

USAID/Mexico
ANNUAL REPORT FY 2003

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A. Program Level Narrative

Program Performance Summary:

THE DEVELOPMENT CHALLENGE: Since the activation of NAFTA in 1994, Mexico has become the second largest trading partner of the U.S., 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 this extensive trade, international visibility, and close U.S. partnership might offer. In 2002, although the Government of Mexico (GOM) estimated GDP per capita at \$6,400, about 53% of all Mexicans - or about 50.5 million people - had an annual income of less than about US\$1,440, and 23.3% of all Mexicans -- or about 22.2 million people - had an annual income of less than US\$720. By comparison, the GDP per capita in Guatemala (population 13 million) in the same period was US\$1,642, and in Honduras (population 6.2 million) was US\$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:

The USAID program is designed to help the U.S. and Mexico collaboratively address shared problems and issues. A common development agenda is emerging that includes trade and investment; environmental protection, alternative energy and ecotourism; strengthening small and microenterprise; improving public administration, transparency and accountability; broadening microfinance and remittance utilization; increasing agricultural production; and furthering competitiveness. FYs 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 enable partners to complete activities under the current strategy, which covers six objectives: adoption of more democratic processes, biodiversity conservation, clean production/energy, tuberculosis prevention and control, HIV/AIDS prevention, and microfinance. FY 2003 funds will also be used to launch U.S.-Mexico joint scholarship and training programs under a new educational exchange and scholarship objective begun in FY 2002. The remaining requested FY 2003 funds, and almost all requested FY 2004 funds, will be used to initiate a new six-year strategy that builds on successes to date but addresses new challenges and opportunities while focusing USAID management and financial resources more effectively. The proposed new strategy has five objectives: environment, accountable governance, infectious disease prevention and control, microfinance and remittances, and educational exchange and scholarships.

During the design of the new strategy, a conflict vulnerability assessment was carried out. It found that the most direct causes of potential conflict are competition for natural resources, unequal and non-transparent distribution of public funds, and ethnic identity. Both the current portfolio and the new strategy have program activities designed to mitigate such tensions. However, Mexico is not a country that is sliding into conflict or violence to a degree that threatens overall development progress.

Key challenges and achievements during FY 02: There were two key challenges to the program during FY 2002: 1) the need to re-structure activities within the democracy portfolio in order to take advantage of the new opportunities that have presented themselves during the Fox Administration; and 2) a requirement to re-negotiate the tuberculosis program agreement with the Mexican government. Both challenges were overcome and the program made significant progress during FY 2002 in all but one of its strategic objectives.

Democracy programs were restructured to enable effective response to increasing and ever more strategic requests for assistance and significant contributions were made in local governance, legislative strengthening, administration of justice, and the transparency and accountability of government institutions. Achievements included: helping design the legislation that will establish a professional federal civil service for the first time; supporting the launch of Mexico's national anti-corruption campaign; supporting a vibrant dialogue on fiscal decentralization reform; fostering greater communication and closer ties between members of U.S. and Mexican border state congresses in areas such as narcotics trafficking and migration; and helping set administration of justice reform priorities. Energy programs made great progress as they moved from small demonstrations to large scale replication in four major institutions, including PEMEX, Mexico's national oil company. PEMEX has credited USAID with helping to achieve an 8 percent reduction in CO2 emissions in CY 2001 and in winning a presidential award for its innovative carbon permit market program. Natural resource programs improved site-management in two additional areas, ensuring basic long-term protection of their biological resources. The HIV/AIDS program continued to help organize public-private collaboration and was instrumental in the development of the first national guidelines for STI management. The micro-finance program continued to make contributions to the overall policy environment, assisting with the creation of the first federation to supervise micro-finance institutions and providing guidance on secondary regulations that will define the regulatory environment. The new educational exchange and training program (TIES) got off to a fast start with 18 partnerships approved between US and Mexican institutions of higher education. Demonstrating Global Development Alliance precepts, fifteen of the partnerships exhibit greater than 1 to 1 matches to USAID funding from higher education institutions and the private sector. The tuberculosis program did not meet its targets, but after a period where it looked like the project would collapse, a breakthrough led to an amended agreement that was signed in August 2002. Progress will accelerate in FY 2003.

