Mission:	Mexico
Program Title:	Ruling Justly
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	523-021
Proposed FY 2004 Obligation:	\$800,000 DA; \$8,500,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$0
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: USAID's new democracy program in Mexico will support Government of Mexico (GOM) initiatives to provide more accountable policy making and implementation and enhance the rule of law.

Inputs, Outputs, Activities:

FY 2004 Program:

Strengthened rule of law (\$3,100,000 ESF; \$350,000 DA). USAID will provide technical assistance and training to support: 1) more effective civil and criminal justice reform and greater respect for human rights at the federal and state level by working with the key institutions of the criminal justice sector, including the judiciary, public defense, and prosecutors, especially in Mexican states along the U.S. border; 2) increased access to justice for disadvantaged sectors of the population by assisting six more states to set up court-sponsored mediation centers and by providing support for human rights NGOs that run treatment and legal aid centers for victims of torture and human rights abuses; and 3) increased professional standards to impart more equitable justice by reforming the legal education system and standards of professionalism. The principal contractors are the National Center for State Courts, Freedom House and the American Bar Association.

Greater transparency and accountability of governments (\$5,400,000 ESF; \$450,000 DA). USAID will provide technical assistance, training, and other capacity-building measures to government institutions at all three levels of the federal system--particularly state and local governments--to address the inter-related components of accountable governance, including: 1) building more effective and autonomous revenue generating capacity related to taxes, fees, transfers, and credit; 2) promoting the formation of alliances for capital market financing of local level infrastructure; 3) implementing e-government programs and decreasing the "digital divide"; 4) implementing certification standards for public officials; 5) promoting citizen participation in resource allocation and decision-making; 6) supporting more effective oversight of public resource management; 7) supporting activities for freedom of information, professionalization of the state's audit function, and strengthening oversight bodies at all three levels of government; and 8) supporting the U.S.-Mexico Border Legislative Conferences that facilitate better communication and cooperation among legislators of the border region. The key contractors are Casals & Associates, Evensen Dodge, and the Council of State Governments.

FY 2005 Program:

Strengthened rule of law (\$3,100,000 ESF; \$1,000,000 DA). USAID will provide technical assistance and training to support civil and criminal justice reform and greater respect for human rights; increased access to justice for socio-economically disadvantaged sectors of the population; and increased professional standards to impart more equitable justice. (Same implementers as above)

Greater transparency and accountability of governments (\$4,900,000 ESF; \$1,000,000 DA). USAID will continue technical assistance, training, and other capacity-building measures to support more accountable policy making and implementation; more accountable management; more effective oversight

of use and management of public resources; and the U.S.-Mexico border legislative dialogue. (Same implementers as above)

Performance and Results: Successful completion of this objective will result in: 1) career civil service implemented at federal and state levels; 2) private sector financing for public infrastructure increased; 3) secondary electoral reforms enacted, such as removing the ban on consecutive re-election for legislators; 4) oral, adversarial criminal justice procedures implemented in federal and state jurisdictions; and 5) increased respect for due process guarantees and reduced incidences of torture.

Data Sheet

USAID Mission:	Mexico
Program Title:	Training, Internships, Education and Scholarships
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-010
Proposed FY 2004 Obligation:	\$3,500,000 DA; \$3,500,000 ESF
Prior Year Unobligated:	\$112,000 ESF
Proposed FY 2005 Obligation:	\$3,000,000 DA; \$4,000,000 ESF
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2009

Summary: USAID's Training, Internships, Exchanges and Scholarships (TIES) program in Mexico was launched by Presidents Bush and Fox in Mexico. The program promotes an enhanced capacity of Mexican scholars and institutions to respond to the objectives of NAFTA and the Partnership for Prosperity, which serve as the basis for a Common Development Agenda between the U.S and Mexico. The agenda includes: trade and investment, environmental protection, alternative energy, microenterprise, agriculture, finance, public administration, engineering, telecommunications, information technology, and human capacity development.

The TIES program promotes this agenda through training in the United States and through a partnership program between U.S. and Mexican institutions of higher education, with support from private foundations, corporations, NGOs, and other partners. The majority of scholarships are for Mexicans living in rural, poor, and indigenous areas. The TIES program targets training directly to Mexico's youth and development professionals, for immediate application upon returning to positions in Mexico's private sector, universities, and government and nongovernmental institutions.

Inputs, Outputs, Activities:

FY 2004 Program:

University partnerships established and functioning. (\$3,500,000 DA; \$1,000,000 ESF). A competitive process and academic peer review will select 19 new partnerships between U.S. and Mexican higher education institutions to complement the 16 partnerships now implementing activities. Partnerships will combine master's degree training in the United States with faculty and student exchange, joint research and pilot projects to address the common development agenda, and establish activities in Mexican higher education institutions that will continue after USAID support ends. The partnerships component will continue to leverage substantial funding from non-U.S. Government sources and will train 250 scholars in the United States over the life of the TIES initiative. The principal grantee is the Association Liaison Office.

