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COUNTRY DEVELOPMENT COOPERATION STRATEGY (CDCS)

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Country Development Cooperation Strategy (CDCS) Amendment Preface

As required in ADS 201, USAID/Mexico conducted a CDCS mid-course stocktaking review in March 2022 to measure progress, review risks and assumptions, and discuss strategic-level challenges. It was also a chance to incorporate new administration priorities and strategically frame opportunities identified under leadership at Post. The document that follows reflects updates to this CDCS, notably:

- Changes to the Results Framework, including the graphic on page 4 and corresponding narratives.
- Under Development Objective (DO) 1, to better reflect current programming and emphasize work with civil society, IR 1.3 was updated and sub-IRs 1.1.2, 1.3.2, and 1.3.3 were revised.
- A revision to DO2, which now is “Advanced Transparent and Climate-Resilient Economic Growth” to better emphasize its alignment with new U.S. government (USG) priorities surrounding climate change (i.e., USAID’s Climate Strategy) and anti-corruption (i.e., U.S. Strategy on Countering Corruption). Additionally, IRs 2.1, 2.2, and 2.3, and associated sub-IRs were shifted and/or added.
- A new Special Objective (SO3) “Enhanced USAID-AMEXCID Development Collaboration” was added to underscore efforts to improve collaboration with the Mexican Agency for International Development Cooperation (AMEXCID) to jointly address the root causes of migration in northern Central America.

1. Executive Summary

The U.S. - Mexico partnership is central to U.S. security and prosperity, and in alignment with the 2021 Interim National Security Strategy Guidance and State-USAID Joint Strategic Plan. It is a partnership driven by strategic interests where development assistance can support the countries’ mutual interests and shared priorities. Mexico shares strong economic and diplomatic ties with the United States and demonstrates high levels of commitment and capacity. However, despite Mexico’s advanced development status, critical security and economic challenges persist including challenges with crime and violence, impunity, corruption, and an uncertain business environment. In collaboration with other 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.”

Over the next three years, USAID will continue deepening the strategic partnership with Mexico by coordinating with the federal government in working with those state and local governments which exhibit the capacity and commitment to address impunity and violence, while strengthening the bilateral economic alliance. USAID partners with counterparts to reduce impunity, crime, and violence by constraining the operational space for organized crime in focus areas. This is done through facilitating the scaling of evidence-informed approaches by the GOM, while collaborating with Mexican counterparts to advance our shared agenda. Further, USAID is, and will continue to, increase both U.S. and Mexican investment in

business transparency, reduction in greenhouse gas emissions, and enhancement of sustainable market systems, thereby strengthening the competitive business environment. Finally, USAID is deepening international development collaboration with its counterpart the Mexican Agency for International Development Cooperation (AMEXCID). This approach is critical to cooperate on shared security challenges, address the root causes of irregular migration, and promote closer U.S.-Mexico economic cooperation.

Mexico is among the Agency's most developed partner countries, the world's 15th largest economy,¹ and a functioning liberal democracy with high levels of government and citizen capacity. On USAID's FY 2022 Country Roadmap, Mexico exhibits high levels of commitment to trade freedom and the business environment, and scores about average on environmental policy. It ranks 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 to Promote 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.

