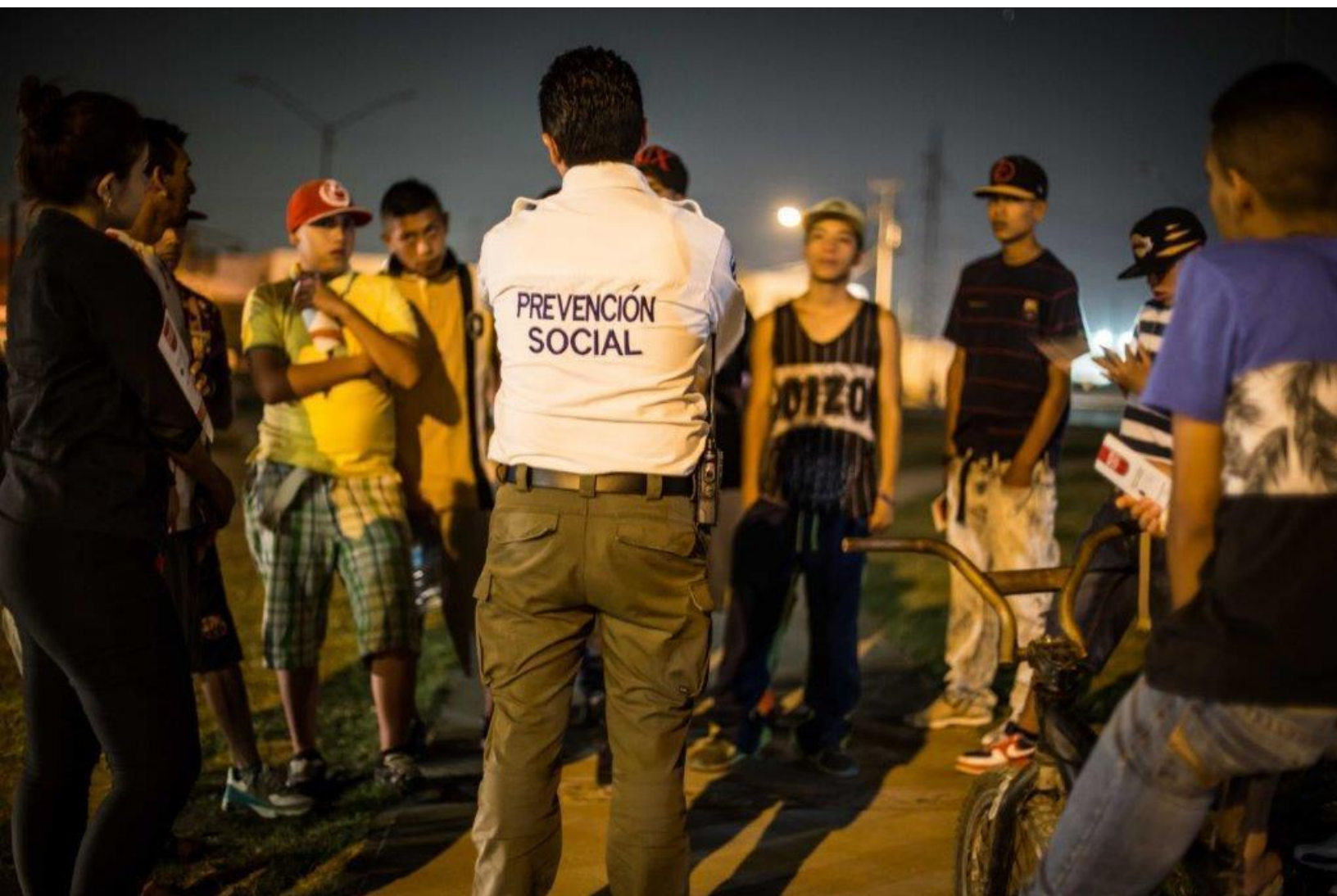




USAID | **MEXICO**
FROM THE AMERICAN PEOPLE



COUNTRY DEVELOPMENT COOPERATION STRATEGY (CDCS)

September 2020-August 2025

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1. Executive Summary

The U.S.-Mexico partnership is central to securing our shared border, advancing economic growth, and expanding markets for U.S. businesses – all pillars of the President’s 2017 National Security Strategy. It is a partnership driven more by strategic interests than development factors in support of the countries’ mutual interests and shared priorities. Mexico shares strong economic and diplomatic ties with the U.S. and demonstrates high levels of commitment and capacity. Despite Mexico’s advanced self-reliance status, critical security and economic challenges persist including high rates of violent crime, impunity, corruption, and an uncertain business environment. In collaboration with other U.S. government (USG) agencies, USAID supports the Government of Mexico (GOM) in addressing these chronic structural challenges with the Country Development Cooperation Strategy (CDCS) goal of *“U.S.-Mexico Strategic Partnership Advanced through Mutual Security and Prosperity.”*

From 2020-2025, USAID will deepen the strategic partnership with Mexico by targeting state and local governments which exhibit the capacity and commitment to address impunity and violence, while strengthening the bilateral economic alliance. USAID assistance will help reduce impunity, crime, and violence by constraining the operational space for organized crime in targeted areas. This will be done through facilitating the scaling of evidence-informed approaches by the GOM, while collaborating with Mexican counterparts to advance our shared agenda. Further, USAID will increase both U.S. and Mexican investment in sustainable value chains and improve business transparency, thereby strengthening the competitive business environment. This approach is critical to address shared security challenges and promote closer U.S.-Mexico economic cooperation.

