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Enabling poor rural people  
to overcome poverty

## **United Mexican States**

### **Country strategic opportunities programme**

Executive Board — Ninety-second Session  
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For: **Review**

## **Note to Executive Board Directors**

This document is submitted for review by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

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Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)

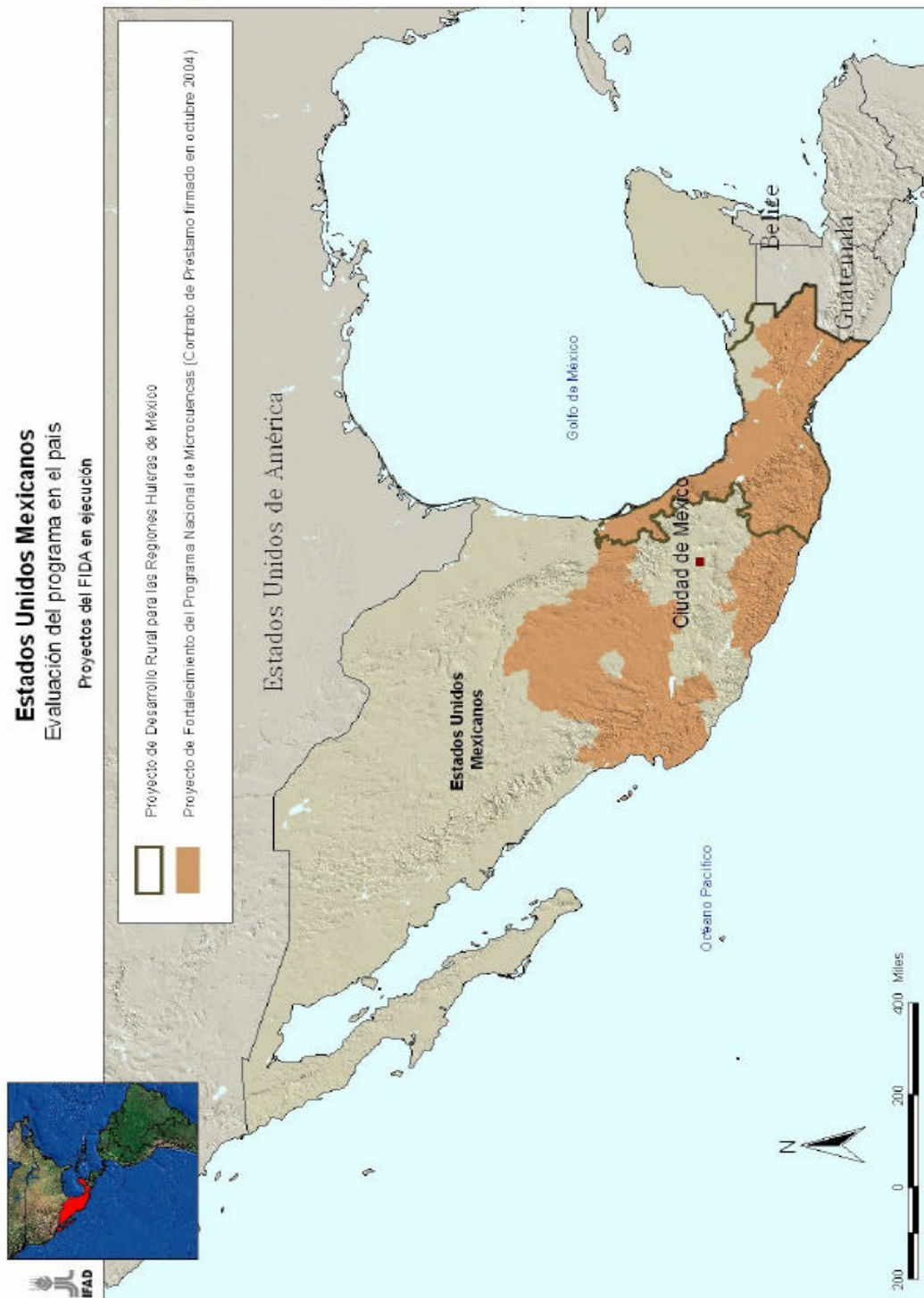
Key file 3: Complementary donor initiative/partnership potential