The beneficiaries of the current program are many and varied. They range from poor families who are most likely to contract TB and will be receiving improved care, indigenous groups who are trying to manage their land in more sustainable ways, and high risk and general populations who are learning how to prevent HIV/AIDS and address stigma and discrimination. They are the poor and middle class men and women who live near PEMEX facilities and can breathe cleaner air, those in isolated villages that are receiving electricity from renewable energy sources, and they are the general population that will benefit from more transparent and accountable federal, state, and local government institutions. They are the male and female micro entrepreneurs who will have greater access to financial services to expand their businesses. U.S. citizens will be indirect beneficiaries in several ways. Some will be less at risk from infectious diseases and from smoke from forest fires. Others will have closer research ties with Mexican institutions and individuals. Still others will benefit from the maintenance of natural resource areas that provide essential winter habitat for a wide variety of shared bird species and Monarch butterflies.

Gender considerations are important, but vary widely by program area. In health, HIV/AIDS prevention efforts take gender into account in order to effectively target high risk groups and slow the spread of HIV/AIDS to the general population. For example, most women are now infected through the risky behavior of their male partners, pointing up the need for better prevention among men in order to prevent new infections in women. In democracy, mission and Washington initiatives are supporting women's legal rights organizations, building capacity among women candidates for office, and ensuring more equitable treatment for women who are victims of crimes or accused of committing crimes. The ultimate beneficiaries of microfinance activities are mostly women entrepreneurs. Biodiversity conservation activities have stimulated more equitable inclusion of women in conservation efforts and have specifically targeted the participation of women in resource planning and eco-tourism activities. The educational exchange and training program (TIES) expects women to account for more than 50 percent of trainees.

Environmental Compliance: FY2003 will be the final year of most new obligations for the current Mexico Mission Strategy. Several activities currently covered by threshold decisions that end in FY2003 will be extended in order to complement the implementation of the program, necessitating the following IEE's to be amended:

-- LAC IEE-98-18, Environmental Management Program. This IEE will be amended to cover 2 activities to be completed by September 30th, 2004 with no change in threshold decision. All activities being implemented that require mitigation are reported to be in compliance. One small grants program,

however, is operating under a screening system that identifies and is tracking compliance; however the guidelines supporting the screening are still due to the BEO. The amendment and the guidelines will be submitted by end 3rd quarter FY2003.

-- LAC IEE-98-48, Wildfire Prevention and Restoration Program. This IEE will be amended to extend this program to its completion date of September 30, 2004 with no change in threshold. The program is using a screening process to identify and track compliance to any mitigation required and is reporting that subgrantees are in compliance. A finalized set of guidelines for this program are still required to be submitted to the BEO and will be submitted with the amendment. The timing for this extension will be for submission in 2nd quarter FY2003.

-- LAC IEE-00-01-35, More Democratic processes Adopted in Key Government Institutions. This program is currently in compliance, but the IEE will be extended to cover 2 activities that will complete implementation September 30, 2004 with no change in threshold. This amendment will be submitted in early 2003.

-- LAC IEE-00-04, Tuberculosis Prevention and Control. This IEE will be amended given the revised implementation plan for this program to include work with testing laboratories. A set of guidelines on low-level hazardous waste disposal will also be submitted and this will be done before the laboratory activities are implemented in 3rd quarter FY2003. The current threshold, which expires in FY2004, will also be extended to expire in FY2005.

Implementation for some activities under the new Mexico Country Strategic Plan FY2003-2008 is expected to begin by 3rd quarter FY2003, therefore the following programs will be developing IEEs for their new activities and program through-out the second and third quarters of FY2003: Democratic Governance, Environment, and Infectious Diseases IR1: HIV/AIDs activities. The Mission is requesting assistance in the development of these evaluations from the BEO and REO.

