

Mexico

The Development Challenge: Since the activation of the North American Free Trade Agreement (NAFTA) in 1994, Mexico has become the second largest trading partner of the United States, and is among the top ten export markets for 43 U.S. states. In 2001, it was ranked as the 9th largest economy in the world. As announced by President Bush in 2001 and reiterated in early May 2002: "This is a 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."

Not all Mexicans are reaping the benefits that this extensive trade, international visibility, and close U.S. partnership might offer. In 2002, although the Government of Mexico estimated gross domestic product (GDP) per capita at \$6,400, about 53% of all Mexicans--over 50 million people--had an annual income of less than about \$1,440, and 23.3% of all Mexicans--over 22 million people--had an annual income of less than \$720. 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.

The election of President Vicente Fox in July 2000 heralded 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 accountable governance, protect natural resources, and expand the benefits of trade to more Mexicans.

The USAID Program: USAID's program is designed to help the United States and Mexico collaboratively address shared problems and issues. A common development agenda is emerging that includes promoting environmental protection, alternative energy and ecotourism; improving public administration, transparency and accountability; broadening microfinance and remittance utilization; preventing infectious diseases; increasing agricultural production; and furthering competitiveness. Fiscal years 2003 and 2004 are transition years for the USAID program in Mexico, as it moves into a new strategic plan period. About half of requested FY 2003 funds will support completion of activities under the current strategy, which covers six objectives: adoption of more democratic processes, biodiversity conservation, clean energy and production, tuberculosis prevention and control, HIV/AIDS prevention, and access to microfinance. FY 2003 funds will also be used to continue United States-Mexico joint scholarship and training programs under a new educational exchange and scholarship objective begun in FY 2002. These objectives were described in the FY 2003 Congressional Budget Justification. The remaining requested FY 2003 funds, and all but \$1,100,000 of requested FY 2004 funds, will be used to initiate a new six-year strategy that builds on successes to date and addresses new challenges and opportunities. The proposed new strategy has five areas of focus: environment, accountable governance, infectious disease prevention and control, microfinance and remittances, and educational exchange and scholarships. Each strategic objective is discussed below in greater detail in the Data Sheets.

The proposed USAID program 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 2002, the first 18 university partnerships were approved for funding, and during FY 2003 partnership institutions in nine U.S. and 10 Mexican states will begin 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 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. With the impetus of a new \$100 million fund managed by the U.S. Export-Import Bank, USAID's environmental partners are collaborating with private commercial operators to initiate projects for renewable energy, water supply, and waste management. Areas of collaboration include prevention of tuberculosis and HIV/AIDS, streamlining government, promotion of renewable energy, and protection of natural resources.

Other Program Elements: The USAID Office in Mexico will continue to collaborate closely with USAID's Central American Programs Office in Guatemala (G-CAP) in activities designed to protect the

MesoAmerican (Mexico and Central America) Reef and the MesoAmerican Biological Corridor, as well as to control wildfires in the region. In the new strategy, this collaboration will contribute to achievement of several objectives under a Presidential Initiative-the Opportunity Alliance-which addresses key constraints to competitiveness, including diversification of the rural economy and improved disaster and environmental vulnerability management. USAID's planned work on decreasing the cost of remittance transfers from the United States to Mexico will contribute to the Opportunity Alliance objective of increasing access to assets by underserved populations. During FY 2003 USAID will develop modalities for Mexico's participation in the Central American Scholarship Program managed by Georgetown University.

USAID's Economic Growth, Agriculture and Trade Bureau implements activities in microfinance covering almost 500,000 borrowers in several Mexican states, and is active in environmental management, including a new effort in timber certification and promotion of large-scale grid-connected renewable energy. The Democracy, Conflict and Humanitarian Assistance Bureau is supporting work of nongovernmental organizations to promote human rights, and its American Schools and Hospitals Abroad program is supporting the University of the Americas in Puebla. USAID's Global Health Pillar Bureau is undertaking a pilot project to demonstrate how HIV/AIDS-related stigma and discrimination can be reduced through careful analysis and replicable interventions, and is completing a study on the cost of HIV/AIDS treatment. All of these USAID pillar bureau activities are undertaken in close coordination with USAID/Mexico activities, thus increasing overall impact.

Other Donors: The World Bank and the Inter-American Development Bank (IDB) are by far the leading development assistance organizations in Mexico. The World Bank's portfolio in Mexico in 2002 comprised about 28 active projects with approximately \$5.2 billion in net commitments and an undisbursed balance of around \$2.8 billion. The program has 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 totaled \$1.4 billion in 2000, and \$1.1 billion in 2001 through 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 (NADBank) is providing an estimated \$350 million 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. NADBank efforts have been slow in starting but should begin to improve water quality and use in the border states in the coming years.

Japan has historically been the largest bilateral donor and is collaborating with USAID in several activities related to environment and HIV/AIDS. Smaller bilateral donors include the British Department for International Development (environment), 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 most 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 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 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	5,987	5,509	6,200	4,976
Development Assistance	7,885	7,715	12,165	12,265
Economic Support Fund	6,178	10,000	12,000	12,000
Total Program Funds	20,050	23,224	30,365	29,241

STRATEGIC OBJECTIVE SUMMARY

523-002 HIV/AIDS				
CSH	1,996	1,500	900	0
523-003 Democratic Processes				
DA	700	700	1,700	0
ESF	6,178	9,000	6,000	0
523-006 Environmental Conservation				
DA	4,764	4,565	1,200	0
523-007 Energy Conservation and Pollution Reduction				
DA	1,421	1,750	800	0
523-008 Tuberculosis Control				
CSH	3,991	4,009	4,000	1,676
523-009 Microenterprise				
DA	1,000	700	900	100
523-010 Training, Internships, Education and Scholarships				
DA	0	0	3,000	3,500
ESF	0	1,000	2,000	3,500
523-AAA Environment				
DA	0	0	4,565	5,265
523-BBB Democratic Access				
DA	0	0	0	800
ESF	0	0	4,000	8,500
523-CCC Infectious Diseases				
CSH	0	0	1,300	3,300
523-DDD Access to Financial Services				
DA	0	0	0	2,600

Data Sheet

USAID Mission:	Mexico
Program Title:	HIV/AIDS
Pillar:	Global Health
Strategic Objective:	523-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$900,000 CSH
Prior Year Unobligated:	\$6,000 CSH
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2004

Summary: USAID's HIV/AIDS objective is aimed at strengthening services in HIV/AIDS and Sexually Transmitted Infections (STIs) through the following components: 1) improving the policy environment at the national and sub-national level, 2) institutional strengthening of selected nongovernmental organizations (NGOs), and 3) capacity building in governmental organizations and NGOs.