Key file 4: Target group identification, priority issues and potential response

## Abbreviations and acronyms

COSOP	country strategic opportunities programme
CPE	country programme evaluation
ECLAC	Economic Commission for Latin America and the Caribbean
FAO	Food and Agriculture Organization of the United Nations
IDB	Inter-American Development Bank
M&E	Monitoring and evaluation
MDG	Millennium Development Goal
NAFTA	North American Free Trade Agreement
UNDP	United Nations Development Programme

# Map of IFAD operations in the country



Fuente: FIDA  
 Las denominaciones empleadas y la forma en que aparecen presentados los datos en este mapa no suponen juicio alguno del Fondo Internacional de Desarrollo Agrícola (FIDA) respecto de la demarcación de las fronteras o límites que figuran en él ni acerca de las autoridades competentes.

## Summary of country strategy

1. Mexico's country strategic opportunities programme (COSOP) presents IFAD's strategy to support the efforts of the Government of Mexico in addressing the country's rural development challenges, particularly those related to rural poverty reduction. The COSOP is informed by lessons learned from more than 25 years of IFAD operations in Mexico as reported in the country programme evaluation (CPE). It further reflects the intensive dialogue with the Mexican authorities and major rural development partners (from international development institutions, the private sector and civil society) on relevant strategic, policy and operational issues that took place over the first six months of 2007, during the fully participatory COSOP preparation process.
2. IFAD's main contribution to Mexico during the period covered by this COSOP is expected to be innovation, especially with regard to methodological design and building field-level experience for the purpose of replication and scaling up. The objectives are to improve the efficiency, effectiveness and impact of government programmes, on a selective basis, and improve processes that are relevant for poverty reduction – not only for IFAD-supported programmes, but also for other rural development interventions. The fact that IFAD-funded activities are necessarily part of broader nationwide or regional government programmes offers IFAD the opportunity to make a greater impact than that obtainable within the context of limited geographical operations for a limited number of beneficiaries.
3. The COSOP's strategic objectives reflect the poverty reduction and rural development objectives stated in the National Development Plan 2007-2012, as well as those of the IFAD Strategic Framework 2007-2010. The three fundamental objectives of the COSOP are:
  - **Strategic objective 1:** contribute to generating sustainable income and permanent employment through government programmes in which IFAD participates, focusing on the poor population in clearly defined marginal areas, within ongoing IFAD projects and other projects that will be formulated under this COSOP;
  - **Strategic objective 2:** contribute to increasing the effectiveness, efficiency and impact of public spending on IFAD-supported activities being implemented within government programmes. Subsequently, methodologies and practices leading to such improvements will be scaled up and extended to other programmes/regions; and
  - **Strategic objective 3:** strengthen capacities to learn from experience and use lessons learned to develop effective methodologies for the replication and scaling up of rural development strategies and implementation arrangements.
4. In alignment with the poverty reduction strategies of the Mexican Government, IFAD will focus on the rural poor in marginal areas, concentrating on the southern Pacific region and south-east lowland areas, particularly on groups with limited access to land and highly vulnerable groups, such as indigenous populations and women.
5. IFAD will be more directly involved in the implementation of the COSOP than has been the case in the past, especially in supervising programme implementation, policy dialogue, and the monitoring and evaluation (M&E) of programme activities. This will require strengthening of IFAD's capacity for programme management in the field and finding new mechanisms to develop a more fluent relationship with the Government of Mexico. IFAD will further strengthen its capacity to cooperate and coordinate with key rural development partners in Mexico, both national (Government and private) and international institutions, by establishing agreements with organizations such as the World Bank, the Inter-American Development Bank (IDB), the Food and Agriculture Organization of the United Nations (FAO) and other United Nations agencies.