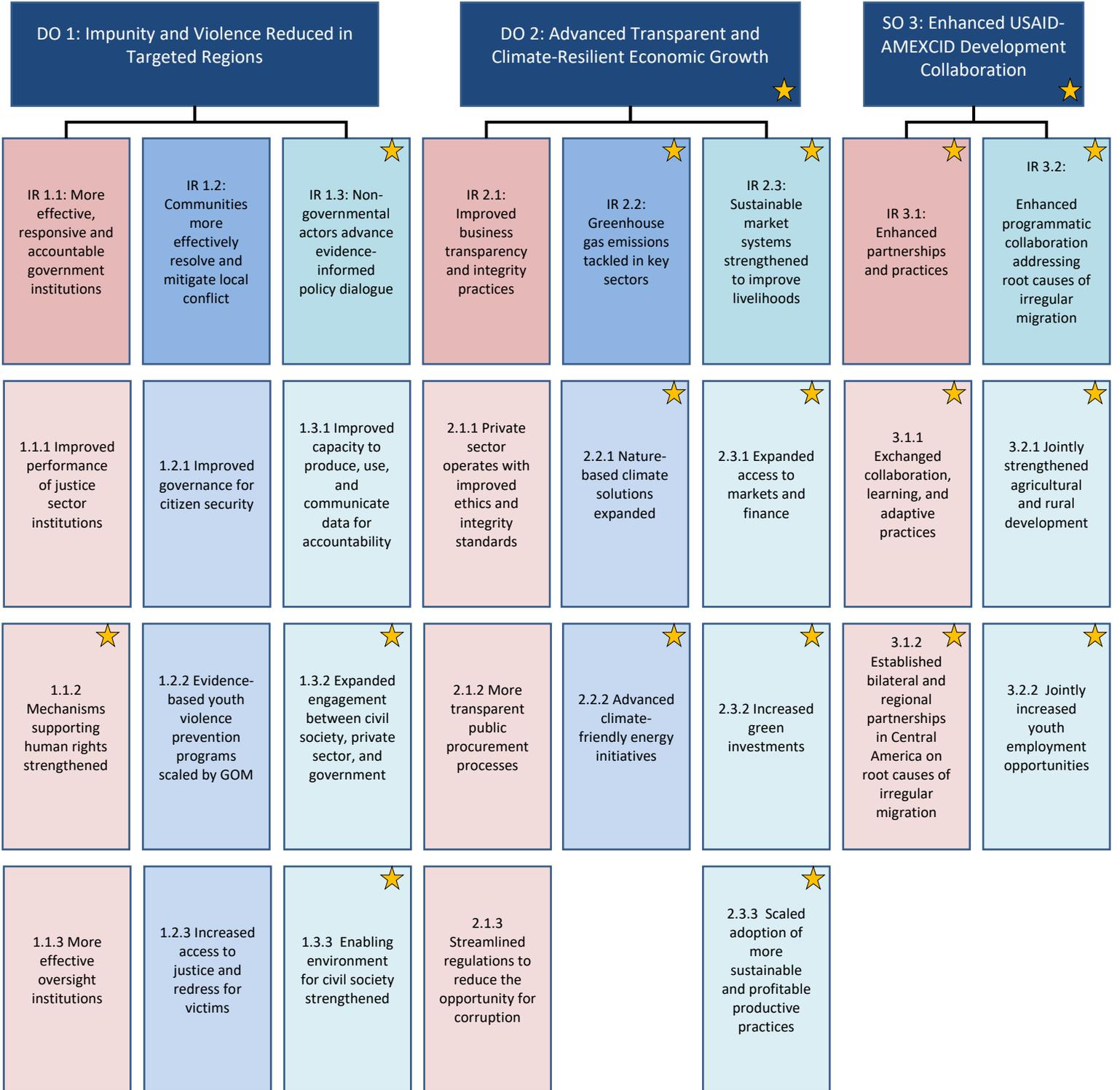
This CDCS was developed and finalized in early 2020 as COVID-19 became a global pandemic, presenting challenges that spanned operational to programmatic, and reduced the Mission's ability to generate data, analysis, and results. Although there will be serious costs from COVID-19 going forward, the Mission expects less of an implementation constraint for the duration of the CDCS implementation period.

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](#).

CDCS Goal Statement:

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

★ = Revised



2. Country Context

Mexico and the U.S. share a 2,000 mile border, economic interdependence, and security challenges directly impacting U.S. and Mexican citizens. These strong and enduring linkages make Mexico a unique USAID partner. In October 2021, the United States and Mexico opened a new era of security cooperation, replacing the 2008 Merida Initiative with the Bicentennial Framework for Security, Public Health, and Safe Communities. The Framework establishes a comprehensive, long-term approach for binational actions to pursue the safety and security of our societies.

Mexico is a key trans-shipment 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 33,380 homicides reported in 2021.² 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^{7,8} and women's access to justice and support services remains weak.⁹ Mexico is one of the most dangerous countries in the world for journalists.¹⁰ These levels of impunity and corruption threaten security and undermine the rule of law. Outside of Mexico City and Monterrey, civil society faces organizational and strategic difficulties.¹¹ These challenges have direct and tangible national security implications for the United States.

² Murders in Mexico Fall 3.6% in 2021, but Femicides Rise: <https://www.reuters.com/world/americas/murders-mexico-fall-36-2021-femicides-rise-2022-01-20/>

³ <https://www.economicsandpeace.org/wp-content/uploads/2020/08/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 Violence against women is a growing issue, the homicide rate of murders against women with a firearm in the last decade has increased from 0.5 to 2.4. Gender-based violence with firearms in Mexico: <https://equis.org.mx/wp-content/uploads/2021/10/Informe-Armas.pdf>

⁸ According to the National Executive Secretary of Public Security in the last five years 13,702 homicides against women and 4,513 femicides have been investigated. SESNP Report on violence against Women, May 2022, <https://drive.google.com/file/d/1uc8PwOVj6Z4Mk2fjHW98C5UsjFp32pRm/view>

⁹ According to México Evalúa, under-reporting for gender based violence cases is very high but the number of criminal investigations remains low: only 0.19% family violence cases, 3% of sexual violence cases, 12% of femicide cases, and 15% of trafficking in persons cases enter the criminal justice system. Also, women are disproportionately incarcerated without a sentence - one of every two women are imprisoned versus three out of ten for men. Women also serve longer sentences than men - inmates serving 21 years or more is higher for women than for men (37% against 27.1% respectively). <https://www.mexicoevalua.org/hallazgos-2020-evaluacion-del-sistema-de-justicia-penal-en-mexico/>

¹⁰ <https://rsf.org/en/mexico>

¹¹ <https://www.fhi360.org/sites/default/files/media/documents/resource-csosi-2018-mexico.pdf>

Mexico has a \$1.3 trillion economy with a GDP per capita of \$10,118.¹² Regional and socio-economic disparities are vast; one northern state's per capita GDP on par with South Korea and southern Mexico's akin to Guatemala. Forty-one percent of Mexico's 126 million population live below the poverty line, and 57 percent of the workforce is in the informal sector.¹³ Over \$724.9 billion in goods and services was traded bilaterally in 2021,¹⁴ and 520,000 Mexicans cross the border legally each day.¹⁵