Mexico is among USAID’s most self-reliant partner countries, the world’s 15th largest economy,¹ and a functioning liberal democracy with high levels of capacity. In USAID’s 2020 Country Roadmap, Mexico exhibits high levels of **commitment** to trade freedom, business environment, and biodiversity and habitat protection. It scores high in its **capacity** related to child health, civil society and media effectiveness, and export sophistication.

USAID selected the CDCS Goal of *“U.S.-Mexico Strategic Partnership Advanced through Mutual Security and Prosperity”* to accentuate that this is a relationship of peers, not of a donor and a recipient, focused on challenges of strategic interest and mutual benefit to both countries, where burden-sharing is evident and foreign assistance can add value.

This CDCS was developed in early 2020 at the onset of COVID-19. USAID will re-evaluate its strategic approach in accordance with Mexico’s response to the epidemic’s long-term effects.

¹ Mexico’s nominal GDP of \$1.27 trillion makes it the second largest economy in Latin America after Brazil. See: [World Bank, World Integrated Trade Solution](#).

USAID Mexico Goal Statement

U.S.- Mexico Strategic Partnership Advanced to Promote Mutual Security and Prosperity

Development Objective 1 Impunity and Violence Reduced in Targeted Regions

Development Objective 2 Expanded Bilateral Economic Ties through Improved Competitive Business Environment

Intermediate Result 1.1
More Effective, Responsive, and Accountable Government Institutions

Intermediate Result 1.2
Communities More Effectively Resolve and Mitigate Local Conflict

Intermediate Result 1.3
Expanded dialogue and engagement with non-governmental actors.

Intermediate Result 2.1
Developed, Sustainable, and Integrated Supply Chains

Intermediate Result 2.2
Improved Business Transparency and Integrity Practices

Sub-IR 1.1.1
Improved Performance of Justice Sector Institutions

Sub-IR 1.2.1
Improved Governance for Citizen Security

Sub-IR 1.3.1
Improved Capacity to Produce, Use, and Communicate Data for Accountability

Sub-IR 2.1.1
Increased Access to Finance for Sustainable Enterprises

Sub-IR 2.2.1
Private Sector Operates with Improved Ethics and Integrity Standards

Sub-IR 1.1.2
Strengthened Mechanisms for Human Rights Protection

Sub-IR 1.2.2
Evidence-Based Youth Violence Prevention Programs Scaled by GOM

Sub-IR 1.3.2
Private Sector Mobilized to Advance Advocacy Agenda

Sub-IR 2.1.2
Increased Supplier Compliance with Sustainable Practices

Sub-IR 2.2.2
More Transparent Public Procurement Processes

Sub-IR 1.1.3
More Effective Oversight Institutions

Sub-IR 1.2.3
Increased Access to Justice and Redress for Victims

Sub-IR 1.3.3
Civil Society, the Private Sector, and Government Officials Mobilized to Promote Security and Justice Initiatives

Sub-IR 2.1.3
Strengthened Connections Among Ethical Market Actors

Sub-IR 2.2.3
Streamlined Regulations to Reduce Opportunities for Corruption

2. Country Context

Mexico and the U.S. share a 2,000 mile border, are economically interdependent, and confront shared security challenges directly impacting both countries' citizens. These strong and enduring linkages make Mexico a unique USAID partner. Andrés Manuel López Obrador assumed the Presidency in December 2018 after a landslide victory that won his MORENA party both chambers of Congress and six of 32 governorships. His election provided new opportunities for the U.S./Mexico bilateral relationship to further evolve.

Mexico is a key transshipment point for cocaine from South America as well as a major producer and exporter of heroin and fentanyl to the United States. Powerful, well-resourced cartels compound vulnerabilities in governance, security, and corruption. Violence is at record levels with 35,588 homicides reported in 2019, a 2.7 percent increase from the previous year.² Impunity hovers at 97 percent,³ over 93 percent of crimes go unreported or uninvestigated,⁴ and the country loses an estimated five⁵ to nine percent⁶ of annual gross domestic product (GDP) to corruption each year. Violence against women is a growing issue and women's access to justice and support services remains weak. Mexico is one of the most dangerous countries in the world for journalists.⁷ These levels of impunity and corruption threaten security and undermine the rule of law. Outside of Mexico City and Monterrey, civil society is weak.⁸ These shortcomings have direct and tangible national security implications for the United States.

Mexico has a \$1.3 trillion economy with a GDP per capita of \$10,118.⁹ Regional and socio-economic disparities are vast; one northern state's per capita GDP is on par with South Korea and southern Mexico's is akin to Guatemala. Forty-one percent of Mexico's 126 million population lives below the poverty line and 57 percent of the workforce is in the informal sector.¹⁰ Over \$1.8 billion in goods and services¹¹ and 520,000 Mexicans cross the U.S.-Mexico border legally each day.¹²

² The total number of homicides in 2019 was 35,588, including 1,006 femicides (a 10.3% increase from prior year): <https://www.businessinsider.com/mexico-set-another-record-for-homicides-in-2019-2020-1>

³ <http://visionofhumanity.org/app/uploads/2019/06/Mexico-Peace-Index-2019-English.pdf>

⁴ https://www.inegi.org.mx/contenidos/saladeprensa/boletines/2019/EstSegPub/envipe2019_09.pdf

⁵ <https://imco.org.mx/indice-de-competitividad-internacional-2015-la-corrupcion-en-mexico-transamos-y-no-avanzamos/>

⁶ https://contralacorrupcion.mx/anatomiadigital/content/Anatomia_de_la_corrupcion.pdf (page 59)

