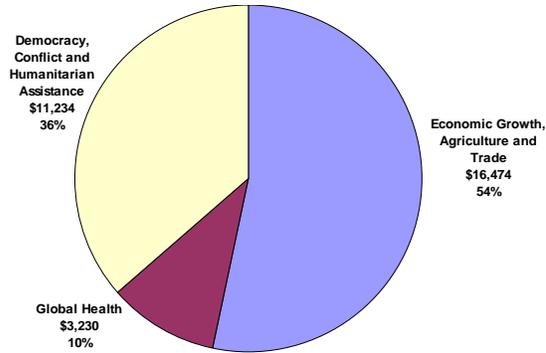
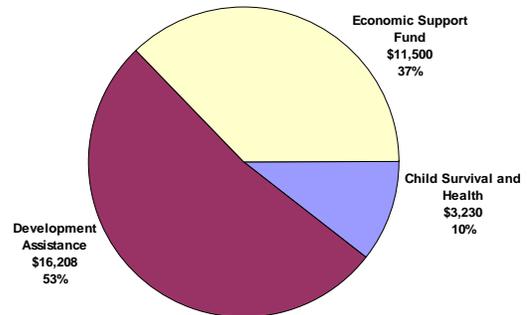


Mexico

FY 2006 Assistance by Sector



FY 2006 Assistance by Account



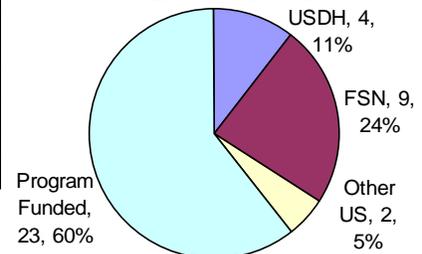
Objectives and Budget

Objective	SO Number	FY 2004	FY 2005	FY 2006
Microenterprise	523-009	230		
Training, Internships, Education and Scholarships	523-010	7,952	6,035	7,100
Ruling Justly	523-021	9,988	13,530	11,234
Economic Freedom	523-022	10,544	8,604	9,374
Investing in People	523-023	3,700	3,164	3,230
Total (in thousands of dollars)		32,414	31,333	30,938

Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
Mission Allocation	1,403	1,404	1,606
USDH Salaries & Benefits	635	520	531
Program Funds	1,598	1,892	1,892
Total (in thousands of dollars)	3,636	3,816	4,029

FY 2006 Workforce



Mission Director: Edward Kadunc

Mexico

The Development Challenge: Since events in Mexico have a more direct, daily impact on U.S. citizens than events in any other country in the region, the relationship between the United States and Mexico is especially important. An authentic partnership exists between the United States and Mexico based on the many things held in common. These include: a 2,000-mile border with its migration, crime, security, resource management, and trade issues; interdependence of economic, environmental, and health concerns; domestic a common social heritage; and shared concern that the citizens of both countries benefit from economic opportunity and growth. The U.S. Government has a direct interest in working with Mexico to address these common concerns.

It is in the United States' interest to work with Mexico on its economic and political reform agendas, given Mexico's close proximity, its geopolitical importance in the region, and Mexican migration to the United States. The two countries share a frontier that has on average more than one million border crossings per day. Several U.S. and Mexican industries (particularly automotive and electronics) have closely linked production chains, many U.S. businesses remain dependent on an influx of Mexican migrant labor, and many Mexican firms are highly dependent on U.S. technology and the U.S. market.

Since the signing 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 states. As President Bush said in 2001 and reiterated in early May 2002, "... NAFTA 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..."

In 2002 with a population of more than 100 million, the Government of Mexico (GOM) estimated gross domestic product (GDP) per capita at \$6,884. 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.