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.¹⁶ Over the past three years, however, Mexico lost an average of nearly 270,000 hectares of natural forest per year.¹⁷ The principal driver for this loss was land use change for agriculture and livestock production.¹⁸

Mexico is the 18th largest global emitter of greenhouse gases (GHG) per capita.¹⁹ Mexico's GHG emissions have increased by 63 percent over the last three decades and are projected to continue to increase until at least 2030.²⁰ Opportunities to reduce emissions from the energy sector lie in scaling energy efficiency and clean transport measures. Not only do transportation and buildings account for the majority of Mexico's GHG emissions,²¹ but energy efficiency in buildings, transportation, and industry could bring about at least 40 percent of the GHG emission reductions needed by 2050.²² Also, improvement of energy efficiency in general could have broader collateral benefits in terms of competitiveness for both countries. For example, a close alignment on energy efficiency between the U.S. and

¹² <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>

¹³ CONVEVAL: <https://www.coneval.org.mx/Medicion/Paginas/Pobrezalnicio.aspx/> and INEGI. <https://www.inegi.org.mx/temas/empleo/>

¹⁴ U.S. Bureau of Economic Analysis: Mexico Fact Sheet - Trade <https://apps.bea.gov/international/factsheet/factsheet.html#213>

¹⁵ Bureau of Transportation Statistics (BTS) [Border Crossing Data](#)

¹⁶ Comisión Nacional para el Conocimiento y Uso de la Biodiversidad (CONABIO), 2014. [Quinto Informe Nacional de México ante el Convenio sobre la Diversidad Biológica](#).

¹⁷ Global Forest Watch. "Tree cover loss in Mexico". Accessed on 14/06/2022 from www.globalforestwatch.org.

¹⁸ According to the Forests Global Watch (2020), Mexico has the fifth highest deforestation rate in Latin America and the 10th highest in the world driven mostly by expansion for agriculture and ranching. In 2019, Mexico experienced the highest deforestation rate of the past 20 years, with Campeche leading the list of states with highest forest loss, followed by Chiapas, Quintana Roo, and Yucatan.

¹⁹ OECD, 2021.

²⁰ Mexico Climate Transparency Report, <https://www.climate-transparency.org/wp-content/uploads/2020/11/Mexico-CT-2020-WEB2.pdf>, 2020.

²¹ Coalition for Urban Transitions https://urbantransitions.global/wp-content/uploads/2021/04/Seizing_Mexicos_Urban_Opportunity_FINAL_ENG.pdf <https://urbantransitions.global/en/publication/seizing-the-urban-opportunity/seizing-mexico-s-urban-opportunity/> .

²² IEA Net Zero by 2050

Mexico could reduce energy costs and strengthen North American competitiveness.²³ Additionally, there are a number of non-climate benefits that could result in economic and public health improvements for cities, for example, by creating new jobs, preventing premature deaths, saving billions of hours of commuters' time, increasing safety and improving better governance models, to name just a few.

The GOM's 2019-2024 National Development Plan (NDP) prioritizes good governance, security, social development, and economic growth. 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.²⁴ GOM commitments align with the U.S. Interim National Security Strategy Guidance 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. Further, the Bicentennial Framework explicitly includes USAID's work to support safe communities, prevent and sanction human rights abuses, and strengthen justice institutions to investigate high impact crime.

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 is aligned with USAID's programmatic approach of developing 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 USMCA highlights the GOM's commitment to expanding economic prosperity with the U.S. and Canada. In support of this shared objective, USAID is transitioning its approach to enable further expansion of U.S. business opportunities in Mexico.

The U.S.-Mexico relationship involves far more than just the mutual interest in economic prosperity. Both countries share the challenge of addressing irregular migration. Sharing borders with Central America and the United States, the GOM is a natural partner to the USG on migration, both in managing the flow of migrants from Central America, and increasingly beyond,²⁵ into Mexico with the idea of irregularly crossing into the United States, and in

²³ U.S.-Mexico Climate Change Working group briefing paper - energy efficiency, June 4, 2021.

²⁴ Mexico's budget commitment for security spending was \$7.7 billion (or 3.5 percent of GDP) in 2018.

²⁵ In May 2022, approximately one-third of border encounters were with Mexican nationals, one fifth from northern Central America with the remaining half from Cuba, Venezuela, Colombia, Nicaragua and other countries. 239,416 total Southwest Land Border Encounters, of which 76,887 from Mexico, 49,828 from El Salvador,

addressing the economic conditions that drive irregular migration. On July 29, 2021, the White House launched the [Collaborative Migration Management \(CMM\) Strategy](#) focused on strengthening cooperative efforts to manage safe, orderly, and humane migration in North and Central America. Concurrently, the Biden-Harris Administration launched the [Root Causes Strategy](#), to align USG efforts to address the economic, governance, and security drivers of irregular migration from Central America. While the Biden-Harris Administration's Root Causes Strategy does not include Mexico as a target country for assistance, its comprehensive approach to promoting inclusive economic growth in the region, integrating various USG tools, including foreign assistance, opening the door for USAID/Mexico's programming approach to address migration through a trilateral cooperation approach.