Inputs, Outputs, Activities:

FY 2003 Program:

FY2003 funding will be used to complete the activities under this strategic objective in the following areas:

Improving the policy environment (\$300,000 CSH). USAID funding will strengthen existing strategic planning groups in some states, and the formation of new groups in additional states. The program will focus on existing groups that will provide technical expertise to groups in other, neighboring states. The program will also form a network of multisectoral groups to learn from each others' experiences and to broaden their impact among decision-makers at the state and federal level. The principal grantee is Futures Group.

NGO strengthening (\$400,000 CSH). USAID will continue greater professionalization of civil society organizations, including training in project design and monitoring and evaluation, as well as more effective advocacy and research. The principal grantee is the International HIV/AIDS Alliance.

Strengthening of technical capacity (\$100,000 CSH). USAID funding will continue to train health care workers in the national guidelines for effective management of sexually transmitted infections, which contribute to the spread of HIV. The principal grantee is Family Health International.

Regional and cross border activities (\$100,000 CSH). USAID funding will contribute to stronger HIV/AIDS prevention programs on Mexico's southern border and greater cooperation with Central America in HIV/AIDS prevention in mobile populations. An evaluation of the experience of the project on mobile populations and HIV/AIDS in Central America and Mexico will be carried out and disseminated as a best practice. The principal grantee is Family Health International.

FY 2004 Program:

No new funding is requested although implementation will continue through FY 2004. New HIV/AIDS activities will be implemented under a new infectious disease program (523-CCC) scheduled to begin in FY 2003.

Performance and Results: Progress in developing state-level citizen planning groups is helping to strengthen the democratic process and build a community response to HIV/AIDS in target states. The public-private collaboration groups in Yucatan, Guerrero, the state of Mexico are leading a multisectoral response to the challenge of HIV/AIDS in their respective states, while a dynamic new group initiated

activities in 2002 in Veracruz. Preparations for the formation of state-level planning groups are advancing in two additional states - Oaxaca, and Chiapas.

Technical assistance provided by USAID was instrumental in the development of the first national guidelines for STI management. As a result of female condom studies conducted with USAID technical assistance, the Secretariat of Health (SSA) is now purchasing female condoms for HIV/AIDS prevention. Training for health workers in national guidelines and management of sexual transmitted infections, which facilitate transmission of HIV, was carried out with USAID support in 23 (out of 32) Mexican states. In addition to promoting more effective STI management, USAID and its partners collaborated on a study identifying the costs of providing antiretroviral treatment to people living with HIV/AIDS in Mexico.

Progress toward increased capacity among governmental and nongovernmental partners to deliver HIV/AIDS/STI services is exceeding expectations. Nongovernmental organizations (NGOs) in seven out of eight target states successfully worked on improving institutional capacity and skills in project design. When the national government provided small grants to NGOs in HIV/AIDS through a competitive process for the first time in 2002, six out of eight grants were won by USAID-assisted organizations. NGOs not only improved their internal functioning, but also developed outreach programs to other NGOs, and the public sector. As a result, relations are improving among NGOs and between NGOs and the SSA. Strengthening NGOs is crucial in Mexico at this time, due to the role they will play in carrying out prevention activities under a World Bank loan dedicated to HIV/AIDS prevention.

A situation analysis has been completed of each of the Mexican and Central American "hot spots" to determine how mobile populations affect the spread of HIV/AIDS. Results of the analysis were disseminated through National Institute of Public Health visits to each country in October 2001. With USAID support, Mexico's National Institute of Public Health is assisting National AIDS Programs in Central American countries in the design of interventions based on the findings of the situation analysis. This example of south-south cooperation has direct beneficial results for the United States, as well as Mexican citizens, and will enhance the effectiveness of USAID/Mexico and Central American USAID missions' existing HIV/AIDS programs.

By the end of the program, USAID and its partners will have expanded the role and increased the number of multisectoral groups in HIV/AIDS in at least seven states, and will have successfully promoted greater professionalization and collaboration among selected civil society groups working in HIV/AIDS. In addition, the first national guidelines for the management of STIs will be approved and disseminated, and state health personnel will have been trained in the STI norms.

US Financing in Thousands of Dollars

Mexico

523-002 HIV/AIDS	CSH
Through September 30, 2001	
Obligations	4,656
Expenditures	4,130
Unliquidated	526
Fiscal Year 2002	
Obligations	1,330
Expenditures	250
Through September 30, 2002	
Obligations	5,986
Expenditures	4,380
Unliquidated	1,606
Prior Year Unobligated Funds	
Obligations	6
Planned Fiscal Year 2003 NOA	
Obligations	900
Total Planned Fiscal Year 2003	
Obligations	906
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	6,892

Data Sheet

USAID Mission:	Mexico
Program Title:	Democratic Processes
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	523-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,700,000 DA; \$6,000,000 ESF
Prior Year Unobligated:	\$200,000 DA; \$34,000 ESF
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: USAID's program supports Government of Mexico (GOM) efforts to 1) promote more effective local governance, 2) enhance Congress' legislative function, and 3) achieve more efficient administration of justice; and 4) increase transparency and accountability in government institutions.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID's current democracy program will receive its last funding in FY 2003. Activities will focus on ensuring Mexican ownership and replication of USAID supported programs and emphasize assistance to those activities that will lead into the new democracy strategy currently under development.

Local governance (\$1,200,000 ESF). USAID will provide technical assistance to support GOM policies and programs that increase the authorities, transparency, and effectiveness of local governments. This will include support for long-term improvements in policy or program incentives for local government performance. USAID will continue technical assistance to implement new credit mechanisms that encourage capital markets participation in local infrastructure and urban service financing. The principal grantees are Evensen Dodge and the International City Management Association.

Legislative strengthening (\$1,000,000 ESF). USAID will help finance training and technical assistance programs for federal and state legislatures, political parties, and the new Association of Mexican State Legislatures. The program will complete development of the Mexico's first internet-based certificate program for legislative staff and support partnerships between legislators of the United States and Mexican border states as a mechanism for binational state-level policy dialogue. The principal grantees are the Council of State Governments, the National Democratic Institute, the International Republican Institute, and the State University of New York.