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. President Fox's term will end in late 2006 and already the next presidential election process is underway. Despite the political posturing and gridlock occurring at the federal level, Mexican state governments across party lines are increasing reform efforts and requesting assistance from USAID. Mexican states are now providing another avenue for reform in Mexico, and are offering the potential for direct, positive change in the lives of 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: 1) promoting environmental protection, alternative energy and ecotourism; 2) improving public administration, transparency and accountability; 3) broadening microfinance and remittance utilization; 4) preventing infectious diseases, and 5) furthering higher education and competitiveness. In FY 2004, the USAID program in Mexico transitioned to a new Regional Strategy for Central America and Mexico (CAM). Under its new strategy, USAID's bilateral program in Mexico has areas of focus in line with MCA goals: 1) economic freedom through activities to increase access to finance and improving natural resources management; 2) ruling justly through activities in accountable governance and rule of law, and 3) investing in people by improving the health of Mexicans through work in infectious disease prevention and control and educational exchanges and scholarships.

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, and will provide greater opportunities for Mexicans in poor, rural, and indigenous areas. USAID will also address natural resource conservation in key watersheds and biodiversity sites and generate new sources of income for rural farmers and inhabitants. 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 encourage savings and investment by Mexicans in both countries.

Other Program Elements: USAID's Mexico program will collaborate with USAID regionally managed activities designed to protect the Mesoamerican (Mexico and Central America) Reef and the Mesoamerican Biological Corridor, and 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). LFA support 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 LFA aims to remove lead from pottery production, thereby improving its marketability and increasing income and employment opportunities for producers of traditional low-fire 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.

Other Donors: World Bank and the Inter-American Development Bank (IDB) are, respectively, first and second largest development assistance organizations in Mexico. World Bank's 2004 portfolio in Mexico included total commitments of \$3.8 billion. World Bank's 2005-2008 Country Assistance Strategy designed in consultation with the GOM, contemplates \$4.8 billion in loans over the next four years to support the GOM's commitment to reduce poverty and inequality, increase competitiveness, strengthen institutions, and promote environmental sustainability. These organizations have run into implementation delays due to the GOM requirement that its National Bank for Public Works and Services (BANABRAS) administer their funds.

IDB loans to Mexico fund approximately 30 projects centered on social sector modernization, economic integration through NAFTA and Plan Puebla-Panama, modernization of the state and lowering barriers that limit competitiveness. The North American Development Bank is providing funding to the border states (four in the United States and six in Mexico) for water, solid waste, and wastewater infrastructure development.

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

The United Nations (UN) group is represented by 18 organizations in Mexico, including the Pan American Health Organization, the United Nations Development Program, the UN Environment Program, the UN Fund for Population, UNAIDS, and the UN Children's Fund.

Mexico PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Child Survival and Health Programs Fund	5,200	3,700	3,164	3,230
Development Assistance	10,440	17,282	14,777	16,208
Economic Support Fund	11,650	11,432	13,392	11,500
Total Program Funds	27,290	32,414	31,333	30,938

STRATEGIC OBJECTIVE SUMMARY

523-002 HIV/AIDS				
CSH	2,200	0	0	0
523-003 Democratic Processes				
DA	800	0	0	0
ESF	5,700	0	0	0
523-006 Environmental Conservation				
DA	950	0	0	0
523-007 Energy Conservation and Pollution Reduction				
DA	694	0	0	0
523-008 Tuberculosis Control				
CSH	3,000	0	0	0
523-009 Microenterprise				
DA	900	230	0	0
523-010 Training, Internships, Education and Scholarships				
DA	2,500	5,840	5,197	5,678
ESF	2,200	2,112	838	1,422
523-021 Ruling Justly				
DA	0	668	976	1,156
ESF	3,750	9,320	12,554	10,078
523-022 Economic Freedom				
DA	4,596	10,544	8,604	9,374
523-023 Investing in People				
CSH	0	3,700	3,164	3,230

Mission Director,
Edward Kadunc

Data Sheet

USAID Mission:	Mexico
Program Title:	Training, Internships, Education and Scholarships
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-010
Status:	Continuing
Planned FY 2005 Obligation:	\$5,197,000 DA; \$838,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$5,678,000 DA; \$1,422,000 ESF
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2009

Summary: USAID's Training, Internships, Exchanges, and Scholarships (TIES) program in Mexico was launched by Presidents Bush and Fox in 2001. 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 selection of shared development interests between the United States and Mexico. These interests include trade and investment, environmental protection, alternative energy, microenterprise, rural development, finance, good governance, and human capacity development.