As part of this partnership to manage third country migration in Mexico within the framework of the Root Causes Strategy, the GOM and the USG signed a three-year Memorandum of Understanding (MOU) to deepen international development cooperation between both the USAID and AMEXCID in June 2021. The participants of this MOU are currently exchanging knowledge, experience, assets, and resources and working jointly in actions that benefit El Salvador, Honduras, and soon Guatemala, to contribute to addressing the Root Causes of irregular migration. The GOM is expanding its youth employment and agriculture initiatives to the northern Central American countries.²⁶ The cooperation framework between USAID and AMEXCID is known as "*Sembrando Oportunidades*"²⁷-- first announced in a joint statement following discussions between President López Obrador and President Biden during the North American Leaders' Summit in November 2021-- and put into action in December 2021. This work will be captured under Special Objective 3.

In the early implementation period of the CDCS, the COVID-19 pandemic presented challenges that spanned operational (staffing, logistics, virtual meetings, etc.) to programmatic (reduced implementation, severely limited field visits) that reduced the Mission's ability to generate data, analysis, and results. Although globally there will be serious and uneven socio-economic impacts from COVID-19 going forward,²⁸ the Mission expects less of an implementation constraint for the duration of the CDCS implementation period.²⁹

Strategic Communications

Honduras, and Guatemala, and 112,701 from all other countries.
<https://www.cbp.gov/newsroom/stats/nationwide-encounters>.

²⁶ El Salvador, Guatemala, and Honduras.

²⁷ U.S. - Mexico Joint Statement on Sembrando Oportunidades <https://www.usaid.gov/news-information/press-releases/dec-1-2021-us-mexico-joint-statement-sembrando-oportunidades>

²⁸ Landscape Analysis Tracking the First-And Second-Order Impacts of COVID-19. USAID. January 2022.
<https://www.usaid.gov/coronavirus/documents/landscape-analysis-tracking-first-and-second-order-impacts-covid-19>.

²⁹ With Department of Health and Human Services (HHS) and Centers for Disease Control and Prevention (CDC) representation at Post and Country Team, relationships with GOM health officials and the provision of vaccines from the US was led by these teams and has not required USAID interventions of COVID-related health programming.

USAID/Mexico operates in a complex environment navigating multiple priorities to ensure the success of its programming. Therefore, increasing the awareness and knowledge of its activities and impact will remain a top mission priority under this CDCS. Tailored messages, campaigns, and relevant Mission and stakeholder updates will be regularly disseminated through social media channels (Facebook, Twitter, YouTube, and Instagram), as well as traditional media (print and digital), to ensure that the population is aware of the generous help of the American people.

To ensure these messages reach a wide array of audiences, USAID/Mexico will continue to closely collaborate with the Legislative and Public Affairs (LPA) Bureau in Washington D.C., as well as with the Public Affairs Sections (PAS) of U.S. Embassy Mexico City and the 9 Consulates throughout Mexico. This coordinated communication approach will not only help ensure a wider reach of our communications messages, but also invite higher engagement among audiences in the United States, Mexico, and northern Central America.

USAID plays an important role in ensuring mutual security and prosperity for both Mexico and the United States, making coordination with the GOM a priority. USAID/Mexico will work closely with the GOM (specifically with AMEXCID and the Mexican Secretariat of Foreign Affairs, amongst others) to disseminate joint achievements and programming information in relation to the Bicentennial Framework, the High-Level Economic Dialogue (HLED), and the U.S.-Mexico MOU to collaborate root causes of irregular migration from Central America.

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 United States and Mexico. By working with governments, civil society, and the private sector to reduce impunity and corruption, narrow the enabling environment for criminality, advance transparent and climate-resilient economic growth, and deepen USAID's strategic partnership with AMEXCID, USAID will help advance the U.S.-Mexico strategic partnership. 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 partner with government, civil society, and private sector counterparts to reduce the impunity that is an enabler of crime, violence, human rights abuses, and corruption. This DO represents a consolidation of past efforts in justice, human rights, crime and violence prevention, 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 activities (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. Before working with states and municipalities on security and justice collaboration, USAID measures their level of commitment, capacity, and resource mobilization. USAID also targets assistance in regions and states that are identified as priorities by federal government counterparts under the Bicentennial Framework.

The GOM, with support from civil society and the private sector, will better adapt proven approaches to address impunity, crime, and violence. Coordination will also improve among partners and stakeholders as this DO's geographic focus is narrowed.

Under DO2 (Advanced Transparent and Climate-Resilient Economic Growth), USAID will promote transparent and climate resilient economic growth in Mexico by capitalizing on the initiative of the Mexican private sector to self-regulate in terms of transparency and integrity practices, and on sustainable "green economy" market opportunities to tackle greenhouse gas emissions. On the climate change mitigation front, USAID will work with counterparts to expand the reach of nature-based climate solutions in agriculture, land-use, and forestry sectors, and will advance climate-friendly energy initiatives. In addition, the Mission will advance climate-friendly energy initiatives, such as improving energy efficiency measures in the building and transportation sectors sub-nationally with its increase in energy funds.

USAID's approach under DO2 will be scaled by mobilizing green finance and fostering partnerships with the private sector, amplifying one of Mexico's comparative strengths. The vision is that by transitioning into a facilitative role, USAID will strengthen private sector engagement in addressing climate change and commitment to increase greater business transparency and integrity, while expanding the U.S.-Mexico strategic partnership and 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, 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 commitments, 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. Further, USAID is supporting Mexico to meet environmental commitments³⁰ by strengthening transparency and legality in the forest sector.