⁷ <https://rsf.org/en/mexico>

⁸ <https://www.fhi360.org/sites/default/files/media/documents/resource-csosi-2018-mexico.pdf>

⁹ <https://www.imf.org/~media/Files/Publications/WEO/2019/October/English/text.ashx> and database report <https://www.imf.org/external/pubs/ft/weo/2019/02/weodata/weoselgr.aspx>

¹⁰ CONVEVAL: <https://www.coneval.org.mx/Medicion/Paginas/Pobrezalnicio.aspx/> and INEGI. Series calculadas por métodos econométricos a partir de la Encuesta Nacional de Ocupación y Empleo. <https://www.inegi.org.mx/temas/empleo/>

¹¹ U.S. Bureau of Economic Analysis: Mexico Fact Sheet - Trade <https://apps.bea.gov/international/factsheet/>

¹² Bureau of Transportation Statistics (BTS) [Border Crossing Data](#)

Mexico is highly biodiverse. Although its territory represents only one percent of the earth's surface, it hosts more than ten percent of the world's biological diversity.¹³ Over the past three years, however, Mexico lost an average of nearly 300,000 hectares of natural forest.¹⁴ The principal driver for this loss was land use change for agriculture and livestock production. However, illegal logging also plays an important role.

The GOM's 2019-2024 National Development Plan (NDP) prioritizes good governance, security, social development, and economic growth. These GOM priorities are consistent with USAID's Journey to Self Reliance (J2SR) roadmap indicators and are a clear recognition of the last mile hurdles that Mexico faces.

To advance governance and security objectives, the NDP prioritizes eradicating corruption, restoring the rule of law, enhancing citizen security, and increasing respect for human rights. It recognizes the significant threat that Transnational Criminal Organizations (TCOs) pose to achieving the GOM's goals. TCOs jeopardize legal commerce through illegal trafficking of people and illicit goods (including timber and wildlife, among others), and devastate communities through extortion and violence. The NDP details the GOM's commitment to addressing this threat through security policies and programs, and budget allocations that far exceed international cooperation.¹⁵ GOM commitments directly align with the U.S. National Security Strategy and facilitate USAID efforts, not only to engage government, but to expand collaborative partnerships with civil society, academia, and the private sector to develop, finance, and scale effective interventions as envisioned in the Mission's strategic transition.

Under the social and economic development component of the NDP, the GOM commits to reducing poverty and social inequality. Specifically, the GOM's focus on rural community development through small-scale agricultural programs and tree planting in southern Mexico (i.e. the GOM *Sembrando Vida* program) complements USAID's approach to develop sustainable supply chains that promote sound natural resource management, including forests.

The U.S.-Mexico partnership is far-reaching and the GOM supports bilateral priorities in many ways outside the scope of USAID-specific programming. The United States-Mexico-Canada Agreement (USMCA) highlights the GOM's commitment to expanding economic prosperity with the United States and Canada.

3. Strategic Approach

a. Nature of the Transition and What Can Be Achieved During the Strategy Period

The core goal of USAID is to deepen and strengthen the strategic partnership between the U.S. and Mexico. By working with governments, civil society, and the private sector to reduce impunity and corruption, narrow the enabling environment for criminality, and expand sustainable mechanisms for trade and prosperity, USAID will help Mexico address challenges to

¹³ Comisión Nacional para el Conocimiento y Uso de la Biodiversidad (CONABIO), 2014. [Quinto Informe Nacional de México ante el Convenio sobre la Diversidad Biológica](#).

¹⁴ [Global Forest Watch](#), 2020.

¹⁵ Mexico's budget commitment for security spending was \$7.7 billion (or 3.5 percent of GDP) in 2018.

maximize our bilateral partnership. During this CDCS period (2020-2025), the Mission will continue its transition from a supply-driven, direct service delivery approach to a demand-driven, facilitative one. In line with USAID's Acquisition and Assistance (A&A) Strategy, USAID will focus on enhancing the organizational and technical capacity of the government, private sector, and civil society to unlock their intellectual capital in co-creating, co-financing, and, in some cases, directly implementing activities.

Under Development Objective (DO) 1, USAID will focus on reducing the impunity that is an enabler of crime, violence, human rights abuses, and corruption. This DO represents a consolidation and targeting of past efforts in justice, human rights, crime and violence, and parts of the Mission's transparency and integrity initiatives. This approach integrates natural resource management programming where it intersects with enforcement (justice), protection of environmental activists (human rights), and accountability (NGO advocacy).

Much of USAID's work is at the subnational level. Mexico's federal system conveys significant responsibilities, authorities, and resources to states. This makes state-level government institutions, civil society organizations, and private sector entities important and active Mission partners, which facilitate inter-institutional collaboration, pilot best practices and locally-appropriate solutions, and scale evidence-based initiatives at the federal level and among states. In selecting states and municipalities for security and justice collaboration, USAID/Mexico measures their level of commitment, capacity, and resource mobilization.

The GOM, with support from civil society and the private sector, will better adapt proven approaches to address impunity, crime, and violence. Demand-driven assistance reflects Mexico's high-level capacity and commitment. Finally, coordination will improve among partners and stakeholders as this DO's geographic focus is narrowed.

Under DO2 (Expanded bilateral economic ties through improved competitive business climate), USAID will focus on improving the competitive business environment by capitalizing on the projected growth of sustainable value chains and the initiative of the Mexican private sector to self-regulate in terms of transparency and integrity practices. USAID is integrating part of its environment programming with business integrity practices, and reducing the number of focus states for environment programs from 14 to 10 states to yield impact at scale.