The TIES program promotes activities to address these shared concerns 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, nongovernmental organizations (NGOs), and other partners. The majority of scholarships are for Mexicans living in rural, poor, and indigenous areas and targets training directly at Mexico's youth and development professionals. Upon the students' return to Mexico they qualify for immediate consideration for positions in Mexico's private sector, universities, and government and nongovernmental institutions.

Inputs, Outputs, Activities:

FY 2005 Program: Improve Institutions of Higher Education (\$3,397,000 DA; \$838,000 ESF). A competitive process and academic peer review will select 17 new partnerships between U.S. and Mexican higher education institutions to complement the 30 partnerships now implementing activities. Partnerships will combine master's degree training in the United States and Mexico with faculty and student exchanges, joint research, and pilot projects to address a common development agenda. These new or strengthened graduate-level programs and research activities in Mexican higher education institutions are designed to continue after USAID support ends. Within the university partnerships, greater emphasis will be placed on providing more graduate-level scholarships to poor, rural students from Mexico. It is anticipated that this change in implementation strategy will yield greater results with a continued focus on development of Mexico's rural sector. The partnerships component will continue to leverage substantial funding from non-U.S. Government sources and will train 550 scholars in the United States and Mexico over the life of the TIES initiative. The principal grantee is the Association Liaison Office.

Improve Quality of Workforce (\$1,800,000 DA). In FY 2005, funding will be provided to the Cooperative Association of States for Scholarships (CASS) program, managed by Georgetown University, to place approximately 45 disadvantaged Mexicans in training in U.S. community colleges and technical institutions in one- and two-year programs. Placement of this third group will bring the total scholarships to date under this program to 111. The initial group of 23 disadvantaged Mexicans sent in FY 2003 will return to Mexico this year with a two-year technical degree. Georgetown CASS will assist these returnees with job placement and reintegration into their communities. USAID reached agreement with the Mexican Public Education Secretariat (SEP) to assure that the 20 indigenous teachers, returning in 2005 from the one-year program, will return to their previous employment to apply new skills and knowledge. In addition, SEP has agreed to continue to pay the salaries of these teachers while they are in the United States in training. The principal grantee is Georgetown University.

FY 2006 Program: Improve Institutions of Higher Education (\$3,678,000 DA, \$1,422,000 ESF). It is expected that this component will continue to support graduate training and strengthen graduate programs in Mexico. Approximately six additional partnerships will be established for a new total of 53. Implementers are the same as above.

Improve Quality of Workforce (\$2,000,000 DA). The CASS component will recruit approximately 24 two-year and 20 one-year disadvantaged Mexican scholarship recipients to study in U.S. community colleges. Twenty-four returnees in FY 2006 will be assisted with job placement and reintegration in their communities. Twenty indigenous teachers will return to their previous employment to apply new skills and knowledge from their one-year training program. Implementers are the same as above.

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

By the end of FY 2004, 30 partnerships totaling nearly \$21 million closely tied to U.S.-Mexican interests, had provided funding for nearly 250 master's degree scholarships, as well as other specialty training, faculty exchange, research, pilot projects, and similar activities. Since the start of the TIES Initiative in FY 2002, USAID has contributed approximately \$10 million in funding and leveraged an additional \$11 million from Mexican and U.S. partners. U.S. universities working under TIES partnerships with Mexican institutions include the University of Arizona, Arizona State University, the University of Texas, the University of Chicago, the University of California and many other strong state and private institutions. Mexican higher education institutions have been strengthened by the creation of new accredited masters-level programs and/or dual degree programs.

These partnerships have demonstrated results beyond scholarships, exchanges, and curriculum development by making real contributions in identifying solutions to common development issues. One partnership created an electrocoagulation pilot plant to address potable water problems including arsenic contamination in Toluca and water contaminated with organic material in Saltillo. This pilot plant has subsequently been purchased by a Mexican private sector partner that has also provided additional funding to build a new, bigger and better model for use in the Mexico and Texas border region. This new capacity will result in new job creation in Mexico. Another partnership established a Small Business Development Center, and now has successfully leveraged additional support to replicate the project in over 30 other locations throughout Mexico.