Rule of law (\$2,000,000 ESF; \$700,000 DA). USAID will continue to promote access, transparency, and accountability in judicial proceedings, especially in Mexican state courts, through support for improved judicial education and training; support for model projects in oral advocacy procedural reform, improved court administration, court-annexed mediation, human rights and electoral justice, and to support institutional capacity building for the Mexican Association of State Courts. The principal grantees are the American Bar Association, Freedom House, the National Center for State Courts, and the University of New Hampshire.

Transparency, accountability, and executive branch reform (\$1,800,000 ESF; \$1,000,000 DA). USAID assistance will train Mexicans to develop and administer effective anticorruption programs; support government innovation and public administration reform programs for executive branch institutions; support implementation of Freedom of Information Laws at state levels; and strengthen the professionalization of audit and oversight functions in Supreme Audit Institutions. The principal contractor partners for these activities are the Casals and Associates and Management Systems International.

FY 2004 Program:

The current strategy ends in FY 2003. No additional funds in FY 2004 will be obligated for this strategic objective. New democracy activities will be implemented under a new democracy program (523-BBB) scheduled to begin in FY 2003.

Performance and Results: Local governance. Technical assistance to municipal administrators, municipal associations, and federal policy makers is increasing the capacity of local governments to better exercise authorities and raise and manage resources transferred from the federal government to states and municipalities. Local governments are also increasing their ability to respond more effectively in informed citizen demand. By the end of this strategy, USAID believes that new credit mechanisms such as municipal bonds will begin to provide greater access to private sector funding critical for infrastructure and urban service growth needs.

Legislative strengthening. USAID has increased training opportunities for professional staff of the federal and state legislatures, and strengthened the permanent institutions of the federal legislature, including the budget office, congressional library, research service, and auditor general. As a result, the federal and state legislatures of Mexico are more independent, generating more effective and representative legislation, and have increased their capacity to oversee the executive branch at the federal and state levels. By the end of the strategy, there will be a consolidated new National Association of State Legislatures and permanent internet-based training opportunities will exist for future generations of congressional staff and congress members throughout Mexico.

Rule of law. USAID assistance to Mexican state and federal courts has set the standard for continuing judicial education, forged productive and promising working relationships with Mexican justice officials, and paved the way for future USAID supported technical assistance. By the end of the strategy, pilot projects in the areas of court management, court-annexed mediation, oral advocacy, and electoral justice will have served as catalysts to promote more extensive judicial reforms necessary for Mexico to meaningfully respond to growing public demand for more effective access to justice.

Transparency, accountability, and executive branch reform. Technical assistance and training to Supreme Audit Institutions and change agents for government innovation has increased GOM capacity to lead government-wide reforms for greater transparency and accountability. By the end of the strategy, USAID assistance will have increased the effectiveness of GOM audit and anticorruption institutions and contributed to more transparent, accountable, and effective governance in the executive branch.

US Financing in Thousands of Dollars

Mexico

523-003 Democratic Processes	ACI	DA	ESF
Through September 30, 2001			
Obligations	1,500	2,750	12,514
Expenditures	1,500	2,550	11,550
Unliquidated	0	200	964
Fiscal Year 2002			
Obligations	0	689	8,965
Expenditures	0	726	5,602
Through September 30, 2002			
Obligations	1,500	3,439	21,479
Expenditures	1,500	3,276	17,152
Unliquidated	0	163	4,327
Prior Year Unobligated Funds			
Obligations	0	200	34
Planned Fiscal Year 2003 NOA			
Obligations	0	1,700	6,000
Total Planned Fiscal Year 2003			
Obligations	0	1,900	6,034
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	1,500	5,339	27,513

Data Sheet

USAID Mission:	Mexico
Program Title:	Environmental Conservation
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,200,000 DA
Prior Year Unobligated:	\$15,000 DA
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: USAID/Mexico's environmental program has been working to conserve critical biodiversity and natural resources by promoting better resource management, supporting the development of alternative sources of income to displace threats to valuable resources, and addressing policy limitations. FY 2003 funding will be used to complete a limited number of activities needed to accomplish the overall program goals.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve management of natural resources (\$300,000 DA). USAID funding for the Parks in Peril program will support continued progress toward consolidating basic park management and ensuring sufficient infrastructure to support the conservation of Cuatro Ciénegas, a treasure of endemic freshwater biodiversity in the middle of the Chihuahua Desert. The principal grantee is the Nature Conservancy (TNC).

Development and application of sustainable practices (\$750,000 DA). USAID will support completion of a small grants program that has awarded over 25 grants to local communities and organizations that implement projects to improve local livelihoods and conserve the valuable tropical forest in Southeastern Chiapas. In Oaxaca, USAID will complete linking forest planning and management capacity in several well-established forestry communities with more isolated communities in this region. This program supports community-to-community exchanges and provides technical assistance to develop maps and monitoring processes that will help the communities better manage their forests. Under the Wildfire Prevention and Restoration Program, USAID will complete grants to local organizations in and near 10 protected areas damaged in the 1998 wildfire. The grants are designed to assist with the introduction of practices that will lower risk of future fires, help restore forest areas damaged in 1998, and raise public awareness about fire. Funding will support the completion of the last round of grants awarded in late 2001 and bring the total of completed projects under this program to 46. Principle grantees are Conservation International (CI), World Wildlife Fund (WWF), and the Mexican Fund for the Conservation of Nature (FMCN).

Strengthening technical and institutional capacity (\$150,000 DA). Under the Wildfire Prevention and Restoration Program, USAID will complete work in three protected areas in Mexico, which are threatened by fire each year, will help develop fire management plans for effective prevention and response to fire. The principle grantee is FMCN.

FY 2004 Program:

This strategic objective will receive its final funding in FY 2003. New environment activities will be implemented under a new environment program (523-AAA) scheduled to begin in FY 2003.

Performance and Results: USAID/Mexico's environmental conservation program has helped consolidate implementation and development of basic management and infrastructure to support the

long-term conservation of 11 federally protected areas in Mexico. These areas encompass more than 2.25 million hectares. By the end of this strategy, USAID's coastal management program with the University of Rhode Island (URI) will complete consolidation of Xcalak, the first community-designed and protected marine area in Mexico. URI is also on track to consolidate the management of Santa Maria Bay in collaboration with the two municipalities that share the bay. Santa Maria is a critical fisheries and migratory bird habitat in the Gulf of California but is not under federal protection.