³⁰ The Work Program established under the Agreement on Environmental Cooperation outlines efforts in five strategic priority areas: strengthening environmental governance; reducing pollution and supporting strong, low

Under SO3 (Enhanced USAID-AMEXCID Development Collaboration), USAID underscores its efforts to collaborate with AMEXCID in maximizing the impact of both governments' interventions that contribute to addressing the root causes of irregular migration, while at the same time acknowledging the uniquely political and temporal nature of the work. As noted previously, in 2021 President López Obrador and Vice President Kamala Harris witnessed the signature of a Memorandum of Understanding outlining this shared vision over the following three years (2021-2024).

Work under this SO also advances Pillar II of the bilateral High-Level Economic Dialogue (HLED). SO3's intermediate results will focus on building partnerships and improving AMEXCID's programmatic outcomes. Emphasis is given to building AMEXCID's institutional capacity through amenable cooperation and coordination, while USAID and AMEXCID independently implement their own projects and activities and manage their own resources. Activities implemented under this new objective have the purpose of deepening USAID's strategic partnership with AMEXCID and providing sustainable economic opportunities for youth and farmers in northern Central America, thereby addressing the root causes of irregular migration.

Other Considerations

USAID 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 nine to 45 in three years. Going forward, USAID will continue to engage with not just the top-tier Mexican chambers,³¹ 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 focus 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 will continue strengthening the institutional partnership with AMEXCID under Special Objective 3 and *Sembrando Oportunidades*, sharing materials and best practices, establishing a coordinated research and learning agenda that will include rigorous analysis to inform programs addressing the root causes of migration, and developing guidelines for branding joint initiatives.

b. Role of Civil Society, Citizens And Other USG Agencies

Mexican civil society and the private sector are key partners for USAID and play a critical role in engaging with the GOM to implement evidence-informed public security and economic policies

emissions, resilient economies; conserving and protecting biodiversity and habitats; promoting the sustainable management and use of natural resources; and supporting green growth and sustainable development.

³¹ These include the Business Coordinating Council (CCE), the Mexican Business Council (CMN), Confederation of Employers of the Mexican Republic (COPARMEX), and the National Chamber of Industries.

(especially the business enabling environment and biodiversity habitat and protection), while also promoting transparency and accountability. USAID's experience, both globally and in Mexico, 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 civil society organizations (CSOs) in focus sectors, especially at the subnational level, and developing CSO capacity to leverage local resources for financial sustainability. These efforts will ensure that CSOs 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 corruption is estimated to be five percent of Mexico's GDP,³² 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. This engagement, along with outreach to AMCHAM, provides a solid foundation for future private sector engagement.

As described below, USAID will continue to address crime and violence in Mexico, with the goal of improving security by reducing the operational space for TCOs through investigation and prosecution of their subsidiaries. USAID will build on previous successes in helping state and municipal governments debilitate local criminal organizations and address 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 that focus more directly on TCOs' upper echelons and management. Under DO2, USAID will also continue to coordinate with other interagency counterparts, including: Departments of State, Energy, Treasury, Labor, and Commerce, the U.S. Forest Service, and the U.S. Fish and Wildlife Service. Under SO3, USAID will focus largely on the USAID-AMEXCID development cooperation relationship to provide economic opportunity in Central America in support of the U.S. Strategy for Addressing the Root Causes of Migration in Central America issued in July 2021. USAID works closely with other USAID bilateral Missions in Central America along with the interagency to coordinate USAID and AMEXCID activities in the region, as needed.

c. Milestones

By the end of the strategy period, 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 constrain the operational space for organized crime in focus areas. USAID

³² <https://www.americasquarterly.org/content/cost-corruption>

will also increase U.S. and Mexican investment in sustainable market systems and build stronger, more transparent linkages between U.S. and Mexican firms. In terms of its trilateral cooperation efforts, USAID will have fostered the exchange of knowledge and know-how on development best practices. 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 fall under the Bicentennial Framework and be carried out in close coordination and collaboration with the federal government in order to scale them 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 market systems and clean energy in Mexico, especially with Development Finance Corporation involvement, 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 bilateral partnership on our mutual security and prosperity. This partnership extends beyond traditional development and focuses on strategic interests and mutual priorities where development assistance can play a catalyzing role. Mexico presents a unique distinction to other more traditional USAID countries—being the only USAID presence country that shares a border with the U.S., and as an Organization for Economic Cooperation and Development member, is not a developing country.

b. DO Results Statement and Narrative

DO1: Impunity and Violence Reduced in Targeted Regions

Under DO1, USAID will continue to partner with Mexico to achieve positive outcomes in reducing impunity and violence—and improved security—in focus 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 Bicentennial Framework for Public Health and Security, a high-level agreement that guides bilateral cooperation around issues of security, violence, and drug trafficking that impacts both countries. The Bicentennial Framework, agreed upon by both countries in October 2021, provides a bilateral forum wherein the USG and GOM set a common strategic agenda on security issues and lay out clear lines of effort whose implementation is jointly monitored. The GOM already adopted and is working to scale a number of governance solutions introduced by counterparts with USAID support 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 development 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 advance evidence-informed policy dialogue with government, **THEN** impunity and violence will be reduced in focus regions.