During FY 2004, the Georgetown/CASS program competitively selected 42 disadvantaged Mexican youth from rural states in Mexico for scholarships to study in the United States. Twenty-four of the scholars will receive two-year training in U.S. community colleges and 20 indigenous teachers will receive one-year training to improve educational knowledge and techniques. The CASS scholarship program has implemented training for socially and economically disadvantaged youth successfully in Central America and the Caribbean for two decades. Approximately 200 disadvantaged Mexican youth will be trained under this component over the life of the TIES initiative.

By TIES completion, the program will have established over 50 university partnerships and it will have left sustainable programs in Mexican higher education institutions. The program will have trained 750 Mexicans in the United States and Mexico, 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 solving concerns shared by the two countries.

US Financing in Thousands of Dollars

Mexico

523-010 Training, Internships, Education and Scholarships	DA	ESF
Through September 30, 2003		
Obligations	3,150	3,088
Expenditures	1,900	2,316
Unliquidated	1,250	772
Fiscal Year 2004		
Obligations	5,840	2,112
Expenditures	7,050	2,829
Through September 30, 2004		
Obligations	8,990	5,200
Expenditures	8,950	5,145
Unliquidated	40	55
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	5,197	838
Total Planned Fiscal Year 2005		
Obligations	5,197	838
Proposed Fiscal Year 2006 NOA		
Obligations	5,678	1,422
Future Obligations	5,635	2,040
Est. Total Cost	25,500	9,500

Data Sheet

USAID Mission:	Mexico
Program Title:	Ruling Justly
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	523-021
Status:	Continuing
Planned FY 2005 Obligation:	\$976,000 DA; \$12,554,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$1,156,000 DA; \$10,078,000 ESF
Year of Initial Obligation:	2003
Estimated Year of Final Obligation:	2008

Summary: USAID's democracy program complements Mexican reforms at the federal and state levels to provide more accountable policy-making, and enhance the rule of law. These efforts will help strengthen democracy in Mexico and increase transparency and effectiveness of the Mexican legal system.

Inputs, Outputs, Activities:

FY 2005 Program: Improve Justice Sector/Legal Framework (\$376,000 DA, \$6,174,000 ESF). USAID supports Mexican initiatives in state and federal jurisdictions to: 1) develop and pass criminal justice reforms; 2) implement oral, adversarial procedures codes; 3) train judges, prosecutors, and public defenders; and 4) build professional capabilities to carry out investigative and forensic functions. USAID will provide technical assistance and training to open court-annexed mediation programs in two additional states and provide small grants to strengthen three additional nongovernmental organizations (NGOs) that provide quality mental health and medical services to victims of crime and survivors of torture. The principal contractors and grantees are Casals & Associates, Freedom House, and the American Bar Association.

Strengthen Democratic National Governance Institutions (\$600,000 DA, \$2,480,000 ESF). USAID will support Mexican reforms launched in the following areas: 1) the passage of legislation to implement a government performance and results act and a chief information officer (CIO) law; 2) a competitiveness initiative to improve Mexican business climate; 3) a constitutional amendment to permit the consecutive re-election of legislators; and 4) technical assistance to increase citizen charters and public commitments by the government to achieve specified results in target priority areas. USAID will support a competitiveness initiative to improve the Mexican business climate and will foster specific improvements in the functioning of the legislature. USAID will support the establishment of a NGO-based center dedicated to advancing more cooperative and participatory policy debates and resolving pressing public disputes. USAID will also promote reforms to increase tax deductibility of private donations to nongovernmental organizations. The principal contractors and grantees are Casals & Associates and Partners for a Democratic Change.

Support Democratic Local Government and Decentralization (\$3,400,000 ESF). USAID will support the development of fiscal policy reforms; policy dialogue among state legislatures of the U.S-Mexico border region; greater state and municipal access to capital markets; and the dissemination of studies on traditional governance in indigenous municipalities in state of Oaxaca. As part of Mexico's anticorruption strategy, assistance will help develop model legislation for Supreme Audit Institutions (SAIs), develop a standard training program for SAIs to reinforce the provisions of the model legislation, and introduce performance audits. USAID will support implementation of the Freedom of Information Act (FOIA) in five states and FOIA passage in one state, train the National Association of FOIA Commissions staff, and develop standards for investigative journalism. The principal contractors and grantees are Casals & Associates, the Council of State Governments, and the University of New Hampshire.