USAID's approach under DO2 will be scaled by the private sector, amplifying one of Mexico's comparative strengths. The vision is that an improved competitive business environment brought about through better managed natural capital, increased market opportunities, and greater transparency and integrity will advance the strategic transition and expand the U.S.-Mexico strategic partnership, resulting in broader prosperity for both countries.

An important factor will be the USMCA, which went into effect on July 1, 2020. The USMCA replaces the 25-year-old North American Free Trade Agreement with new laws on intellectual property protection, the digital economy, investment, environment, labor, and state-owned enterprises. The U.S. International Trade Commission estimated the agreement would have a

positive impact on U.S. real GDP and employment. Mexican government agencies, think tanks, and companies have also released similar findings for Mexico.

USAID programming aligns with USMCA's trade standards, specifically with regards to anti-corruption and environment. The anti-corruption standards require the three countries to adopt and effectively enforce measures to combat corruption, promote integrity among public officials, and promote participation by the private sector to fight corruption in trade. USAID is currently working in these areas and will look for further opportunities to operationalize these measures under both DO1 and DO2. Regarding the environmental standards, USAID will consider, as requested, additional complementary work, particularly under DO2.

Other Considerations

USAID/Mexico will continue to build upon its pioneering work of **engaging the private sector**, having co-created 19 alliances, leveraged \$30 million, and quintupled resource partners from 9 to 45 in three years. This is exceptional for a portfolio of 83 percent democracy, human rights, and governance (DRG) and 17 percent environment funding. Going forward, USAID will continue to engage with not just the top tier Mexican chambers, but also with the American Chamber of Commerce (AMCHAM), on a shared agenda of improving security and prosperity. Second, USAID will continue to support, expand, and replicate private sector resource mobilization schemes focused on crime and violence prevention. Third, USAID aspires to leverage more funds from the private sector to not only reduce impunity and violence in targeted areas, but also further expand bilateral economic ties. These leveraged funds demonstrate commitment to diversifying and expanding the domestic (and international) resource mobilization base. Finally, across the portfolio, the private sector will help to scale effective methods and encourage the GOM to do the same.

USAID's CDCS objectives support the Growth in the Americas (America Crece) initiative to facilitate economic prosperity, security, and good governance in Mexico.

America Crece centers on building an enabling environment for private sector investment in infrastructure that is transparent, competitive, and in line with international best practices.

USAID is open to explore opportunities for advancing **trilateral cooperation** with Mexico's Development Agency, AMEXCID. As mentioned above, the GOM is burden-sharing with the United States to advance development outcomes in the region. The Embassy in Mexico, inclusive of USAID, remains abreast of the GOM's plans for assistance to Central America. The USG reviewed the Comprehensive Development Plan¹⁶ and allocated \$4.8 billion for Mexico and \$5.8 for Central America in DFC funding toward the development of southern Mexico and Central American countries. The GOM proposes to invest \$100 million in extending its *Sembrando Vida* and *Jovenes Construyendo El Futuro* programs to El Salvador, Guatemala, and

¹⁶ The goal of the regional Comprehensive Development Plan is to coordinate opportunities for sustainable development at the local level in El Salvador, Guatemala, Honduras and Mexico. The Plan includes various proposals based on four strategic pillars: a) economic development, b) social welfare, c) environmental sustainability and adaptation to climate change, and d) comprehensive management of the migration cycle.

Honduras. Sembrando Vida aims to develop agro-forestry production systems in rural parts of Mexico, combining traditional agricultural production with fruit and timber trees. The program seeks to generate jobs and income, improve food security, and increase tree cover. In June 2019, the GOM announced plans to invest \$30 million in El Salvador to upgrade 50,000 hectares and benefit 20,000 families, offering "immediate, not long term, opportunities." The GOM plans to make similar investments in Guatemala and Honduras.

b. Role of Civil Society and Citizens And Other USG Actors

Mexican civil society and the private sector are key partners for USAID and play a critical role in constructively engaging with the GOM to implement evidence-informed public security and economic policies (especially the business enabling environment and biodiversity habitat and protection), while also promoting transparency and accountability. USAID's experience shows that these constructive engagements among civil society, the private sector, and government are essential for achieving desired results in governance, citizen security, criminal justice, transparency, and the environment and ensuring these advances sustain in the long term. To ensure that civil society has the necessary tools to fulfill this role, a core cross-cutting focus will include strengthening the organizational and technical capacity of CSOs in target sectors, especially at the subnational level, and developing CSO capacity to leverage local resources for financial sustainability. These efforts will ensure that civil society can have a role on critical issues, such as: public policy for security, promoting effective justice institutions, freedom of the press, femicides, forced disappearances, and natural resource protection, among others.

Given that the economic cost of impunity, corruption, and violence is five to nine percent of GDP^{17,18}, the Mexican private sector is keen to co-create and co-finance solutions to address these challenges. The private sector will also partner with USAID to implement activities that reduce deforestation, including via market-based mechanisms and private capital mobilization to increase smallholder farmers' access to finance. In the last three years, USAID/Mexico has partnered with 18 foundations, business chambers, individuals and cooperatives, 29 small and medium enterprises, and 11 large enterprises in 17 alliances to increase sustainable landscapes, tackle corruption, and prevent crime and violence. This level of engagement, along with outreach to AMCHAM, provides a solid foundation for future private sector engagement.