USAID's small grants programs have helped build local capacity to identify alternatives to destructive resource use, develop cooperatives for ecotourism and sustainable fishing, and implement studies and monitoring programs for endangered and endemic species in and near areas targeted for conservation in Mexico. USAID has also helped link U.S. experts with the GOM to unify databases in calculating deforestation rates, develop an index for biomass and carbon density for Mexico, and test models to predict future deforestation rates and biomass production.

In collaboration with the U.S. Forest Service, USAID has worked with the GOM to strengthen Mexico's fire monitoring capacity and to improve the effectiveness of the suppression of wildfires. Fire experts now rank Mexico fifth in the world in fire suppression. Six nongovernmental organizations have been strengthened institutionally to make them more effective in implementing conservation programs in Mexico. One of these, the Mexican Fund for the Conservation of Nature, has been recognized by the World Bank as one of the leading conservation funds in the world and is now leading a network of conservation funds in Latin America.

US Financing in Thousands of Dollars

Mexico

523-006 Environmental Conservation	DA
Through September 30, 2001	
Obligations	51,110
Expenditures	46,600
Unliquidated	4,510
Fiscal Year 2002	
Obligations	4,171
Expenditures	6,195
Through September 30, 2002	
Obligations	55,281
Expenditures	52,795
Unliquidated	2,486
Prior Year Unobligated Funds	
Obligations	15
Planned Fiscal Year 2003 NOA	
Obligations	1,200
Total Planned Fiscal Year 2003	
Obligations	1,215
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	56,496

Data Sheet

USAID Mission:	Mexico
Program Title:	Energy Conservation and Pollution Reduction
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-007
Status:	Continuing
Proposed FY 2003 Obligation:	\$800,000 DA
Prior Year Unobligated:	\$6,000 DA
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2003

Summary: The USAID Energy program aims to reduce pollution, specially carbon dioxide emissions, through: 1) promoting cleaner industrial production (CP), including the efficient use of energy and water; 2) introducing renewable energy (RE) and environmental management systems (EMS) technologies; 3) demonstrating the viability of these technologies; 4) supporting policy dialogue and reforms that foster these technologies; 5) strengthening Mexican partners' technical and managerial capabilities for CP, RE, and EMS development and implementation; and 6) promoting public and private financial support to replicate such programs on a large scale.

Inputs, Outputs, Activities:

FY 2003 Program:

Resource management systems initiative (RMSI) (\$500,000 DA). FY 2003 funds will be used to consolidate the capabilities of the local counterpart institutions, while supporting the broader impacts these institutions can have on national level energy efficiency and clean production. This includes large-scale project replication, as well as institutional strengthening, policy support, and ensuring synergies with other projects. Through technical assistance and training, the program will: expand Mexico's petroleum company's (PEMEX) national energy efficiency and water savings programs, set standards for high efficiency equipment for government facilities; provide certification of staff in the CP and EMS fields; identify financial mechanisms for energy and water efficiency projects; and provide water, energy, and materials audits at Mexico City Government facilities. Part of this support involves increasing the participation of the Mexican Cleaner Production Center in monitoring and support activities, and in developing regional cleaner production centers to be partially financed by the IDB-Multilateral Investment Fund. RMSI will assist the state of Oaxaca to implement energy and water distribution efficiency measures that will stimulate technology improvements in the long run. These activities will be combined and monitored to recommend a subsequent plan of action to disseminate this policy throughout Oaxaca and nationwide. The energy program will continue supporting application of EMS to municipalities and institutions in key biodiversity regions and coastal zones. The principal contractor is PA Consulting Group.

Mexico renewable energy program (MREP) (\$300,000 DA). Under the MREP, wide-scale replication is viewed as the means to achieving USAID/Mexico's energy program goals. One key characteristic of systems supported under the program will be that while they serve program objectives, through reduced greenhouse gas emissions, they are fully justifiable on other economic and social grounds. Replication activities will focus on four large-scale programs: 1) technical assistance for renewable energy for agriculture, supporting the Shared-Risk Trust Fund (FIRCO) that implements the Global Environment Fund (GEF) to install 900 solar systems for productive applications; 2) support to the Secretariat for Natural Resources Management for capacity building in protected areas; 3) technical assistance to the Ministry of Education's (SEP) distance education program for rural off-grid communities; and 4) support for rural electrification in indigenous areas through the National Indigenous Institute, recommending both solar and microhydro systems. The principal contractor is Sandia National Laboratories.

FY 2004 Program:

No funds are being requested for FY 2004, although implementation will continue through the year. Remaining activities will continue RMSI and MREP programs and prepare counterparts to carry out the objectives of Mexico's energy plan in succeeding years. In addition, the last year of the current strategy will be carried out in the context of the new USAID Strategy for FY 2004-2008, ensuring a smooth transition between the two strategies.

Performance and Results: USAID's energy program has helped introduce a positive policy environment for reducing pollution and avoiding greenhouse gas emissions, to create the infrastructure and technical capacity to implement programs, and to identify financing mechanisms. It has also helped Mexican partners achieve significant results, particularly through four main large-scale replication activities that influenced renewable energy and clean production policies in Mexico. Primary Mexican partner institutions reported 3.2 million metric tons of carbon dioxide averted through implementation of energy efficiency and renewable energy technologies, which dramatically exceeded planned levels of 125,000 metric tons.

Four institutions implemented these sustainable energy replication programs: FIRCO, SEP, PEMEX, and the Government of Mexico City. These institutions expanded sustainable energy programs, institutionalized energy efficiency practices, and implemented EMS programs. Two additional institutions initiated the replication of USAID pilot projects: the National Indigenous Institute (INI), which includes renewable energy programs in its rural electrification program and the Secretariat of Energy, which fosters renewable energy and energy efficiency programs in its national development policies. Cooperation with the Secretariat of Energy and the National Indigenous Institute has gained momentum. The promotion of integrated approaches to meet rural energy needs has included a more active role for the private sector. Private funds promote renewable energy in rural areas (mainly photovoltaic systems and micro and mini hydro power plants), and the use of remittances sent by Mexicans living in the United States.

By the end of the USAID energy program, at least six partner institutions will be replicating activities on a large scale. Federal, state and municipal authorities will be working in coordination to advance clean production and sustainable energy. Several financing mechanisms will be in place to support replication. The private sector provision of services to advance clean production will become commonplace. Many public and private institutions will have the technical capacity to work on sustainable energy and clean production.