Strengthen Democratic Political Parties (\$500,000 ESF). USAID will provide technical assistance to political parties toward reforming and modernizing party policies and encourage increased participation of traditionally underrepresented groups. The principal grantees are the International Republican Institute and the National Democratic Institute.

FY 2006 Program: Improve Justice Sector/Legal Framework (\$546,000 DA, \$5,608,000 ESF). USAID will continue support for Mexican initiatives at the state and federal level to develop and pass oral, adversarial criminal justice reforms in at least two additional jurisdictions and to implement oral, adversarial procedures and train prosecutors, judges, and defenses in at least four jurisdictions; and build professional capabilities to carry out investigative and forensic functions in at least one jurisdiction. USAID will provide technical assistance and training to one additional state to open court-annexed mediation centers, and will also provide small grants to two additional NGO-managed centers to increase their capacity to provide mental health and medical services to victims of crime and survivors of torture. The principal contractors and grantees are Casals & Associates, Freedom House, and the American Bar Association.

Strengthen Democratic National Governance Institutions (\$610,000 DA, \$2,467,000 ESF): USAID will support the implementation of the government performance and results act and the CIO law; 20 additional citizen charters; and a comprehensive national competitiveness initiative. USAID will also support the institutional development of an NGO dedicated to advancing more cooperative and participatory policy debates; and passage of reforms to increase the tax deductible status of private donations to NGOs. The principal contractor and grantees are Casals & Associates, Partners for Democratic Change, and the International Center for Not-for-Profit Law.

Support Democratic Local Government and Decentralization (\$3,395,000 ESF). USAID will support fiscal reforms in two additional areas, and one additional pilot entity to present results that will stimulate increased capital markets participation of state governments. USAID will provide technical assistance to two more states to pass FOIA laws, and will develop a second-generation advanced training program building on the first FOIA training module. USAID will also provide technical assistance and training to two more states to pass model legislation to create or reform SAIs, and performance audits will take place in all states with model legislation. The principal contractor is Casals & Associates.

Strengthen Democratic Political Parties (\$500,000 ESF). USAID will work to consolidate progress and provide technical assistance to political parties to reform and modernize party policies. USAID will also encourage the political participation of traditionally underrepresented groups. The principal grantees are the International Republican Institute and the National Democratic Institute.

Performance and Results: To date the results of this program include: 1) Mexico's drafting and enactment of civil service regulations and the implementation of the country's first federal government-wide civil service; 2) the introduction of comprehensive federal and state level legislative proposals to reform the criminal justice system from a written, inquisitorial system to an oral, adversarial one; 3) the passage of the first oral, adversarial code of criminal procedure in Mexico by the state of Nuevo Leon; 4) the opening of 18 mediation centers in 12 states; and 5) technical assistance to the first National Fiscal Convention, in which representatives from federal, state and local governments applied international best practices to elaborate 341 fiscal reform proposals in the areas of government expenditures, revenues, public debt, assets, tax administration, inter-governmental coordination, transparency, and auditing.

By program completion, at least seven states and the federal GOM will have adopted modern codes of criminal procedure and be implementing new oral, adversarial criminal justice systems. Sixteen states will have opened court-annexed mediation centers, increasing access to and confidence in the justice system for disadvantaged or marginalized groups. The federal GOM and several states will have civil service systems under implementation. Citizen-focused government will operate through citizen charters and plain-language initiatives. A new legislative framework will have increased the fiscal authorities of the three levels of government. Mexico's municipal bond market will have strengthened at least six states, local governments and private sector groups having adopted competitive market practices. More democratic political parties led by constituent-focused and constituent-responsive members will be operating under more open and accountable internal rules. An NGO-based center will advance more cooperative and participatory policy debates. At least 16 SAIs will be conducting financial audits using modern technical criteria and at least 18 states will have adopted FOIA laws. Six NGO-led centers will have greater capacity to provide mental health and medical services to victims of torture.