As described below, USAID/Mexico will address crime and violence in Mexico, with the goal of improving security by reducing the operational space for TCOs by targeting their subsidiaries. USAID will build on previous successes in helping state and municipal governments target local criminal organizations and localized criminal phenomenon. This complements the work of other USG agencies, most importantly the Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL), but also law enforcement counterparts, including: the Department of Justice (DOJ), Federal Bureau of Investigation, Drug Enforcement Administration, Internal Revenue Service-Criminal Investigation, and Department of Homeland Security, which focus more directly on TCOs' upper echelons and management. Under DO2, USAID will also continue to coordinate with other interagency counterparts, including:

¹⁷ <https://imco.org.mx/indice-de-competitividad-internacional-2015-la-corrupcion-en-mexico-transamos-y-no-avanzamos/>

¹⁸ https://contralacorrupcion.mx/anatomiadigital/content/Anatomia_de_la_corrupcion.pdf

Department of State, Department of Energy, Department of Treasury, Department of Labor, U.S. Forest Service, U.S. Fish and Wildlife Service, and Department of Commerce.

c. Milestones

By the end of the strategy period, if successful, USAID will have helped its Mexican partners to reduce impunity in Mexico’s justice system, reduce crime and violence by fostering evidence-based decision-making, and constraining the operational space for organized crime in targeted areas. USAID will also have helped to increase U.S. and Mexican investment in sustainable value chains and built stronger, more transparent linkages between U.S. and Mexican firms. Key milestones may include the formal launching of new integrated, inter-institutional systems within states to address crime and violence more systematically and strategically – these new systems would be part of a federal initiative based on a USAID model and scaled across Mexican states. The adoption of ethics and integrity standards, under the umbrella of USMCA, by Mexico’s major business associations would also be an important milestone. Similarly, investment in sustainable value chains in Mexico, especially with DFC involvement and within the framework of America Crece, would represent a strategic landmark.

4. Results Framework

a. Goal Statement and Narrative

USAID/Mexico’s Goal Statement, “***U.S.-Mexico Strategic Partnership Advanced to Promote Mutual Security and Prosperity***,” accents the mutuality of the partnerships and the dependence of security on prosperity. This partnership extends beyond traditional development and focuses on strategic interests and mutual priorities. Mexico presents a unique dichotomy to other more traditional USAID countries—being the only USAID presence country that shares a border with the United States, is a huge U.S. trading partner, and has a shared interest in our mutual security and prosperity.

b. DO Results Statement and Narrative

DO1: Impunity and Violence Reduced in Targeted Regions

Under DO1, USAID will help Mexico achieve positive outcomes in reducing impunity and violence—and improved security—in targeted regions over the CDCS period. USAID expects the partnership to measurably improve the effectiveness, efficiency, and accountability of justice institutions, strengthen communities’ ability to resolve and mitigate conflict, and increase the capacity of non-governmental institutions. USAID will ensure that the gender dimensions of security are incorporated strategically, including an integrated approach to the causes of, and responses to, gender-based violence across this DO.

In this area, USAID operates under the framework of several High Level Security Working Groups that provide a bilateral forum wherein the USG and GOM set a common strategic agenda on security issues, lay out clear lines of effort, and jointly monitor implementation. The GOM already adopted and is working to scale several governance solutions introduced by USAID at the state and municipal levels, including civic justice systems, problem-oriented policing, case prioritization, and analytic tools for public prosecutors. Additionally, the Mission

will leverage Mexico's advanced self-reliance to foster a peer-to-peer network among Mexico's 32 states, where more capable states can strengthen the capacity of weaker states through shared learning and exchange opportunities.

Development Hypothesis (Theory of Change): IF GOM justice institutions are more effective, responsive, and accountable and communities can better resolve and mitigate conflict, while non-governmental actors effectively and constructively engage with government, **THEN** impunity and violence will be reduced in targeted regions.

Development Hypothesis Narrative: Impunity, and the crime and violence it enables, is a critical challenge for Mexico. Despite the GOM's prevention efforts, TCOs and their subsidiary organizations are able to engage in narcotics trafficking, fuel theft, extortion, illegal logging, and a range of other illicit activities throughout large expanses of Mexico's territory, including in some states adjacent to the United States. As TCOs fragment into loose networks, franchises, and other arrangements while diversifying their criminal activities, subsidiary organizations – local groups responsible for much of the criminality in Mexico – become an increasingly important component of the criminal ecosystem. Narcotics trafficking is a federal offense, but state-level prosecutors and investigators, and local police play a key role in investigating and disrupting their activities. USAID programming will focus on local authorities targeting these subsidiaries, to assist the GOM in its efforts to disrupt the business models and networks of larger TCOs.

USAID will strengthen the institutional capacity of select GOM institutions, with an emphasis on state and municipal justice actors (e.g., police, prosecutors, investigators, and judges) who are legally responsible for deterring, investigating, and prosecuting over 80 percent of crimes. These efforts seek to improve the response of law enforcement, increase information sharing and collaboration among justice institutions, and build communities' resilience to crime and violence, while fostering stronger relationships between citizens and government. This complements the work of other USG agencies.

USAID will support oversight institutions, including auditors and internal affairs units, with tools to prioritize and focus their work and better coordinate with justice institutions to ensure prosecutions. USAID will also work with government and civil society to strengthen mechanisms for redress and resolution of human rights abuses including forced disappearances, torture, and femicides, all high-profile symptoms of impunity.

Natural resources crimes¹⁹ and related murders, and threats to people who oppose such crimes, are results of the impunity and violence. USAID will focus its environmental programming on timber. About 70 percent of Mexico's wood comes from illegal sources, and widespread impunity for such crimes only perpetuates its spread. In addition, two out of three Mexican human rights defenders are environmental defenders. Mexico is one of the most dangerous countries in the world for people who protect natural resources.

¹⁹ In Mexico, this encompasses wildlife trafficking and illegal resource extraction, including illegal logging.