US Financing in Thousands of Dollars

Mexico

523-007 Energy Conservation and Pollution Reduction	DA
Through September 30, 2001	
Obligations	20,906
Expenditures	19,350
Unliquidated	1,556
Fiscal Year 2002	
Obligations	1,744
Expenditures	593
Through September 30, 2002	
Obligations	22,650
Expenditures	19,943
Unliquidated	2,707
Prior Year Unobligated Funds	
Obligations	6
Planned Fiscal Year 2003 NOA	
Obligations	800
Total Planned Fiscal Year 2003	
Obligations	806
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	23,456

Data Sheet

USAID Mission:	Mexico
Program Title:	Tuberculosis Control
Pillar:	Global Health
Strategic Objective:	523-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,000,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,676,000 CSH
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2005

Summary: The Tuberculosis Action Program (TAP) will develop institutional capacity to control tuberculosis in thirteen target states, including the United States-Mexico border states. It has four components: 1) improved national and local commitment to tuberculosis control; 2) increased use of laboratory-based diagnosis to identify tuberculosis cases; 3) improved treatment through directly observed therapy (DOTS); and 4) improved epidemiological surveillance mechanisms.

Inputs, Outputs, Activities:

FY 2003 Program:

Tuberculosis control program implementation (\$2,400,000 CSH). Funds will be used to finance the provision and oversight of directly observed therapy (DOTS) services at the state and local level, including monitoring and supervision of program operations. In addition, the program will strengthen the tuberculosis (TB) laboratory network through a laboratory and staff quality assurance certification activity; and will provide technical assistance and training to improve information and epidemiological surveillance systems; and the national TB program's capacity to plan and control the overall program will be strengthened, including operational research. Funds will continue supporting the Binational TB card that will ensure follow-up and tracking of patients migrating between the United States and Mexico. A group of experts will carry out a program evaluation to determine project accomplishments and recommend refinements. This component will include the participation of the CDC, Secretariat of Health of Mexico, Pan American Health Organization (PAHO), International Union Against TB and Lung Disease (IUATLD), Cure-TB, TB-Net, and the health departments of California, Arizona, New Mexico, and Texas. The principal implementing agency is United Nations Development Program (UNDP).

Human development (\$480,000 CSH). Activities will include technical and skill building in areas such as epidemiology, diagnosis, and treatment of TB patients. The principal grantees and agencies are IUATLD and PAHO.

Community awareness (\$1,120,000 CSH). Funds will be used to finance activities related to health promotion and community participation to promote a more active involvement of community in the detection and control and treatment of TB patients. The principal implementing agency is: PAHO.

FY 2004 Program:

TB control program implementation (\$1,000,000 CSH). Funds will be used to complete this phase of the program, including the program oversight for DOTS, consolidation of the information and epidemiological surveillance system, and binational TB card.

Community awareness (\$676,000 CSH). Activities will include the design of a health education campaign aimed at TB control and the promotion of more active participation of grass-root and community-based organizations in the follow-up and tracking of TB cases.

Performance and Results: USAID delivered the first shipment of laboratory and computer equipment to strengthen Mexico's tuberculosis laboratory network and information systems in 13 states. By the end of FY 2004, the following indicators will be used to measure project progress: 75% of expected tuberculosis cases in the target areas will be identified, 90% of cases will be treated using DOTS, and 80% of cases in the target states will be cured. By the end of the program in FY 2005, the number of TB cases showing in statistics is expected to increase, due to improved and enhanced case detection, but there will be a decrease in TB mortality.

US Financing in Thousands of Dollars

Mexico

523-008 Tuberculosis Control	CSH
Through September 30, 2001	
Obligations	4,000
Expenditures	500
Unliquidated	3,500
Fiscal Year 2002	
Obligations	8,000
Expenditures	305
Through September 30, 2002	
Obligations	12,000
Expenditures	805
Unliquidated	11,195
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	4,000
Total Planned Fiscal Year 2003	
Obligations	4,000
Proposed Fiscal Year 2004 NOA	
Obligations	1,676
Future Obligations	0
Est. Total Cost	17,676

Data Sheet

USAID Mission:	Mexico
Program Title:	Microenterprise
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-009
Status:	Continuing
Proposed FY 2003 Obligation:	\$900,000 DA
Prior Year Unobligated:	\$3,000 DA
Proposed FY 2004 Obligation:	\$100,000 DA
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2004

Summary: The passage of the historic Popular Savings and Credit Law in 2001 revolutionized the microfinance sector in Mexico. USAID's microenterprise program has responded to this new environment by modifying the emphasis of its program while remaining true to its original intent. The program is designed to achieve three results: 1) creating an improved legislative policy environment for microfinance in Mexico, 2) strengthening select microfinance institutions (MFIs), 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 prudential regulatory environment and an adequate supervision scheme. Activities under the second component will expand in 2003 with the addition of a second long-term advisor dedicated exclusively to institutional strengthening.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved legislative and supervisory environment (\$475,000 DA). Building on the influence that USAID's advisor and partners had on the development of the Popular Banking Law, the program will advise the GOM in drafting secondary norms and regulations for the 2001 law to help establish an effective regulatory environment. In addition, resources will be used to support the development and operation of a federation that will supervise and provide other support services to its member institutions. The principal contractor is: Chemonics International.

Increased capacity of select MFIs (\$400,000 DA). A second focus of activities will be to 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 the sector, including sound business planning and the adoption of strong internal control systems to better manage default risk. The principal contractor is: Chemonics International.

Research (\$25,000 DA). USAID will support an innovative research program to develop a profile of microenterprises in Mexico and to shed light on the relationship between microenterprise and migration.

FY 2004 Program:

Microfinance program (\$100,000 DA). The current program has been extended until June 2004 to prevent a long hiatus in the program that would damage the program's impact. USAID resources will be used to finance the remaining activities of the Chemonics contract under the first two components described above.

Performance and Results: The most significant achievement for the program in 2002 was the creation of a supervisory federation under the 2001 Savings and Credit Law. It was the first federation to be legally registered in Mexico. With support from the Mission, the federation is off to a promising start, with the establishment of a board of directors and several working groups that will be responsible getting the federation off the ground. Building on the substantial input USAID/Mexico had in refining the Savings and

Credit Law, the program reviewed and provided substantive advice on ten secondary regulations that will help define the legal environment for microfinance.