US Financing in Thousands of Dollars

Mexico

	DA	ESF
523-021 Ruling Justly		
Through September 30, 2003		
Obligations	0	3,750
Expenditures	0	0
Unliquidated	0	3,750
Fiscal Year 2004		
Obligations	781	9,432
Expenditures	606	4,685
Through September 30, 2004		
Obligations	781	13,182
Expenditures	606	4,685
Unliquidated	175	8,497
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	976	12,554
Total Planned Fiscal Year 2005		
Obligations	976	12,554
Proposed Fiscal Year 2006 NOA		
Obligations	1,156	10,078
Future Obligations	3,898	8,375
Est. Total Cost	6,811	44,189

Data Sheet

USAID Mission:	Mexico
Program Title:	Economic Freedom
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-022
Status:	Continuing
Planned FY 2005 Obligation:	\$8,604,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$9,374,000 DA
Year of Initial Obligation:	2003
Estimated Year of Final Obligation:	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 focus on expanding access of Mexicans to quality financial services, spurring greater prosperity for Mexicans in rural areas, and promoting environmental conservation.

Despite important advances made under the previous microfinance program, access to financial services in Mexico remains limited. Fewer than 30 percent of Mexicans currently have a bank account. USAID's new program will expand Mexico's financial services and strengthen microfinance institutions (MFIs) and financial cooperatives through five key components: 1) creation of strong financial institutions; 2) development of a local industry to provide support services; 3) development of innovative products and services; 4) improvement of the legal and regulatory environment, as well as the supervisory system; 5) and support for cutting edge research and analysis, and public dissemination of best practices.

Environment and rural prosperity activities focus on improving the management and conservation of natural resources in targeted watersheds while expanding economic opportunities. Activities will: 1) strengthen national and local community capabilities in natural resource management; 2) reduce pollution via support for increased clean production technologies and improved preparation for climate changes; 4) increase the use of environmentally sound and economical practices, such as certified timber products and shade coffee; and 5) establish alliances between the national government, local communities, and nongovernmental organizations.

Inputs, Outputs, Activities:

FY 2005 Program: Strengthen Financial Sector's Contribution to Economic Growth (\$2,600,000 DA). USAID will fund technical assistance and training to improve the institutional capacity of five to seven MFIs which will be competitively selected on the basis of their potential and commitment to achieve sustainability and growth. Activities will focus on expanding MFIs' client bases and adopting sound management practices for sustainable long-term growth, thereby increasing the supply of quality financial services for populations that currently have little or no access to such services. Activities will also help develop a local, commercially oriented support service industry by working with suppliers of training and consulting services to improve service quality and by encouraging MFIs to use local providers. USAID will help link remittances to microfinance, thereby increasing the variety of financial services available for recipient families, develop a new source of revenue for MFIs, and create a new source of lending capital for financial institutions. USAID will also support innovations (e.g., credit, savings and insurance) to expand access to financial services in rural areas and will provide technical assistance to rural financial institutions. USAID will promote an improved legislative and supervisory environment by providing technical assistance and training to the National Banking Commission and the federations that will act as its supervisory delegates under the Mexican regulatory system for popular finance. This assistance will improve the capacity to supervise member institutions, ensure effective compliance with the Mexican Savings and Credit law, and develop standardized reporting by institutions. To improve the enabling environment for rural and microfinance, USAID will support at least two studies, conferences, and seminars (including at least one major industry conference), and provide special training and technical assistance for GOM agencies and industry organizations to improve their knowledge of best practices in

microfinance. Special focus will be placed on cutting-edge activities in the area of rural finance. The primary contractor is Development Alternatives, Inc.