DO1 Intermediate Results:

IR 1.1: More effective, responsive, and accountable government institutions

Delivery of security and justice is a core responsibility of the state, constitutionally obligating the GOM to reduce impunity and violence. Under IR1.1, USAID will strengthen government capacity by supporting increased accountability and effectiveness within the justice sector to prioritize and prosecute serious crimes, including those perpetrated by TCO subsidiaries. USAID will support improved institutional performance to investigate, prosecute, and resolve criminal cases—including violence against women—with a core focus on data-driven decision-making and strengthened inter-institutional collaboration, while fostering more robust human rights protections. USAID will support GOM anti-corruption efforts through assistance to improve transparency, audit, and oversight functions. These activities will be predominantly focused at the state level and closely coordinated with the Mexican federal government.

IR 1.2: Communities more effectively resolve and mitigate local conflict

Effective local investments to resolve conflict and address low-level crime can yield outsized benefits in perceptions of security and confidence in government, while relieving the burden on overstretched criminal justice institutions, allowing them to focus on high impact crimes. USAID will support local governments to identify, process, and resolve less serious offenses and sources of local tension, helping authorities to intervene before these issues escalate to more serious offenses. These efforts will advance collaborative relationships between citizens and local authorities and engage civil society, government, and the private sector to test innovations and scale up evidence-based violence prevention initiatives. Activities under this IR1.2 will strengthen mechanisms for victim redress and closure, including for victims of torture, families of the disappeared, and youth intimate partner violence, while facilitating improved communication between families and local authorities.

IR 1.3: Expanded dialogue and engagement with non-governmental actors

Citizen oversight is a critical component to combating impunity. Non-governmental actors, including civil society organizations, the media, community groups, and the private sector, aspire to advocate and constructively engage government partners for security-focused reforms and allocations of public resources based on data.

Recognizing the importance of evidence for decision-making, USAID will expand the use and publication of data to help plan, resource, and ultimately find and fund solutions to critical public policy issues, including gender-based violence. USAID will leverage private sector investment and influence to advocate for the expansion of evidence-informed approaches to public security, human rights, and justice challenges.

DO1 Geographic Scope: USAID's geographic focus will include a limited set of states that are best positioned to use and build on USAID assistance, and ultimately share their experience with other states and municipalities. After spreading resources under the previous CDCS across nearly every Mexican state to help them meet the minimum competencies of the criminal

justice system reform, USAID now needs to robustly engage in those states that demonstrate the political will, technical capacity, and financial commitment (from government and private sector) to best absorb and build upon assistance and deliver impact at scale.

DO2: Expanded bilateral economic ties through improved competitive business climate

Outcomes under this DO2 will improve the U.S.-Mexico economic partnership through expanded ties between our respective business sectors. Sustainable supply chains, expanded markets, and improved business transparency will benefit both sides of the partnership and promote mutual prosperity. USAID is encouraged by the prospect of the U.S. and Mexican private sectors assuming greater responsibility for an improved competitive business climate. Under DO2, USAID will amplify interactions with both U.S. and Mexican actors, and between the private sector and government, to encourage increased self-regulation and transparent government practices.

The Mission will promote new market opportunities for the U.S. and Mexican private sector to participate in ethical and sustainable supply and value-added chains. The Mission will leverage the technical and financial resources of the private sector through innovative financial mechanisms that enable smallholder farmers and small and medium enterprises to grow and strengthen their businesses, thereby fostering greater self-reliance. This will be achieved through work on sustainable supply chains, access to finance, compliance with sustainable practices, and strengthened connections among ethical market actors.

Under DO2, USAID will fully integrate its market-based approach to reducing deforestation, improving livelihoods, and advancing market opportunities with investments in transparency and integrity to expand bilateral economic ties through an improved, competitive business environment.

DO2 Development Hypothesis (Theory of Change): IF targeted supply chains are more developed, sustainable, and integrated AND business practices and policies of both the government and the private sector are more transparent, competitive, and open, **THEN** Mexico's competitive business environment will improve and bilateral economic ties as well as mutual prosperity will expand.

Development Hypothesis Narrative: Consistent with the Integrated Country Strategy and in support of America Crece and USMCA goals, USAID will strengthen Mexico as a trusted bilateral business partner and build upon the already vibrant trade and investment relationship. USAID programming will focus on market-driven interventions to address key barriers inhibiting prosperity in Mexico and, by extension, the United States. This will ensure stable and sustainable supply chains for U.S. and Mexican businesses and consumers through increased business ethics and integrity and improved compliance practices. To this end, USAID will further expand its existing engagement with the U.S. and Mexican private sector.

USAID will assist GOM institutions, primarily at the state level, to employ more transparent and fair procurement practices, thereby leveling the playing field for U.S. and Mexican businesses. USAID will work with associations, business leaders, and producers to instill standards that generate ethical, transparent, and sustainable management of natural resources in supply chains

and business models. USAID will support champions within the GOM at the federal and state levels and the private sector to promote streamlined regulatory practices that will reduce opportunities for corruption, increase fair competition, and lower barriers to entry for new firms and U.S. investors.

DO2: Intermediate Results

IR 2.1 Developed, sustainable, and integrated supply chains

In the United States, Mexico and across the globe, demand for “green” products²⁰ is increasing. Sustainable product sales in the U.S. have grown by nearly 20 percent since 2014—a rate that is four times larger than conventional products. Due to social and environmental responsibility concerns, market requirements, and increasing consumer demand, many U.S. and Mexican companies have made commitments to sustainably source products that do not increase deforestation. However, these companies often have difficulty sourcing adequate and stable supplies of sustainable commodities and other products (i.e., organic coffee, certified timber, and fair trade products) that meet strict quality standards.