A second major accomplishment built upon last year's success is the credit guarantee program under the Development Credit Authority (DCA). Through DCA, USAID provided two guarantees to Mexican MFIs for \$3.5 million to expand their ability to capture savings. Both programs greatly exceeded expectations. In the past year, the first increased its total deposits by \$4.8 million; the second by \$5.7 million. As a result, savings have become an important new source of loan capital for microfinance. The program will expand its institutional strengthening component in order to introduce sound management practices to a greater number of Mexican MFIs. This will help lay the groundwork for the development of stronger, more sustainable microfinance sector.

By the end of the program, there will be a more effective regulatory environment and one federation should be operating in compliance with the law, providing a model for the successful operation of other federations that will be established. In addition, four to six microfinance institutions will be operating in compliance with the new regulations and will be using best practices for internal management.

US Financing in Thousands of Dollars

Mexico

	DA	DCA
523-009 Microenterprise		
Through September 30, 2001		
Obligations	1,470	67
Expenditures	1,100	0
Unliquidated	370	67
Fiscal Year 2002		
Obligations	697	0
Expenditures	597	0
Through September 30, 2002		
Obligations	2,167	67
Expenditures	1,697	0
Unliquidated	470	67
Prior Year Unobligated Funds		
Obligations	3	0
Planned Fiscal Year 2003 NOA		
Obligations	900	0
Total Planned Fiscal Year 2003		
Obligations	903	0
Proposed Fiscal Year 2004 NOA		
Obligations	100	0
Future Obligations	0	0
Est. Total Cost	3,170	67

Data Sheet

USAID Mission:	Mexico
Program Title:	Training, Internships, Education and Scholarships
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-010
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,000,000 DA; \$2,000,000 ESF
Prior Year Unobligated:	\$150,000 DA
Proposed FY 2004 Obligation:	\$3,500,000 DA; \$3,500,000 ESF
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2009

Summary: USAID's human capacity development program in Mexico promotes an enhanced capacity of Mexicans scholars and institutions to respond to the objectives and strategies of NAFTA and the Partnership for Prosperity which defines the emerging U.S. and Mexico Common Development Agenda (CDA). The agenda includes: trade and investment, environmental protection, alternative energy, microenterprise, agriculture, finance, public administration, engineering, telecommunications, information technology, and human capital development.

This is accomplished through training in the United States and Mexico, and via a partnership program between U.S. and Mexican institutions of higher education, with support from private foundations, corporations, NGOs, and other partners. Training, Internships, Exchanges and Scholarships (TIES) was designed to target skills-upgrading training directly to development professionals. They can immediately use the new knowledge and skills upon returning to their positions in Mexico's private or public universities, government and nongovernmental institutions, and the Mexican private sector.

Inputs, Outputs, Activities:

FY 2003 Program:

New university partnerships established and functioning (\$400,000 DA and \$2,000,000 ESF). A competitive process will select 17 new partnerships between U.S. and Mexican higher education institutions to complement the 18 existing partnerships. Partnerships will combine master's degree training in the United States with faculty and student exchange, joint research and pilot projects to address the CDA and to establish legacy activities in Mexican higher education institutions that will continue after USAID support has ended. The partnerships component will 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: Association Liaison Office.

University-trained scholars prepared to respond to CDA opportunities (\$400,000 DA). This program will be set in motion in FY 2003 with the initial selection and placement of scholars. This will insure a smooth FY 2004 start to graduate-level scholarships in three separate TIES activities under this components. The three activities are: a) graduate training for Mexican faculty teaching in universities serving rural and/or high migrant-expulsing 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-enhancing training for Mexican technical specialists working in strategic 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 contractors are: to be determined.

Community-college-trained scholars prepared to respond to CDA opportunities (\$2,200,000 DA). In FY 2003, the Georgetown University Cooperative Association of States for Scholarships (CASS) component will place an initial group of disadvantaged Mexican youth in training in U.S. community colleges and technical institutions. The Georgetown CASS scholarship program has implemented training for socially

and economically disadvantaged youth successfully in Central America and the Caribbean for two decades. The TIES initiative has invited Georgetown's CASS program to offer scholarships in Mexico. The Georgetown CASS component plans to train 250 disadvantaged Mexican youth over the life of the TIES initiative. The principal grantee is: Georgetown University.

FY 2004 Program:

New university partnerships established and functioning (\$300,000 DA and \$3,000,000 ESF). This component supports graduate training under already approved partnerships.

University trained scholars prepared to respond to CDA opportunities (\$1,000,000 DA; \$500,000 ESF). This component continues training for all components, and initiates in-country preparatory training and/or U.S. training for approximately 200 scholars, and up to 300 indigenous students studying in Mexican undergraduate programs.

Community-college-trained scholars prepared to respond to CDA opportunities (\$2,200,000 DA). In FY 2004, the Georgetown 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.

Performance and Results: Through the TIES initiative, USAID is funding the development of closer cooperative alliances between the United States and Mexico that will assist both countries to better respond to an emerging Common Development Agenda.

In FY 2002, a competitive process conducted in Washington reviewed over 100 applications and selected the first 18 US / Mexican higher education partnerships for development. These 18 partnerships totaled approximately \$10 million. USAID is contributing \$4 million in funding and has leveraged an additional \$6 million in funding from Mexican and US partners. Most of the approved partnerships have achieved at least one-to-one leveraging of funding, and are therefore public-private alliances. These partnerships support approximately 150 master's programs as well as other specialty training, faculty exchange, joint faculty and student research, pilot projects and similar activities.

The TIES initiative has specific components that assure participation of indigenous Mexicans (50 graduate level scholarships) and socially and/or economically disadvantaged Mexicans (250 Georgetown CASS scholarships). In addition, the program has established a target of 50% participation by women in TIES scholarships programs.

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 United States, many of whom will have come from disadvantaged backgrounds and/or from high migrant-expulsing areas.