## United States of Mexico

### Country strategic opportunities programme

#### I. Introduction

1. For over 25 years, IFAD has been associated with the efforts of successive governments to promote rural development and poverty reduction in Mexico. The first country strategic opportunities programme (COSOP) in 1999 was focused on operational aspects. It recommended that IFAD take action in two areas: (a) support for small farmers and indigenous communities with emphasis on the production-processing-marketing nexus; and (b) sustained development in arid and semi-arid areas. In 2005, IFAD conducted an evaluation of its 25-year presence in Mexico through a country programme evaluation (CPE), from which important lessons were learned. In December 2006, within the context of the change in the federal government administration, IFAD prepared a policy note on rural development and poverty reduction in Mexico. These two documents formed the basis for the dialogue between IFAD and Mexican authorities in COSOP preparation.
2. COSOP formulation was conducted in two phases: (i) a preparatory visit to Mexico from 30 January to 8 February 2007 to (a) discuss and review basic elements of the policy note and (b) elicit opinions and suggestions from various interlocutors on IFAD's future role; and (ii) the official COSOP mission from 10 to 19 April during which IFAD consultants presented preliminary ideas for IFAD's role in the medium-term. In both phases, IFAD sought the views of a variety of interlocutors, including government and civil-society representatives at the federal and state levels, and representatives of international financial institutions and development agencies in Mexico.
3. This COSOP follows IFAD's guidelines for results-based COSOP preparation. It takes into account the views and recommendations of several IFAD Executive Directors, including Evaluation Committee members who visited Mexico in March 2006 and participated in the final CPE seminar, which was attended by representatives of the Government, civil society, international organizations and the private sector. Conclusions and recommendations were reflected in the agreement at completion point (annex IV).

#### II. Country context

##### A. Economic, agricultural and rural poverty context

###### Country economic background

4. Mexico is a large middle-income country with strong ownership of its development strategy. Steady economic performance and the Government's responsiveness to poverty concerns have contributed to rising income levels. The total population stands at 103 million, and its annual growth rate is currently 1.1 per cent, with regional differences; for instance, it is higher in the south where large numbers of indigenous peoples live and poverty is widespread. Per capita income was estimated at US\$7,310 in 2005. From 1996 to 2005, Mexico's per capita income increased at an average of 2 per cent per year. Recent economic growth has been relatively good, at 4.2 per cent in 2004, 3 per cent in 2005, and about 5 per cent in 2006. Inflation has been contained in recent years, dropping to 5.4 per cent in 2005. Despite the progress made, poverty and income inequality remain acute problems.
5. With the presidential election of July 2006, the country continues to evolve from a hierarchical-corporatist system to one where power is shared and democratic consensus is critical. At the federal level, all three main political parties – the *Partido Accion Nacional*, *Partido Revolucionario Institucional* and *Partido de la Revolución Democrática* – have substantial blocs in congress and presented viable candidates

for the 2006 presidency. However, these positive developments face challenges in terms of carrying out policies and programmes, including the specific structural reforms needed to accelerate growth in an equitable and sustainable way.

6. With regard to the Millennium Development Goals (MDGs), Mexico has made considerable progress in its efforts to meet the 2015 targets and can expect to achieve some of the goals as a result of its broad strategic and programmatic initiatives. This is already true for MDG1 – reduction of 50 per cent in the number of people whose income is less than a dollar a day and for MDG2 – universal primary education enrolment – although there are still significant regional variations. There has been progress with MDG3 – which relates to gender balance, especially in education – and in the health-related MDGs 4, 5 and 6. Significant advances have also been made towards MDG7 – which addresses environmental issues – and the continued efforts required are being contemplated in the context of the National Development Plan 2007-2012. Overall, despite the progress made, poverty and inequality remain at very high levels.