Improve Sustainable Management of Natural Resources and Biodiversity Conservation (\$6,004,000 DA). USAID will promote conservation through improved natural resource management in high biodiversity areas. The negative environmental impacts of communities will be reduced through introduction of new market-driven, economic opportunities that support conservation. Sustainable tourism plans will promote conservation and expand rural incomes. Promotion of conservation crops that protect biodiversity, such as shade coffee, will bring conservation premiums to small-scale producers. USAID will also support the GOM's conservation efforts through capacity building activities, information sharing, and pilot projects. Technical assistance and training to local communities will support improved watershed management and economic opportunities, such as the promotion of environmental service fees to communities protecting vital watersheds, introduction of improved range management practices, and promotion of nontimber forest products. In collaboration with the U.S. Forest Service and the GOM, USAID will provide technical assistance in planning, prevention and combating forest fires at both the professional and community levels. Renewable energy and clean production activities will support all biodiversity conservation and watershed management efforts, as well as promote energy efficiency more broadly. The primary implementers of these activities are Chemonics, PA Consulting, The Mexican Nature Conservation Fund, Conservation International, The Nature Conservancy, and the World Wildlife Fund.

FY 2006 Program: Strengthen Financial Sector's Contribution to Economic Growth (\$3,045,000 DA). It is expected that technical assistance and training will continue for MFIs to help build their capacity. Activities will further expand client outreach and build more efficient and effective institutions. Training and technical assistance will also be provided to encourage the further development and use of local support services. USAID will continue to promote innovations in rural finance and remittances by expanding the number of institutions offering low-cost services and increasing the supply of innovative financial products tied to remittances. Efforts to improve appropriate supervision and regulation of microfinance will continue. USAID will promote a more favorable enabling environment for rural and microfinance with research findings and best practices broadly disseminated, while new studies and pilot activities as well as conferences and seminars. The implementers are the same as above.

Improve Sustainable Management of Natural Resources and Biodiversity Conservation (\$6,329,000 DA). Activities will conserve biodiversity through the introduction of improved resource management practices, especially those that also provide improved economic opportunities. Assistance will continue for watershed management activities, especially the control of forest fires and the promotion of environmental services that ensure watershed protection. Sustainable tourism programs will be expanded through assistance from other donors so that community groups receive increased benefits from ecotourism. Pollution will be reduced in targeted watersheds and activities will be implemented to conserve water and energy in urban centers. Renewable energies will supply a range of applications that support economic development. The implementers are the same as above.

Performance and Results: FY 2004 was the first year of this new strategy and new contracts and grants were competed and signed. Principal outcomes from microfinance activities will include: 1) an increase of 500,000 new clients through project partners; 2) the development of five to seven financially self-sufficient rural and microfinance institutions that operate in compliance with GOM law; 3) an improved microfinance regulatory environment; and 4) at least seven new services or products for remittances and rural finance. Outcomes from environmental activities will include: 1) protection of one million hectares of high biodiversity forests and watersheds through the implementation of improved management plans; 2) new sources of renewable energy for remote communities; 3) greater opportunities for small producers to sell produce for Mexico's rapidly expanding domestic market; and 4) increased rural incomes from improved production and marketing of targeted commodities, such as shade grown coffee, cacao, and vanilla.

US Financing in Thousands of Dollars

Mexico

523-022 Economic Freedom	DA
Through September 30, 2003	
Obligations	4,586
Expenditures	0
Unliquidated	4,586
Fiscal Year 2004	
Obligations	11,074
Expenditures	3,486
Through September 30, 2004	
Obligations	15,660
Expenditures	3,486
Unliquidated	12,174
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2005 NOA	
Obligations	8,604
Total Planned Fiscal Year 2005	
Obligations	8,604
Proposed Fiscal Year 2006 NOA	
Obligations	9,374
Future Obligations	10,862
Est. Total Cost	44,500

Data Sheet

USAID Mission:	Mexico
Program Title:	Investing in People
Pillar:	Global Health
Strategic Objective:	523-023
Status:	New in FY 2004
Planned FY 2005 Obligation:	\$3,164,000 CSH
Prior Year Unobligated:	\$71,000 CSH
Proposed FY 2006 Obligation:	\$3,230,000 CSH
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: USAID supports 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. For tuberculosis, the focus is to improve the quality and sustainability of Directly Observed Therapy--Short Course (DOTS) in the 13 states that account for 70% of the TB cases in Mexico.

Funding will be used to improve surveillance and reporting for both diseases, train health workers, conduct public information campaigns and provide equipment for TB detection and education. HIV/AIDS prevention and education activities include behavior change communication and promotion of health-seeking practices; mitigation of the impact of HIV/AIDS through reduction in stigma and discrimination, and an improved policy environment for HIV/AIDS.