Mexico is one of the world’s largest agricultural producers, presenting an exciting opportunity for Mexican companies to grow to meet this U.S. (and other) market demand and for U.S. companies to meet Mexican demand. Similarly, the producers supplying these products to corporate buyers also have a unique opportunity to increase their operations. USAID will help promote stable and sustainable supply chains for both U.S. and Mexican buyers and consumers for value-added products.

USAID will take a value-chain agnostic approach during the CDCS period, meaning that USAID will collaborate with interested private sector actors in marketable, sustainable supply chains in priority locations in southern Mexico where impact at scale is feasible. Likely products include some with which the Mission already has experience, such as coffee, timber and non-timber forest products, and honey.

The Mexican private sector is already investing its own capital in sustainable supply chains. However, there are key gaps that USAID can help to address. Investments in this sector are still perceived as high-risk, and there is a lack of appropriate financial products (e.g. loan guarantees, blended finance, impact investing, or payment for ecosystem services) that inhibits lending to smallholder farmers and small and medium enterprises engaged in sustainable production. Beyond finance, USAID will develop the foundation for supply chains by working on land use and planning at various scales, improving resource governance, providing technical assistance for producers, and developing new tools. This work aims to enable producers to meet market requirements, thereby expanding market opportunities and developing stronger links to markets that are increasingly demanding sustainably sourced products.

²⁰ A green product is one that minimizes environmental impact or reduces environmental toxicity throughout its entire life cycle.

USAID will seek to engage with GOM agricultural and environmental initiatives (e.g., Sembrando Vida) to link sustainable products to value chains and strengthen sustainable natural resource management practices.

IR 2.2 Improved Business Transparency and Integrity Practices

Improving business transparency and integrity practices is important to both strengthening the competitive business environment and advancing the development of sustainable value chains in Mexico. A robust ethical framework governing the private sector will help level the playing field for Mexican and U.S. businesses. It also reinforces USMCA's anti-corruption standards, which require signatories to collaborate in supporting improved integrity practices in the private sector, including audits, internal controls, and compliance programs. In addition, strengthening the private sector's ability to operate fairly will contribute to the region's long-term economic and social development. On the public sector side, greater transparency of regulatory and public procurement processes further encourages fair and ethical business practices and levels the playing field for investors.

U.S. and Mexican businesses and chambers see opportunities to work with USAID to streamline Mexico's complex regulatory environment, thereby limiting incentives for businesses to circumvent formal processes and reducing opportunities for public officials to seek bribes. This could ultimately bring more companies and employees into the formal sector, and expand the tax base. Additionally, USAID will support GOM champions at the federal and state levels and the private sector to promote streamlined regulatory practices that will reduce opportunities for corruption, minimize investment risk, and lower barriers to entry for investment.

DO2 IR Linkages: The two IRs under DO2 are closely linked and mutually reinforcing. Developing an ethical and sustainable supply of goods and products that meet buyer demands requires business transparency, often in the form of certification or other internationally recognized standards. Together, these efforts will generate increased opportunities for Mexican and U.S. businesses through stronger internal compliance and ethics practices, consistent with the USMCA.

DO2 Geographic Scope: As noted previously, USAID will narrow its geographic focus for its natural resource management portfolio and will undertake an assessment early in the CDCS period to determine potential entry points at the subnational level.

5. Monitoring, Evaluation, and Learning

USAID is an adaptive organization. Throughout the period of this CDCS, USAID will capitalize on strategic relationships with the Mexican government, private sector, and civil society; utilize its monitoring, evaluation, and learning (MEL) tools; and, apply project and activity management tools to learn and adjust programs in pursuit of Mexico's J2SR. As a reflection of its learning and adaptation, USAID/Mexico is integrating its current rule of law, crime and violence prevention, human rights, anti-corruption, and elements of its natural resource management programming into a coordinated approach specifically targeted at reducing impunity under DO1. During the CDCS implementation period, the Mission will employ MEL tools to track impunity rates, as well as corruption, human rights violations, and crime and violence within its

target regions to test its hypothesis that impunity is both the consequence of a weak justice system and an enabler of crime, violence, human rights abuses, and corruption. Under DO2, USAID will deploy MEL tools to test the premise that a combination of strengthening sustainable value chains and fortifying a culture of transparent and ethical behavior in the Mexican private sector will be a positive factor in building ties between Mexican and U.S. businesses and measurably contribute to mutual prosperity.

The Mission will conduct site visits, monitor the performance and risk status of activities, assess the effects of context on results, and conduct semi-annual portfolio reviews in order to learn and adapt. Guided by USAID's Evaluation and Program Cycle policies, the Mission will prioritize evaluations of large activities in rule of law, crime and violence prevention, and human rights. For innovative programs, such as civic justice or focused deterrence, the Mission will conduct impact evaluations, where feasible, to generate rigorous, randomized evidence that will inform decisions regarding possible future expansions.

USAID will use MEL tools to periodically assess and mitigate risk at the enterprise, project, and activity levels. The Mission will use the Agency's Risk Appetite Statement as broad-based guidance on the amount and type of risk the Mission should be willing to accept at the operating unit level during the period of the CDCS in seven key risk areas: programmatic, legal, reputational, security, information technology, human capital, and fiduciary.