Two Strategic Objectives that will operate under the new strategy have already received threshold rulings:
-- Training Internship, Education and Scholarship Partnership-LAC-IEE-02-45, Categorical Exclusion. This threshold decision covers the period FY 2002-2009.

-- Microfinance Program-LAC-IEE-03-30, Categorical Exclusion. This threshold decision covers the period FY 2002-2008 and amends LAC-IEE-01-30. The amendment was necessitated by the conversion of the program from a Special Objective to end in 2001 to a Strategic Objective to end in 2008. No new activity will start under this SO in FY2003, but this should be reviewed before committing funds in FY2004.

A new activity that will continue into the new strategy under the Infectious Disease SO was issued this year: Mexico Emergency Medical Care-LAC IEE-02-67, Negative Determination with Conditions. This threshold decision covers the period FY 2002-2005. The program is working with the implementing partner to develop guidelines for any medical wastes associated with the equipment provided under this activity. The guidelines should be submitted for review by the BEO in early 2003.

Country Closeout & Graduation:

D. Results Framework

523-000 United States - Mexico: Third Country training and technical cooperation program (TTCP)/Partnership for Prosperity

SO Level Indicator: None

IR.1 More third countries benefiting from collective experience of USAID and Mexico development partnerships

IR.2 Mexico's development assistance program strengthened based on alliance with USAID and USAID partners

Discussion: No SO indicator is provided since since this is a completed SO.

523-002 Enhanced Quality and Sustainability of HIV/AIDS and STI Services in Targeted Areas

SO Level Indicator: Number of target states with on-going public-private collaborations.

IR 2.1 Improved HIV/AIDS/STI policy environment at the national and subnational level

IR 2.2 Increased capacity of governmental and non-governmental partners to deliver HIV/AIDS/STI services and information

Discussion: SO indicator will be used for self-assessment. Target is considered met if number of states is reached for year. New states may be substituted for states on original target list.

523-003 More Democratic Processes Adopted in Key Government Institutions

SO Level Indicator: Percentage of milestones achieved in a fiscal year

IR 3.1 More effective local governance in target areas

IR 3.2 Permanent structures strengthened to enhance Congress' legislative function

IR 3.3 More effective administration of justice in target courts

IR 3.4 Enhanced capacity to increase transparency and accountability in target government institutions

Discussion: SO indicator is new and will be used for self-assessment. Target is considered met if two-thirds of the planned milestones are achieved. A milestone matrix has been developed for FY 2001 through FY 2003 to keep track of results across all IRs. This new approach reflects the new opportunities that have presented themselves to work directly on policy issues.

523-006 Critical ecosystems and biological resources conserved

SO Level Indicator: Number and area of critical ecosystems with adequate management

IR 6.1 Management of target protected areas and other critical ecosystems improved

IR 6.2 Demonstration and implementation of sustainable use activities in biologically important areas

IR 6.3 Improved policy framework for conservation and sustainable use of biological resources

IR 6.4 Improved non-governmental and professional capacity for conservation and sustainable use of biological resources

IR 6.4.1 Mexican Nature Conservation Fund (FMCN) fully operational and fulfilling its environmental mandate

Discussion:

523-007 Carbon dioxide emissions and pollution reduced

SO Level Indicator: Amount of carbon dioxide emissions (in thousands of metric tons) prevented through selected energy efficiency measures and adoption of renewable energy technologies.

IR 7.2 Selected policies in place that promote the use of RSM and renewable energy technologies.

IR 7.1 Wide scale replication of resource management systems (RSM) and renewable energy technologies and practices in four key institutions.

IR 7.3 Improved Mexican institutional capacity for RSM and renewable energy technologies

Discussion: The first IR is new and replaces one which focused on demonstration projects. The SO has progressed to the point that large scale replication is feasible.

523-008 Sustainable and Effective Institutional Capacity Developed to Diagnose, Control, and Monitor Tuberculosis in Target Areas

SO Level Indicator: The proportion of tuberculosis cases detected, and the proportion of tuberculosis cases cured

IR 8.1 Improved national and local political and administrative commitment to a tuberculosis control program

IR 8.2 Increased use of laboratory-based diagnosis to identify tuberculosis cases

IR 8.3 Improved directly observed therapy meeting strict case definitions

IR 8.4 Improved mechanisms for monitoring program activities

Discussion: No change. However, since the program is just getting underway, the SO self-assessment will be based on implementation indicators for FY 2002 and 2003.