Inputs, Outputs, Activities:

FY 2005 Program: Reduce Transmission and Impact of HIV/AIDS (\$2,182,000 CSH). Through behavior change communication incorporating the "ABC" approach to HIV/AIDS prevention (A for abstinence, B for being faithful, and C for correct and consistent condom use), USAID will support promotion of health-seeking behaviors among the most at-risk groups for HIV/AIDS in Mexico. HIV/AIDS prevention messages promoting safe behavior will also be aired in brief TV and radio spots. USAID will support a survey on behavior and HIV status among vulnerable populations in Mexico. The results will be used to monitor the epidemic as well as target planning and resources. USAID will play a substantive role in promoting cross-border multisectoral collaboration on HIV/AIDS along the U.S.-Mexico border, starting with key border areas such as Tijuana-San Diego, and state-level collaboration between Texas and Tamaulipas, with the goal of expanding collaboration to cover the U.S.-Mexico border. Principal contractors and grantees are: Family Health International, Population Services International, and Futures Group.

Prevent and Control Infectious Diseases of Major Importance (\$978,000 CSH). USAID will implement activities to strengthen the capacity of Mexico's National TB Program to meet collaboratively identified goals for a strengthening of the DOTS strategy and the identification and supervision of TB patients. Continued support will be provided to community outreach activities in Baja California. The principal grantee is Project Concern International.

FY 2006 Program: Reduce Transmission and Impact of HIV/AIDS (\$2,200,000 CSH). USAID will continue to support behavior change activities aimed at the most at-risk groups for HIV/AIDS in Mexico. Activities will include promotion of safer behaviors, including abstinence, fidelity, delay of sexual debut, and condom social marketing for the most at-risk groups. USAID will continue to work with Mexican and U.S. organizations to encourage cross-border collaboration for prevention and control of HIV/AIDS. Implementers are the same as above.

Prevent and Control Infectious Diseases of Major Importance (\$1,030,000 CSH). USAID will continue to implement activities to strengthen the laboratory and administrative capacity of Mexico's National TB Program. Implementers are the same as above.

Performance and Results: USAID will continue to work with the Ministry of Health to support national infrastructure for TB prevention and control in 13 Mexican states. During FY 2004, USAID worked with the Ministry to establish needs and purchase equipment for seven additional Mexican states. This new equipment is expected to be in place by the end of the second quarter of FY 2005. USAID funded a grant to promote a U.S.-Mexican university partnership to develop an infectious disease graduate level program, research projects, and student/professor exchanges, in close partnership with the Health Ministry. USAID also co-funded a grant to Project Concern International to implement community based TB strategies in the border area of Baja California.

In FY 2004 USAID initiated activities aimed at promoting behavior change among the most at-risk groups using the ABC approach. A total of 3,988 behavior-change communication events were conducted in Mexico with target groups, exceeding the goal of 3,250. USAID trained national level officials in a specialized model to guide program budgeting and planning for HIV/AIDS at the national and state level. A survey on workplace policies was carried out among the top 20 U.S. firms doing business in Mexico as a first step toward involving business in the fight against AIDS in the workplace and in their communities. USAID also provided technical assistance to the Mexico City AIDS Program to analyze prevalence and socioeconomic data.

Continued progress in this objective will mean that by FY 2010, vulnerable populations in Mexico will have adopted safer behaviors, reflected in a lower HIV prevalence. Although the number of reported TB cases may actually increase due to improved detection in target areas, it is expected that the number of TB deaths will decline, and the proportion of cases cured in USAID-assisted areas will increase.

US Financing in Thousands of Dollars

Mexico

523-023 Investing in People	CSH
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2004	
Obligations	3,629
Expenditures	2,630
Through September 30, 2004	
Obligations	3,629
Expenditures	2,630
Unliquidated	999
Prior Year Unobligated Funds	
Obligations	71
Planned Fiscal Year 2005 NOA	
Obligations	3,164
Total Planned Fiscal Year 2005	
Obligations	3,235
Proposed Fiscal Year 2006 NOA	
Obligations	3,230
Future Obligations	16,406
Est. Total Cost	26,500