Annex: Mexico Journey to Self-Reliance Country Roadmap



MEXICO JOURNEY TO SELF-RELIANCE: FY 2021 COUNTRY ROADMAP

LEGEND



Mexico's Score
0-1, least to most
advanced globally

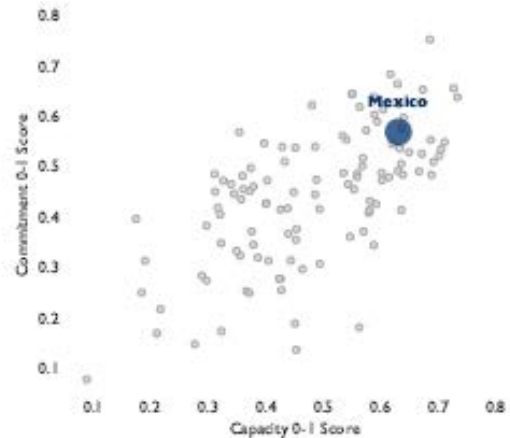


Other Low- and
Middle-Income
Countries' Scores



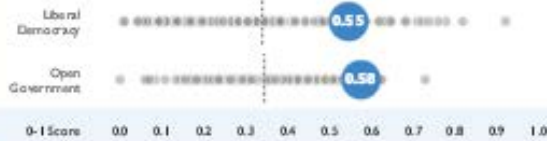
Average Score for
Low- and Middle-
Income Countries

LOW- & MIDDLE-INCOME COUNTRY SNAPSHOT



COMMITMENT

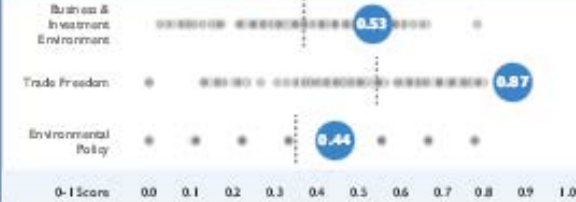
OPEN AND ACCOUNTABLE GOVERNANCE



INCLUSIVE DEVELOPMENT



ECONOMIC POLICY



RISK OF EXTERNAL DEBT DISTRESS

Recent IMF Risk of External Debt Distress rating not available for this country. See the USAID J2SR Country Roadmap Methodology Guide for more information and the Journey to Self-Reliance Secondary Metrics Compendium for additional tools to explore the issues of fiscal policy and outlook.

CAPACITY

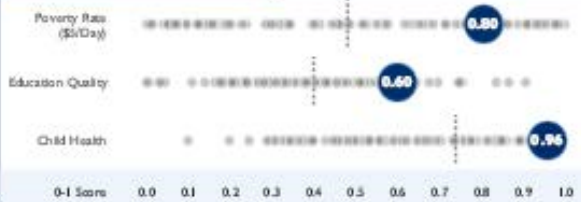
GOVERNMENT CAPACITY



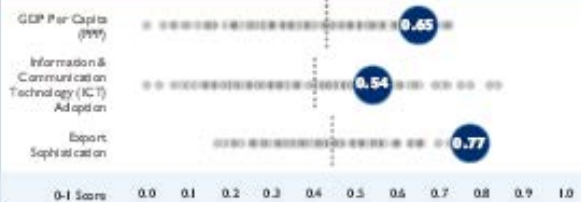
CIVIL SOCIETY CAPACITY



CITIZEN CAPACITY



CAPACITY OF THE ECONOMY





MEXICO

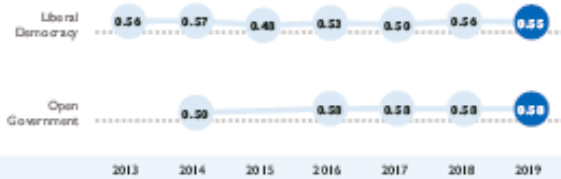
JOURNEY TO SELF-RELIANCE: FY 2021 COUNTRY TRENDS

LEGEND



COMMITMENT

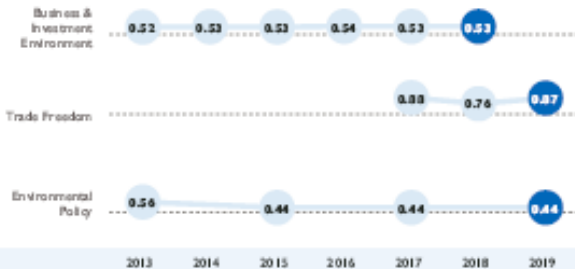
OPEN AND ACCOUNTABLE GOVERNANCE



INCLUSIVE DEVELOPMENT



ECONOMIC POLICY



METHODOLOGICAL NOTES

FY 2021 Country Roadmap results (darker shaded points) and prior year results (lighter shaded points) are normalized in the same manner to ensure comparability. In some instances, USAID has taken several additional measures to maximize comparability of results across time, including adjusting source reporting year to actual year of measurement and removing historical data that are no longer comparable due to methodological revisions. For more detail, please see the [USAID J2SR Country Roadmap Methodology Guide](#).

CAPACITY

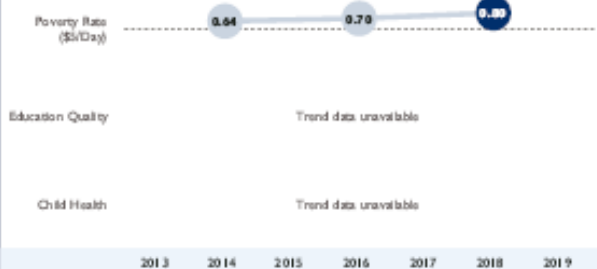
GOVERNMENT CAPACITY



CIVIL SOCIETY CAPACITY



CITIZEN CAPACITY



CAPACITY OF THE ECONOMY