523-009 Strengthen the Institutional Base for Sustainable Microenterprise Growth by Supporting Mexican Initiatives

SO Level Indicator: Achieving targets in five indicators measuring policy/regulatory improvements and MFI performance

IR 9.1 Increased communication and collaboration among microenterprise (ME) finance and other service providers, to define constraints to ME growth, and organize Mexican initiatives

IR 9.2 Selected ME finance institutions' management ability strengthened, to help increase and improve credit and financial services to microenterprises

IR 9.3 Increase understanding and appreciation of the role of microenterprise in the Mexican economy

Discussion: The SO indicator is a matrix of five indicators. It will be used for self-assessment. Meeting targets will be defined as achieving targets in three of five indicators. Given the amount of resources being devoted to policy reforms in IR 9.1, IR 9.4, models and mechanisms developed to meet the financial needs of rural enterprise in the Mexican economy, is being dropped.

523-010 Enhanced Capacity of Participating Mexican Scholars and Institutions to Respond to the Common Development Agenda

SO Level Indicator: Participating Mexican institutions with new programs that respond to common development agenda (CDA) opportunities

IR 10.1 New university partnerships established and functioning

IR 10.2 University-trained scholars prepared to respond to CDA opportunities

IR 10.3 Community-college-trained scholars prepared to respond to CDA opportunities

Discussion:

Selected Performance Measures - Mexico

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Indicator (all data should pertain to FY or CY 02)	OU Response	Significant Result: Description of the significant result for a strategic objective	Data Quality Factors: Information relevant to the collection of this indicator data, e.g. "this data was not collected last year because it is only collected every five years."
Pillar I: Global Development Alliance			

Did your operating unit achieve a significant result working in alliance with the private sector or NGOs?

a. How many alliances did you implement in 2002? (list partners)	15				Alliances were formed between 15 U.S. and Mexican universities and other institutions of higher learning. Some of the institutions also received funds from the private sector.
b. How many alliances do you plan to implement in FY 2003?	17				
What amount of funds has been leveraged by the alliances in relationship to USAID's contribution?	7000000				

Pillar II: Economic Growth, Agriculture and Trade

USAID Objective 1: Critical, private markets expanded and strengthened

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

USAID Objective 2: More rapid and enhanced agricultural development and food security encouraged

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

USAID Objective 3: Access to economic opportunity for the rural and urban poor expanded and made more equitable

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

USAID Objective 4: Access to quality basic education for under-served populations, especially for girls and women, expanded

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

a. Number of children enrolled in primary schools affected by USAID basic education programs (2002 actual)	Male	Female	Total	
b. Number of children enrolled in primary schools affected by USAID basic education programs (2003 target)	Male	Female	Total	

USAID Objective 5: World's environment protected by emphasizing policies and practices ensuring environmentally sound and efficient energy use, sustainable urbanization,

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

523-006 Critical Ecosystems and Biological Resources Conserved	N/A				USAID/Mexico defines "under approved management plans" as having been consolidated under our program.
a. Hectares under Approved Management Plans (2002 actual)	2256310				
b. Hectares under Approved Management Plans (2003 target)	2558629				

Pillar III: Global Health

USAID Objective 1: Reducing the number of unintended pregnancies

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

Percentage of in-union women age 15-49 using, or whose partner is using, a modern method of contraception at the time of the survey. (DHS/RHS)	%			
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USAID Objective 2: Reducing infant and child mortality

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

Percentage of children age 12 months or less who have received their third dose of DPT (DHS/RHS)	Male	Female	Total	
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Percentage of children age 6-59 months who had a case of diarrhea in the last two weeks and received ORT (DHS/RHS)	Male	Female	Total	
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Percentage of children age 6-59 months receiving a vitamin A supplement during the last six months (DHS/RHS)	Male	Female	Total	
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Were there any confirmed cases of wild-strain polio transmission in your country?				
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USAID Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