University-trained scholars prepared to work toward the Common Development Agenda. (\$412,000 ESF). This program starts in FY 2004 with the initial selection and placement of scholars. Three primary activities are: a) graduate training for Mexican faculty teaching in universities serving poor rural areas of Mexico; b) graduate training for indigenous Mexicans who will initially receive scholarships for completing Mexican undergraduate programs and then compete for a smaller number of U.S. graduate-level scholarships; and c) skills-enhancement training for Mexican technical specialists working in sectors of high priority in USAID/Mexico's portfolio. This component will train 250 scholars in the United States over the life of the TIES initiative. Principal contractor(s) are to be determined through a competitive process.

Community-college-trained scholars prepared to work toward the Common Development Agenda (\$2,200,000 ESF). In FY 2004, USAID-funded Cooperative Association of States for Scholarships (CASS) program will place approximately 47 disadvantaged Mexican youth in training in U.S. community colleges and technical institutions. Placement of this second group will bring the total scholarships to

date under this program to 60. The CASS scholarship program has implemented training for socially and economically disadvantaged youth successfully in Central America and the Caribbean for two decades. Approximately 250 disadvantaged Mexican youth will be trained under this component over the life of the TIES initiative. The principal grantee is Georgetown University.

FY 2005 Program:

University partnerships established and functioning. (\$4,000,000 ESF). This component will continue to support graduate training under already approved partnerships. (Implementers same as above)

University-trained scholars prepared to work toward the Common Development Agenda. (\$1,300,000 DA). This component will continue training for all components and initiates in-country preparatory training and/or U.S. training for approximately 100 scholars. (Implementers same as above)

Community-college-trained scholars prepared to work toward the Common Development Agenda (\$2,200,000 DA). The CASS component will continue to recruit and provide in-country training for disadvantaged Mexicans who will then study in U.S. community colleges in one- and two-year programs, and receive related enrichment training. After training completion participants will also be assisted with reintegration in their communities and job placement. (Implementers are the same as above).

Performance and Results: Through the TIES initiative, USAID is funding the development of closer cooperative alliances between the United States and Mexico that will help both countries to respond to the common development agenda.

In FY 2003, 16 partnerships totaling nearly \$10 million funded training activities closely tied to U.S.-Mexican interests. USAID contributed approximately \$4 million in funding and leveraged an additional \$6 million from Mexican and U.S. partners. These partnerships support nearly 130 master's programs as well as other specialty training, faculty exchange, joint faculty and student research, pilot projects, and similar activities.

Ten indigenous Mexican graduates of bachelor's degree programs received English language training and an orientation program for graduate study in the United States. These students increased their language scores by over 50% on average while learning more about U.S. culture and possibilities for graduate study. Because of this training, they are stronger candidates for future graduate scholarships in the United States.

Georgetown CASS established a representative office in Mexico City, which recruited and placed an initial group of disadvantaged Mexican youth from poor rural areas in training in U.S. community colleges and technical institutions.

By TIES completion, the program will have established a minimum of 35 university partnerships and it will have left sustainable legacy programs in Mexican higher education institutions. The program will have trained 750 Mexicans in the U.S., many of whom will have come from disadvantaged backgrounds and poor rural areas. Through their participation in TIES, these scholars will more effectively work towards solutions to U.S.-Mexico Common Development Agenda objectives.

US Financing in Thousands of Dollars

Mexico

523-010 Training, Internships, Education and Scholarships	DA	ESF
Through September 30, 2002		
Obligations	0	1,000
Expenditures	0	0
Unliquidated	0	1,000
Fiscal Year 2003		
Obligations	3,150	2,088
Expenditures	1,900	2,316
Through September 30, 2003		
Obligations	3,150	3,088
Expenditures	1,900	2,316
Unliquidated	1,250	772
Prior Year Unobligated Funds		
Obligations	0	112
Planned Fiscal Year 2004 NOA		
Obligations	5,700	1,932
Total Planned Fiscal Year 2004		
Obligations	5,700	2,044
Proposed Fiscal Year 2005 NOA		
Obligations	5,268	1,000
Future Obligations	7,350	7,300
Est. Total Cost	21,468	13,432

Data Sheet

USAID Mission:	Mexico
Program Title:	Investing in People
Pillar:	Global Health
Strategic Objective:	523-023
Proposed FY 2004 Obligation:	\$5,000,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$0
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: USAID's Infectious Disease objective has been designed to support the efforts of the Government of Mexico (GOM) to prevent and control both HIV/AIDS and tuberculosis (TB) in vulnerable populations. For HIV/AIDS, the focus is to contain and reduce the virus within vulnerable populations to prevent its spread to the general population. The approach will be to reduce barriers to behavior change and care-seeking and increase access to services that facilitate safer behavior. For tuberculosis, the focus is to improve the quality and sustainability of Directly Observed Therapy--Short Course (DOTS) treatment in 13 states that account for 70% of TB cases in Mexico.