US Financing in Thousands of Dollars

Mexico

	DA	ESF
523-010 Training, Internships, Education and Scholarships		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	1,000
Expenditures	0	0
Through September 30, 2002		
Obligations	0	1,000
Expenditures	0	0
Unliquidated	0	1,000
Prior Year Unobligated Funds		
Obligations	150	0
Planned Fiscal Year 2003 NOA		
Obligations	3,000	2,000
Total Planned Fiscal Year 2003		
Obligations	3,150	2,000
Proposed Fiscal Year 2004 NOA		
Obligations	3,500	3,500
Future Obligations	5,200	9,000
Est. Total Cost	11,850	15,500

Data Sheet

USAID Mission:	Mexico
Program Title:	Environment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-AAA
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,565,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,265,000 DA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2009

Summary: This new strategic objective will improve the management and conservation of natural resources in targeted watersheds. Building on previous environment programs, it will: 1) strengthen the national enabling environment to support improved natural resource management and clean production; 2) increase community capacity and involvement in natural resource management; 3) introduce and increase the use of environmentally sound and economically viable practices and technologies; and 4) establish alliances between different levels of government in Mexico, local communities, and NGOs to improve the management and conservation of Mexico's unique biodiversity. The program will also support the increased use of renewable energy and improved capacity to adjust and respond to changes in climate.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved community-based forest and watershed management (\$3,765,000 DA). Grants will be made to two to four U.S.-based NGOs to establish alliances in targeted watersheds of southern Mexico (Oaxaca, Chiapas, Tabasco, Veracruz) and one or more northern states. These alliances will bring the GOM agencies together with state and local organizations and national NGOs to develop natural resource management plans in targeted watersheds. These plans will integrate biodiversity conservation goals with local resource uses related to forestry, agriculture, grazing, and other forest extraction activities. The program will develop management plans for targeted communities and will introduce improved practices to increase incomes at the community level, while also enhancing natural resource protection. Better resource planning and protection will help these communities to better adjust and respond to changes in climate in key watersheds, particularly for downstream communities and municipalities that depend on the targeted watersheds. As part of these watershed management activities, a coastal resource management activity will be developed in the Yucatan Peninsula where large scale hotel developments are expanding along the fragile coast of Quintana Roo. Tourist facilities and local municipalities will be assisted to minimize their impact on the fragile coastal environment, particularly through integrated water management and waste treatment programs. Developers will work collaboratively with local municipalities to provide water and waste treatment facilities to reduce marine pollution and to protect the incredibly diverse MesoAmerican Reef, which runs from Mexico south to Honduras. This activity directly supports the Opportunity Alliance, through which it will be coordinated with other coastal resource programs in Central America.

The forest and watershed management component will also include a regional forest fire management activity that directly supports the Opportunity Alliance. The regional fire activity will use Mexico's fire-related experience, which USAID helped develop, to improve the fire planning and suppression capacities in both Mexico and neighboring countries. It will also help link Mexico with Central American countries to develop an integrated regional training and fire response program. This activity will help countries better respond to catastrophic fires and improve the conservation of biodiversity through improved fire management, thereby protecting the region's critical forests and biodiversity.

Partners will include a consortium of American based NGOs for the watershed and coastal resource management activities that will be selected via a competitive process. The Mexico/Regional Fire activity will be implemented through the U.S. Forest Service.

Use of renewable energy and clean production expanded (\$800,000 DA). A U.S. based firm will introduce clean production and energy efficiency concepts to selected municipalities and to PEMEX, the Mexican petroleum company. This activity will link with and support watershed actions. Based on local needs, and on model projects this activity will provide renewable energy to remote communities and to reduce both air and water pollution. Public-private partnerships will be established wherever possible. Principal contractor: to be determined.

FY 2004 Program:

Improve community-based forest and watershed management (\$3,900,000 DA). Funds will support creation of strategic alliances that link GOM agencies and national NGOs with community level groups. These alliances will support improved community involvement in the management and conservation of the resources they depend on. Economic opportunities for communities in targeted areas will be assessed to determine how the program can most effectively support rural diversification. The program will establish strategic alliances in areas targeted for tourist development to promote clean production techniques. In coastal areas, the program will assist developers and local municipalities to minimize the impacts of their hotels, particularly related to water and waste treatment. Under continued linkages with the Opportunity Alliance, the program will enhance Mexico's fire detection capacities and assist local communities and GOM agencies to develop fire management plans.

Expand use of renewable energy and clean production (\$1,365,000 DA). Funds will assist key GOM agencies, such as PEMEX, and local municipalities to develop clean production practices and reduce pollution, particularly affecting local watersheds. The program will develop opportunities to promote renewable energy and innovative financing of power generation.

Performance and Results: The goal of these activities is to protect 1,000,000 hectares of high biodiversity forests and watersheds through the development and implementation of improved management plans. This includes the development of at least thirty integrated community watershed plans. Other results include providing new sources of renewable energy to remote communities. Communities will also benefit through the development of a more diversified rural economy and the creation of new income opportunities.

US Financing in Thousands of Dollars

Mexico

523-AAA Environment	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	4,565
Total Planned Fiscal Year 2003	
Obligations	4,565
Proposed Fiscal Year 2004 NOA	
Obligations	5,265
Future Obligations	19,935
Est. Total Cost	29,765

Data Sheet

USAID Mission:	Mexico
Program Title:	Democratic Access
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	523-BBB
Status:	New
Proposed FY 2003 Obligation:	\$4,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$800,000 DA; \$8,500,000 ESF
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2009

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

Inputs, Outputs, Activities:

FY 2003 Program:

More accountable policymaking and implementation (\$2,800,000 ESF). USAID will provide technical assistance, training, and other capacity-building measures to state and local government institutions to address the inter-related components of accountable governance. These include: 1) building more effective and autonomous revenue-generating capacity, and promoting fiscal reforms and the formation of alliances for local level infrastructure and service financing; 2) supporting more accountable management through federal civil service reform, developing a performance management culture, implementing e-government programs, increasing government transparency, and implementing certification standards for public officials, as well as promoting citizen participation in resource decisions; 3) supporting more effective oversight of resource management, including strengthening citizen oversight of government budgets and programs, and supporting freedom of information, professionalization of the state audits, and strengthening oversight bodies at all levels of government; and 4) helping political parties to be more responsive to citizens, by supporting transparency and accountability efforts, and structural changes that promote citizen participation in policy-making. Finally, if requested by the GOM, USAID will stand ready to provide technical assistance and support for electoral monitoring during the mid-term federal election in July 2003. The National Democratic Institute and International Republican Institute will be the principal grantees on activities related to political parties and elections. The principal contractor is to be determined.

Enhanced rule of law (\$1,200,000 ESF). USAID proposes to provide technical assistance and training to support: 1) more effective civil and criminal justice reform and greater respect for human rights by working with the key criminal justice institutions, especially with states along the U.S. border, including the judiciary, public defense, prosecutors, and police, and limited support to the civil, family and commercial justice sectors; 2) increased access to justice for disadvantaged sectors of the population; and 3) increased professional standards through reform of the legal education system as well as standards of professionalism, establishing certification requirements for law schools and lawyers, and creating clinical programs in Mexican law schools. The principal contractor is to be determined.