Development Hypothesis Narrative: Impunity, and the crime and violence it enables, is a critical governance challenge. 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 in Mexico. 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 focuses on local authorities investigating and prosecuting these subsidiaries, to assist the GOM in its efforts to disrupt the business models and networks of larger TCOs.

USAID will continue to partner with select GOM institutions, with an emphasis on state and municipal justice actors (e.g., police, prosecutors, investigators, and judges) as they deter, investigate, and prosecute 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 continue to 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 continue to 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 crimes³³ and related murders, and threats to people who oppose such crimes, are results of impunity and violence. USAID will focus its programming on crimes related to timber. About 70 percent of Mexico's wood comes from illegal sources, and impunity for such crimes only perpetuates its spread. In addition, two out of three Mexican human rights defenders are environmental defenders. Mexico is a dangerous country for people who seek to protect natural resources, with four environmental defenders murdered in the first six months of 2022. To reduce impunity in the natural resources sector, USAID

³³ In Mexico, this encompasses wildlife trafficking and illegal resource extraction, including illegal logging.

will strengthen pertinent GOM institutions to improve policy implementation, transparency, and enforcement.

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 continue to work with counterparts to strengthen government capacity by supporting increased accountability and effectiveness within the justice sector to prioritize and prosecute serious crimes, including those perpetrated by TCOs subsidiaries. USAID will continue to 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 continue to support GOM anti-corruption efforts through assistance to improve transparency, audit, and oversight functions. These activities will continue to 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 continue to 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 Non-governmental actors advance evidence-informed policy dialogue

Citizen participation 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 continue to leverage private sector investment and influence to advocate for the expansion of evidence-informed

approaches to public security, human rights, and justice challenges, and provide assistance to bolster the enabling environment for civil society organizations to thrive.

DO1 Geographic Scope: USAID geographic focus works with 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 state to help them meet the minimum competencies of the reform of the criminal justice system, USAID now needs to robustly engage in a more limited number of 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. Interventions that fall under the Bicentennial Framework will be carried out in close coordination and collaboration with the federal government in order to target priority states and cities with high levels of violence, and scale them across Mexico.

DO2: Advanced Transparent and Climate-Resilient Economic Growth

Outcomes under this DO2 will improve the U.S.-Mexico economic partnership through supporting transparent and climate-resilient economic growth. Improved business transparency, reduction in greenhouse gas emissions, and the strengthening of sustainable market systems will benefit both sides of the partnership and promote mutual prosperity. Finally, this DO will work on strengthening energy systems and the investment climate for U.S. business and their Mexican suppliers and collaborators.

USAID is encouraged by the prospect of the U.S. and Mexican private sectors assuming greater responsibility for more transparent and climate-resilient economic growth. 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.

Climate change plays a prominent role in the U.S.-Mexico dialogue and USAID efforts under DO2 also aim to advance Mexico's commitments under the Paris Agreement and sustainable economic growth. Efforts to tackle greenhouse gas emissions employ nature-based climate solutions in agriculture, land-use, and forestry sectors (including deforestation and forest degradation). The Mission will also advance with counterparts clean energy initiatives, such as improving energy efficiency measures in the public buildings and transportation sectors in focus Mexican cities and states. During the strategy period, the Mission will also request new funds to improve conservation efforts by reducing biodiversity threats and drivers, and strengthening management of protected areas and biological corridors in key areas of Mexico, while encouraging ecotourism and market-based solutions to biodiversity conservation.

The Mission's programming will enable producer organizations and other stakeholders to enhance environmental and social benefits and create livelihood opportunities in sustainable market systems. The Mission will continue to 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 sustainable development. This will be achieved through work on sustainable market

systems, access to markets and finance, increased green investments, and scaled adoption of more sustainable and productive practices that are more profitable. Under DO2, USAID will continue to invest in market-based approaches to reduce deforestation, improve livelihoods, advance market opportunities, and promote transparency and integrity; USAID will also advance with counterparts the Biden-Harris Administration's priority of transparent and climate-resilient economic growth through an improved, competitive business environment.

DO2 Development Hypothesis (Theory of Change): IF business practices and policies are more transparent, competitive, and open, and sustainable low-emission practices in market systems are adopted **AND IF** actors can readily access financing, **THEN** the profitability and competitiveness of local economies will improve sustainable livelihoods and Mexico will be better positioned to meet its commitments in addressing climate change and improving transparency.

Development Hypothesis Narrative: Consistent with the Integrated Country Strategy and in support of 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 continue to focus on market-driven interventions to address key barriers inhibiting prosperity in Mexico. USAID will expand its existing engagement with the U.S. and Mexican private sector and local stakeholders to tackle greenhouse gas emissions and build the resilience of local communities and business. Further, USAID will continue to work with key actors to increase business ethics and integrity and improve compliance practices. These strategic activities will ensure a stable and sustainable business environment for U.S. and Mexican businesses and consumers.

USAID will continue to 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 market systems and business models. USAID will continue to support champions within the GOM at the state and local levels and the private sector (including business associations) to promote more transparent public procurement systems, streamlined regulatory practices that will reduce opportunities for corruption, as well as promote investigative journalism.