### **Agriculture and rural poverty**

7. Data on poverty are somewhat difficult to analyse, as definitions vary according to sources of information. Official data from the Technical Committee for the measurement of poverty asserts that 18 per cent of the total population live in extreme poverty – defined in terms of food intake – and 47 per cent live in moderate poverty – defined in terms of assets and social capital, i.e. populations with insufficient access to food, health care, education, housing and transport. World Bank estimates are similar. Through a combination of policies designed to maintain macro-economic stability and ensure moderate growth, and programmes targeted at poor populations, poverty has been significantly reduced since the 1994 financial crisis.
8. National income inequality in Mexico is high. Forty per cent of the total national income is concentrated in the top decile of income earners, while the poorest decile generates only about one per cent of total national income. National income inequality has decreased since 2000, but rural inequality is worse than it was prior to the 1994 financial crisis.
9. In terms of rural poverty, in 2005, of the 5.5 million households living in rural areas (representing 24.3 million people), 3.4 million families were poor.<sup>1</sup> Of the latter: (a) 2.1 million poor families – 38.2 per cent of total rural households – did not have access to land; and (b) 1.3 million poor families had access to land, mainly for dryland farming (average 2.9 hectares (ha) per family); however, 45 per cent of these families held less than 1 ha. For all of these families, labour is the main productive asset.
10. In regional terms, the highest incidence of poverty is found in the rural areas of the southern Pacific states (Chiapas, Guerrero and Oaxaca), where some 50 per cent of the population still lives in extreme poverty, followed by the southern Gulf and Caribbean regions, where roughly 35 per cent of the population is extremely poor. Improvements in the rural poverty situation are very recent and are the result of a healthier economy combined with sustained public policies, public transfers and the strong flow of remittances to those living in extreme poverty in rural areas. Agriculture-related factors per se have played a minor role: income derived from farming activities is gradually decreasing; agricultural employment has dropped; and the level of rural wages in 2002 was lower in real terms than before the 1995 devaluation. Even with the significant progress made in recent years, the levels of poverty in its three dimensions – food security, human capacity and access to assets

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<sup>1</sup> This information is based on Rodriguez, E. (2005). Estimations are made on the basis of the pattern of beneficiaries of the Progres-a-Oportunidades programme, which covers 62.6 per cent of rural households and is the largest poverty reduction programme in rural areas.

– are still very high for a country with an intermediate level of development such as Mexico.

11. The pattern of employment in rural areas has changed considerably over the last decade, in parallel to the relative reduction of the importance of the primary sector as a source of employment and income. Only 52 per cent of the total population employed in rural areas is dedicated to the primary sector; employment in this sector is typically temporary in nature, owing to the seasonality of production.
12. A number of changes have taken place in agricultural and rural development over the recent past. Among these are: agricultural market policy reforms in the 1990s; advances in decentralization and the mainstreaming of social and productive programmes through *Alianza para el Campo* (alliance for the countryside); advances in the transfer of irrigation systems to water users' associations; progress in land tenure rights through the programme for the certification of rights to ejido lands (*Procede*); and the institutionalization of rural development councils, in which civil society play an important role. At the same time, there are still shortcomings in the sector, the main ones being the sluggish growth of agriculture (whose share of national GDP fell to around 4 per cent in 2005 compared with 10 per cent in 1985), and the pronounced inequalities across agricultural regions and farm types, evident in the strong contrast between the advanced commercial agriculture of the north, and the predominantly peasant agriculture of the south and Pacific areas. The persistence and high incidence of rural poverty, weaknesses in financial systems and a number of issues in the incentive system and subsidy programmes are salient features of the problems that affect the performance of the sector.
13. Growth of the agricultural sector has lagged behind the national growth rate for more than 20 years. The share of agriculture in the labour force fell from 36 per cent in 1980 to 20 per cent in 2004; the contribution to exports fell from 13 to 4 per cent over the same period. Land productivity has increased over the last 20 years, but less than Mexico's competitors in Latin America – Brazil and Argentina. Labour productivity has also increased, but much less so than in other sectors in Mexico. Finally, most yield increases have been in irrigated areas.
14. The impact of the North American Free Trade Agreement (NAFTA) is difficult to assess at this point, as its effect is mixed with a number of other concomitant measures – i.e. agricultural policy reforms. The production of basic grains increased slightly after NAFTA, thanks to continued price support. Nevertheless, Mexican agriculture faces great competitive challenges when NAFTA tariff exemptions expire in 2008, especially in products such as maize, sugar, powdered milk and beans.

## **B. Policy, strategy and institutional context**

### **National institutional context**

15. Since 2001, the Government has been engaged in a concerted effort to provide a more formal and long-term framework for its rural development strategies. The Rural Sustainable Development Law (2001), the Social Development Law (2003), and the National Programme for the Development of Indigenous Populations (2001) bear witness to the willingness of the Mexican authorities to create a stable legal framework for the country's poverty reduction and rural development activities to benefit, specifically, the most underprivileged populations. However, it is necessary to differentiate between the frameworks applicable only to agriculture and those related to broader rural development strategies and policies.