FY 2004 Program:

More accountable policymaking and implementation (\$5,400,000 ESF; \$400,000 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 more responsive and accountable political parties.

Enhanced rule of law (\$3,100,000 ESF; \$400,000 DA). USAID will continue technical assistance and training to support more effective civil and criminal justice reform and greater respect for human rights, as

well as model projects in target states to increase access to justice for socio-economically disadvantaged sectors of the population. USAID will also continue technical support to reform the legal education certification system and increase professional standards.

Performance and Results: Successful completion of this objective will result in: 1) the implementation of a career civil service at federal level, 2) an increase in private sector financing for public infrastructure; 3) the enactment of secondary electoral reforms, including political party transparency measures and re-election in certain cases; 4) the implementation of oral judicial procedures in the federal and some state jurisdictions, and 5) an increase in respect for due process guarantees and a reduction in the incidence of torture.

US Financing in Thousands of Dollars

Mexico

	DA	ESF
523-BBB Democratic Access		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	0
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	4,000
Total Planned Fiscal Year 2003		
Obligations	0	4,000
Proposed Fiscal Year 2004 NOA		
Obligations	800	8,500
Future Obligations	14,500	28,000
Est. Total Cost	15,300	40,500

Data Sheet

USAID Mission:	Mexico
Program Title:	Infectious Diseases
Pillar:	Global Health
Strategic Objective:	523-CCC
Status:	New
Proposed FY 2003 Obligation:	\$1,300,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$3,300,000 CSH
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2009

Summary: The Infectious Disease objective is new and is designed to increase the capacity of the Government of Mexico 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 or delay its spread to the general population. This will be done by reducing barriers to behavior change and care-seeking and by increasing 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 2003 Program:

Funding under the Infectious Disease objective will be focused on the prevention of HIV/AIDS. TB will continue as a separate Strategic Objective until September 2004 and after that date will be incorporated into the new Infectious Diseases objective. Therefore, the following activities for FY 2003 and FY 2004 relate to HIV/AIDS:

Improving the policy environment (\$600,000 CSH). USAID will support continued progress toward building political will and increasing community and civil society participation in confronting HIV/AIDS in Mexico. Activities aimed at improving the policy environment will include technical assistance to the National AIDS program in measuring and reducing stigma and discrimination as a barrier to AIDS prevention and care; strengthening and expansion of the multisectoral model for participation in HIV/AIDS planning and budgeting in selected states developed under the current program, and the use of models, information dissemination, and advocacy to constructively involve decision makers in an effective response to HIV. The principal grantees are the Futures Group International and the International HIV/AIDS Alliance.

Behavior change communication (\$500,000 CSH). USAID and its partners will support behavior change activities aimed at the most at-risk groups for HIV/AIDS in Mexico. These activities will include condom social marketing aimed at increasing the demand for and access to condoms among the most at risk groups in Mexico. The principal grantees are: Family Health International (FHI) and Population Services International (PSI)

Surveillance (\$200,000 CSH). USAID will support programs to monitor the status of the epidemic, measure the impact of prevention, and provide data for decision makers in selecting prevention activities. The principal grantee is: FHI.

FY 2004 Program:

Improving the policy environment (\$1,200,000 CSH). USAID will continue building political will and increasing civil society participation in confronting HIV/AIDS in Mexico. The principal grantees are: Futures Group International and the International HIV/AIDS Alliance.

Behavior change communication (\$1,100,000 CSH). USAID will continue to promote the adoption of safer behaviors, including reducing the number of partners, practicing abstinence, or increasing condom use among the most vulnerable and at risk populations in selected sites in Mexico. The emphasis will be on making condoms available to those most at risk through non-traditional outlets. The principal grantees are: Family Health International (FHI) and Population Services International (PSI).

Surveillance and research (\$ 1,000,000 CSH) Funds will be used to improve and expand epidemiological surveillance and reporting, as well as to promote relevant research, and will support dissemination of information to and its use by key decision makers. USAID will also promote access to rapid and confidential testing for HIV/AIDS among the most at risk population in selected sites. Partners are to be determined.

Performance and Results: 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-CCC Infectious Diseases	CSH
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	1,300
Total Planned Fiscal Year 2003	
Obligations	1,300
Proposed Fiscal Year 2004 NOA	
Obligations	3,300
Future Obligations	15,735
Est. Total Cost	20,335

Data Sheet

USAID Mission:	Mexico
Program Title:	Access to Financial Services
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-DDD
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,600,000 DA
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2009

Summary: The USAID Microfinance objective in Mexico is focused on increasing access to effective financial services by traditionally underserved populations. The program will seek to accomplish this objective by: 1) building the capacity of a critical mass (4-6) of microfinance institutions (MFIs); 2) developing the capacity of a supervisory federation; and 3) leveraging remittances for savings and investment.

Inputs, Outputs, Activities:

FY 2003 Program:

The program will begin in 2004.

FY 2004 Program:

Microfinance institution capacity building (\$1,500,000 DA). USAID will finance a technical assistance and training program for four to six microfinance institutions that will be competitively selected on the basis of their potential and commitment to achieve sustainability and growth. The program will be designed to enable them to expand their client base, capture savings, and adopt sound management practices (e.g., effective governance, strong internal controls, and efficient management information systems). Activities will increase the supply of quality financial services for populations that currently have little or no access to such services. The principal contractor is to be determined.

Supervisory Federation Capacity Building (\$350,000 DA). The contractor will provide technical assistance and training to one or two supervisory federations to develop a capability to oversee compliance with the new savings and credit law and to provide ongoing supervision of member MFIs. Activities will be designed to ensure effective compliance with Mexican Savings and Credit legislation and to develop standardized reporting by institutions. The principal contractor is to be determined.

Remittances (\$750,000 DA). USAID is proposing 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 by introducing best practices of project design and implementation, and to foster stronger cross-border linkages. The principal contractor is to be determined.

Performance and Results: Successful implementation of this objective will result in: an increase in the number of clients with microfinance services of 250%; the development of up to six financially self-sufficient microfinance institutions; the creation of an effective supervisory federation that ensures compliance with Mexican law; and an increase in the amount of remittances captured as savings by 100%.

US Financing in Thousands of Dollars

Mexico

523-DDD Access to Financial Services	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	0
Total Planned Fiscal Year 2003	
Obligations	0
Proposed Fiscal Year 2004 NOA	
Obligations	2,600
Future Obligations	13,000
Est. Total Cost	15,600