DO2 Intermediate Results:

IR 2.1 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 market systems 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. As part of this effort, USAID will contribute to strengthening oversight and regulatory body capacity at state and federal levels, in turn developing initiatives that promote business integrity and reduce corruption risks in government and private sector interactions. USAID will also continue to support work in select municipalities to streamline local regulations and regulatory governance practices, while also focusing on strengthening private sector regulatory compliance and building related advocacy capacities for micro, small, and medium enterprises for improved regulatory framework.

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 (domestic resource mobilization). 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.

IR 2.2 Greenhouse gas emissions tackled in key sectors

USAID will support Mexico's goal to achieve net-zero deforestation by 2030 through initiatives that enhance transparency and use market-based solutions to reduce deforestation and land degradation. By engaging with the private sector, government and civil society partners, USAID programming will continue to promote sustainable, productive landscapes through policy and agricultural innovation that sequester carbon in soils and trees, produce higher quantities of food and agricultural products, support diverse livelihoods, and protect and restore high-carbon and ecologically sensitive ecosystems. Mexico is one of the world's largest agricultural producers, which presents 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 continue to help promote stable and sustainable market systems for both U.S. and Mexican buyers and consumers for value-added products. Nature-based solutions provide a key means for USAID's programming to simultaneously reduce emissions, strengthen climate resilience, and conserve biodiversity, while providing very important development benefits.

USAID's work will also support energy efficiency collaboration at the subnational level with counterparts in city and state governments and the private sector to reduce energy consumption and cost. The United States exports \$18 billion per year in sustainable energy equipment and technologies, which can help meet Mexico's projected need for \$350 billion of new energy infrastructure by 2030. USAID will also explore scaling up energy sector technical assistance and technologies to reduce emissions in partnership with U.S. and Mexican companies, as well as subnational governments.

IR 2.3 Sustainable market systems strengthened to improve livelihoods

In the United States, Mexico, and across the globe, demand for “green” products³⁴ is increasing. Sustainable product sales in the United States 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 or contribute to greenhouse gas reduction targets. 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.

USAID will take a market systems 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, honey, timber and non-timber forest products.

USAID programming will also enable producer organizations and other businesses to access financing, improve internal management practices, and take advantage of opportunities that enable them to increase sales and create income/livelihood growth opportunities. To increase incomes for farmers and create on-farm and non-farm employment, USAID will strengthen producer organizations (cooperatives and associations) enabling them to improve service delivery through better integration with markets, improved marketing, and support women entrepreneurs and to provide more training, extension services, and value addition.

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 the sustainable supply chains sector are still perceived as high risk, and there is a shortage 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 help to develop the foundation for sustainable market systems by working on land use planning at various scales, improving resource governance, providing technical assistance for producers, increasing market access 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.

USAID will seek to engage with GOM agricultural and environmental initiatives to link sustainable products to market systems and strengthen sustainable natural resource management practices.

³⁴ A green product is one that minimizes environmental impact or reduces environmental toxicity throughout its entire life cycle.

DO2 IR Linkages: The three IRs under DO2 are complementary. 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 U.S. businesses through stronger internal compliance and ethics practices, consistent with the USMCA.

DO2 Geographic Scope: USAID's geographic focus for its natural resource management and energy portfolio is anticipated to be in at least 13 states. USAID will identify city and state governments to work with based on predetermined criteria including potential emissions reduction impact. USAID will also explore scaling up energy sector technical assistance in partnership with U.S. and Mexican companies, as well as subnational governments.

SO3: Enhanced USAID-AMEXCID Development Collaboration

As part of a mid-course stocktaking for this CDCS, the Mission determined a need to underscore its efforts to strengthen the Agency's partnership with Mexico's International Development Institution, AMEXCID, in addressing the root causes of migration in Central America through a Special Objective. In June 2021, an MOU to collaborate on root causes of irregular migration from Central America was signed by the U.S. and GOM, as witnessed by Vice President Harris and President López Obrador. As follow-up to the MOU, discussions by President López Obrador and President Biden during the North American Leaders' Summit in November 2021, announced "*Sembrando Oportunidades*," a USAID-AMEXCID framework to operationalize collaboration in northern Central America. Work under this SO also advances Pillar II of the bilateral HLED and will also focus on Collaborating, Learning, and Adapting (CLA) activities between USAID and AMEXCID to maximize AMEXCID's programmatic outcomes in their own development initiatives. Emphasis is given to exchanging lessons learned and findings with AMEXCID, while USAID and AMEXCID independently implement their own projects and activities and manage their own resources. Activities in bilateral missions in northern Central America and AMEXCID activities will also contribute to the outcomes of *Sembrando Oportunidades*.

Development Hypothesis (Theory of Change): IF USAID and AMEXCID pool complementary knowledge and build partnerships to achieve development results **AND IF** their programmatic collaboration is enhanced to address the root causes of migration through joint implementation that provides youth and farmers new economic and educational opportunities, **THEN** USAID and AMEXCID will improve their shared development effectiveness by complementing each other's strengths and exchanging best practices.

Development Hypothesis Narrative: The current Mexican Administration is positioning Mexico as a regional actor committed to investing in economic growth and social development while collaborating to address the root causes that give rise to the phenomenon of irregular migration.

Mexico is basing its foreign aid strategy on the NDP, a plan that was commissioned by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) in

December 2018. Within the NDP framework, Mexico decided to export and adapt its largest development projects to Central America.