Inputs, Outputs, Activities:

FY 2004 Program:

Improving the policy environment (\$2,000,000 CSH). USAID will support continued progress toward building political will and increasing community and civil society participation in confronting HIV/AIDS in Mexico. Activities will include strengthening the national network of multisectoral citizen groups through training in advocacy, and working with the media. Activities designed to diminish stigma and discrimination will focus on four areas: internal stigma, stigma and discrimination among health service providers, policy and the legal environment, and mass media. USAID will provide technical assistance to the National AIDS Program (CENSIDA) to develop Mexico-specific effectiveness rates to project the impact of various HIV/AIDS program interventions and to allow national and state programs to better allocate of resources. USAID will provide technical assistance to the Mexico City AIDS Program to analyze prevalence and socio-economic data and map the data. The immediate impact of this work will be to identify patterns that explain the wide variation in impact of the HIV/AIDS epidemic in Mexico City, where the largest number of cases is concentrated, and thereby allow for improved targeting of prevention and treatment programs. USAID will assist the HIV community and donors in Mexico in integrating gender effectively into HIV prevention, including recommendations for policy changes and training for approximately 40 women, of which at least half are HIV positive, in advocacy and leadership skills and gender issues. USAID will support training in project design and in monitoring and evaluation for selected non-governmental organizations, as well as the participation by local HIV/AIDS leaders to deliver presentations on their work and/or conduct workshops at international and regional conferences. The principal contractor is the Futures Group International. Sub-contractors include the Mexican National Institute of Public Health, and CENSIDA.

Behavior change communication (\$1,800,000 CSH). USAID will support behavior change activities aimed at the most at-risk groups for HIV/AIDS in Mexico. The activities will include promotion of safer behaviors, including abstinence, fidelity, delay of sexual debut, and condom social marketing for most at risk groups. The principal contractor is Population Services International.

Surveillance/Research (\$1,200,000 CSH). USAID will support activities designed to monitor the status of the epidemic, measure the impact of prevention, and provide data for decision makers in selecting and targeting prevention activities. USAID will support a survey to estimate coverage of key HIV/AIDS services in the various public sector institutions that provide health care services as part of a global

survey of coverage for the World Health Organization survey. The survey will provide updated estimates on the extent to which essential HIV/AIDS services are provided by the public sector in Mexico. The data will be used to better target interventions, advocacy, and resources. The principal grantees are Family Health International and Futures Group International.

FY 2005 Program:

Improving the policy environment (\$1,300,000 CSH). USAID will continue building political will and increasing civil society participation in confronting HIV/AIDS in Mexico. The principal grantee will be the Futures Group International.

Behavior change communication (\$1,200,000 CSH). USAID will support behavior change activities aimed at the most at-risk groups for HIV/AIDS in Mexico. The activities will include promotion of safer behaviors, including abstinence, fidelity, delay of sexual debut, and condom social marketing for most at risk groups. Principal grantee is Population Services International.

Research and Surveillance (\$800,000 CSH). USAID will support activities designed to monitor the status of the epidemic, measure the impact of prevention, and provide data for decision makers in selecting and targeting prevention activities. The principal grantee is Family Health International.

TB control program implementation and community awareness (\$2,700,000 CSH). Efforts will include ongoing program oversight for DOTS, consolidation of the information and epidemiological surveillance system, continued collaboration of resources, skills, and information among key stakeholders in the public and private sectors; continued training of medical and paramedical personnel in DOTS; improved DOTS services for special populations, including migrants, indigenous people, migrant farm workers in Mexico, and those with HIV/AIDS, malnutrition, diabetes, and addictions; and through strengthening information and surveillance systems for monitoring program and outcome indicators, and program evaluation. USAID will finance ongoing activities in a TB health promotion campaign in order to promote active involvement of community in the detection and control and treatment of TB patients.

Performance and Results: USAID has delivered over \$3 million in laboratory and computer equipment to the Mexican Secretariat of Health. This equipment is designed to strengthen Mexico's TB laboratory network and information systems in 13 target states. During FY 2003, USAID secured the agreement of the Mexican Secretary Health to designate the National Institute of Respiratory Diseases (INER) as the primary implementing agent. Working directly with INER, rather than through an intermediary, will provide better opportunities for enhanced and sustainable local capacity and reduce administrative overhead costs for the program.

As a result of the infectious disease prevention activity and related activities undertaken by the National AIDS program, it is expected that the HIV/AIDS epidemic in Mexico will not become generalized to the population-at-large. This will occur as the result of effective behavior change interventions, improved surveillance, and a more enabling environment, including a decrease in stigma and discrimination toward people living with HIV/AIDS. It is expected that the number of TB cases will actually increase due to improved and enhanced case detection in target areas, but that the number of tuberculosis deaths will decrease. This result will be attained, provided that 90% of expected TB cases in target areas are identified, 90% of TB cases are treated under DOTS, and 90% of TB cases are cured.

US Financing in Thousands of Dollars

Mexico

523-023 Investing in People	CSH
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	3,700
Total Planned Fiscal Year 2004	
Obligations	3,700
Proposed Fiscal Year 2005 NOA	
Obligations	3,230
Future Obligations	0
Est. Total Cost	6,930