Percentage of births attended by medically-trained personnel (DHS/RHS)	%			
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USAID Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

a. Total condom sales (2002 actual)				
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b. Total condom sales (2003 target)				
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National HIV Seroprevalence Rates reported annually (Source: National Sentinel Surveillance System)	%			
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Number of sex partners in past year (Source: national survey/conducted every 3-5 years)per DHS or other survey)				
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Median age at first sex among young men and women (age of sexual debut) ages 15-24 (Source: national survey/conducted every 3-5 years) per DHS or other survey)	Male	Female	Total	
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Condom use with last non-regular partner (Source: national survey/conducted every 3-5 years)per DHS or other survey)	%			
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Number of Clients provided services at STI clinics				
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Number of STI clinics with USAID assistance				
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Number of orphans and other vulnerable children receiving care/support				
Number of Orphans and Vulnerable Children programs with USAID assistance				
Number of community initiatives or community organizations receiving support to care for orphans and other vulnerable children				
Number of USAID-supported health facilities offering PMTCT services				
Number of women who attended PMTCT sites for a new pregnancy in the past 12 months				
Number of women with known HIV infection among those seen at PMTCT sites within the past year.				
Number of HIV-positive women attending antenatal clinics receiving a complete course of ARV therapy to prevent MTCT (UNGASS National Programme & Behavior Indicator #4)				
Number of individuals reached by community and home-based care programs in the past 12 months				
Number of USAID-assisted community and home-based care programs				
Number of clients seen at Voluntary Counseling and Testing (VCT) centers				
Number of VCT centers with USAID assistance				
Number of HIV-infected persons receiving Anti-Retroviral (ARV) treatment				
Number of USAID-assisted ARV treatment program				
a. Number of individuals treated in STI programs (2002 actual)	Male	Female	Total	
b. Number of individuals treated in STI programs (2003 target)	Male	Female	Total	
a. Is your operating unit supporting an MTCT program?				
b. Will your operating unit start an MTCT program in 2003?				
a. Number of individuals reached by community and home based care programs (2002 actual)	Male	Female	Total	

b. Number of individuals reached by community and home based care programs (2003 target)	Male	Female	Total	
a. Number of orphans and vulnerable children reached (2002 actual)	Male	Female	Total	
b. Number of orphans and vulnerable children reached (2003 target)	Male	Female	Total	
a. Number of individuals reached by antiretroviral (ARV) treatment programs (2002 actual)	Male	Female	Total	
b. Number of individuals reached by antiretroviral (ARV) treatment programs (2003 target)	Male	Female	Total	

USAID Objective 5: Reducing the threat of infectious diseases of major public health importance

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

a. Number of insecticide impregnated bed-nets sold (Malaria) (2002 actual)				
b. Number of insecticide impregnated bed-nets sold (Malaria) (2003 target)				
a. Proportion of districts implementing the DOTS Tuberculosis strategy (2002 actual)	%			
b. Proportion of districts implementing the DOTS Tuberculosis strategy (2003 target)	%			

Pillar III: Democracy, Conflict and Humanitarian Assistance

USAID Objective 1: Strengthen the rule of law and respect for human rights

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

USAID Objective 2: Encourage credible and competitive political processes

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

USAID Objective 3: Promote the development of politically active civil society

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

USAID Objective 4: Encourage more transparent and accountable government institutions

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

USAID Objective 5: Mitigate conflict

Did your program in a pre-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?

Did your program in a post-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?

Number of refugees and internally displaced persons assisted by USAID	Male	Female	Total	
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USAID Objective 6: Provide humanitarian relief

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

Number of beneficiaries				
Crude mortality rates	%			
Child malnutrition rates	%			
Did you provide support to torture survivors this year, even as part of a larger effort?				

Number of beneficiaries (adults age 15 and over)

Number of beneficiaries (children under age 15)

Male	Female	Total	
Male	Female	Total	