USAID as an Agency, is also focused on addressing the root causes of irregular migration under the White House's Root Causes Strategy³⁵ launched in July 2021. In May 2021, USAID launched its Northern Triangle Task Force to coordinate efforts of USAID missions in El Salvador, Guatemala, and Honduras to help draft and then implement the Root Causes Strategy. The aforementioned bilateral MOU signed in June 2021 and the subsequent announcement of *Sembrando Oportunidades* in November, solidified U.S./Mexico cooperation and collaboration to address the root causes of irregular migration from El Salvador, Guatemala, and Honduras. While USAID's root causes investments in these countries include programs related to prosperity, security, and governance as outlined in the Root Causes Strategy, Mexico's investment is focused on promoting prosperity among small holder farmers and youth, based on President López Obrador's flagship workforce development and agriculture programs already being implemented within Mexico. The *Sembrando Oportunidades* framework is an umbrella initiative through which each agency works to maximize the effects of their programs through synergies between Mexican programs and USAID's workforce development and agriculture programs. Examples of the joint collaboration include reaching out to the same beneficiaries or locations, complementary technical assistance and training, and building stronger relationships with local private sector counterparts and host country government authorities.

Through this Special Objective, USAID focuses on strengthening the relationship with AMEXCID by collaborating together with the same outcome in mind. USAID and AMEXCID will share best practices and combine their strengths while learning from each other and reflecting to adapt and improve.

SO3 Intermediate Results:

IR 3.1 Enhanced partnerships and practices

In IR 3.1, USAID will focus on AMEXCID as a development institution. It is important that USAID deepen its partnership with AMEXCID to learn from each other's programming and address challenges that affect the entire region such as irregular migration. USAID will provide assistance to AMEXCID in a 'learning by doing' way, through exchanged collaboration, learning, and adaptive practices. As part of this, USAID will provide technical assistance in monitoring and evaluation, and in partnering with the private sector so that AMEXCID can leverage the expertise and resources of the private sector in providing economic opportunity in Central America. Additionally, USAID will work directly with AMEXCID staff in Central America to maximize the effectiveness of their assistance. Interventions under this IR will include a robust,

³⁵ Executive Order on Creating a Comprehensive Regional Framework to Address the Causes of Migration, to Manage Migration Throughout North and Central America, and to Provide Safe and Orderly Processing of Asylum Seekers at the United States Border. <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/02/02/executive-order-creating-a-comprehensive-regional-framework-to-address-the-causes-of-migration-to-manage-migration-throughout-north-and-central-america-and-to-provide-safe-and-orderly-processing/>

joint learning agenda that will include sharing materials and best practices to inform the combined efforts of USAID and AMEXCID to address the root causes of migration.

IR 3.2 Enhanced programmatic collaboration addressing root causes of irregular migration

USAID will provide support to AMEXCID (in both Mexico and Central America) and directly implement activities in Central America to enhance the progress and sustainability of AMEXCID's assistance for its beneficiaries, principally in agriculture development, and youth employment. Efforts will focus on identifying opportunities within USAID to incorporate AMEXCID beneficiaries into USAID activities, provide complementary training or technical assistance, engage with relevant private sector entities, and other complementary support to improve their economic opportunities. USAID programming will also incorporate key opportunities to assess and learn from development approaches carried out by each of the respective donors.

SO 3 Geographic Scope: SO3 will be implemented within the geography of AMEXCID's programs. AMEXCID is currently implementing their activities in 13 of the 14 departments in El Salvador, 13 out of 18 departments in Honduras, and intends to work in the majority of the 22 departments in Guatemala. The USAID-AMEXCID Collaborating, Learning, and Adapting (CLA) work will primarily take place in Mexico City.

5. Monitoring, Evaluation, and Learning

USAID is an adaptive organization. Throughout the period of this CDCS, USAID will continue to capitalize on strategic relationships with the Mexican government, private sector, and civil society; utilize its monitoring, evaluation, and learning (MEL) tools; and, apply activity management tools to learn and adjust programs in pursuit of Mexico's development outcomes. As a reflection of its learning and adaptation, USAID is now integrating its rule of law, crime and violence prevention, human rights, anti-corruption, and elements of its natural resource management programming into a coordinated approach specifically focused on reducing impunity under DO1. During the CDCS implementation period, the Mission will continue to employ MEL tools to track impunity rates, as well as corruption, human rights violations, and crime and violence within its focus regions to explore its theory of change 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 continue to deploy MEL tools to test the premise that a combination of strengthening sustainable market systems, tackling greenhouse gas emissions, 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. Under SO3, USAID will monitor and evaluate the effectiveness of joint programming with AMEXCID. USAID will also use CLA tools to improve the effectiveness of USAID-AMEXCID collaboration and implementation of programs to provide economic and educational opportunity in Central America, pilot best practices and locally-appropriate solutions, advance peer-to-peer learning, and in so doing, scale initiatives at the federal level and among states.

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, human rights, combating climate change, and USAID's collaboration with AMEXCID. For innovative programs, such as focused deterrence, the Mission will conduct assessments of lessons learned, where feasible, to generate evidence to inform decisions regarding possible future programming.

USAID will use MEL tools to periodically assess and mitigate risk at the enterprise 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: [Country Roadmap](#)