### **National rural poverty reduction strategy**

16. Since the late 1970s, Mexico's administrations have formulated strategies and policies to address the dual challenge of economic growth and improved social conditions, especially in rural areas. The approach has followed one of two avenues: – either a social approach or a productive approach – with a view to fostering some degree of capitalization among farmers, including small-scale producers. The social

approach includes programmes such as *Solidaridad* since the late 1980s, followed by the Health, Education and Nutrition Programme (*Progresa*) since the late 1990s, which is now called *Oportunidades*. *Alianza para el Campo* aims to improve productive conditions and *Procampo* – a compensatory subsidies programme designed to mitigate any temporary negative impact by NAFTA – seeks to match income support with social needs. The rural development and poverty reduction strategies established by the federal government in 1995 include income generation and employment creation as their main objectives. This has been accompanied by recognition of the need for differentiated policies for low-income producers in rural areas, given the high degree of heterogeneity in the country.

17. The focus on the poorest of the rural poor has increased considerably in recent years, and attention to indigenous populations has also grown. Today, social programmes such as *Oportunidades* focus on the very poor, while programmes such as *Alianza para el Campo* have a broader scope. From the exclusively production-oriented, welfare-type approach taken to support small producers 25 years ago, the strategic framework has evolved into a more development-oriented approach in recent years, addressing social, organizational and human dimensions of problems and extending beyond agricultural production to include other measures directly targeted at reducing extreme poverty. Despite the advances in the area of strategy and programme design, institutional capacities for implementation remain weak.
18. At the beginning of his new administration, and within the context of the long-term vision of development in Mexico – Vision 2030 – President Felipe Calderón Hinojosa issued a National Development Plan for 2007-2012 the guiding principle of which is sustainable human development. On the basis of a diagnosis of both past achievements and future challenges, the plan offers guidelines and direction for action over the entire six-year term. The five pillars of the plan are: (i) rule of law and security; (ii) achievement of a competitive economy that creates jobs; (iii) equal opportunities; (iv) sustainable development; and (v) reinforcement of institutions, effective democracy and the exercise of a responsible foreign policy. This COSOP is fully integrated within this programmatic framework, particularly with reference to the matters of employment generation, equal opportunities, environmental sustainability, and effective governance, with a focus on specific vulnerable and underprivileged populations in rural areas. Within the context of the National Development Plan, existing programmes are likely to be continued i.e. *Oportunidades*; new programmes are being developed i.e. *Cien Municipios*; while with regard to other programmes, the Government is preparing modifications to enable them to be continue.

#### **Harmonization and alignment**

19. To contribute to the efforts made by the Government, it is very important to enhance IFAD's cooperation with other international financial institutions and development agencies, and between these and the different levels of government. These relationships should develop under a vision of complementarity rather than competition. This would provide an adequate framework for the achievement of the strategic objectives proposed by this COSOP.

### **III. Lessons from IFAD's experience in the country**

#### **A. Past results, impact and performance**

20. The Mexico CPE was conducted in 2005. In March 2006, the results were presented in Mexico and discussed extensively with the Government, civil society representatives and project beneficiaries. The CPE concluded that, during its 25 years in Mexico, IFAD's programme had presented contrasting features. The analyses of the six IFAD-funded projects showed evidence of positive impacts on rural poverty, but in differentiated forms according to project implementation regions, communities, groups of beneficiaries, types of productive activities, etc. The impact on poverty reduction, however, has been limited. Without diminishing the

importance and reality of some of the progress registered by a significant number of beneficiaries, much doubt remains over the sustainability of project activities, especially those related to income and employment generation for poor farmers. Effectiveness of the projects was rated low, and an excessive geographical dispersion of IFAD-supported activities has directly affected the costs – and the efficiency – of the interventions.

21. The objectives of the previous COSOP (1999) and other strategic documents produced by IFAD were generally relevant to the situation in the country and to the national policies as they existed at the time. On the other hand, it was difficult to develop a permanent dialogue between IFAD and the Government in some areas identified in the previous COSOP as priority issues for policy dialogue: (i) performance of the agricultural sector, more specifically, family farming; (ii) poverty reduction based on increases in production and income; and (iii) rural financing. In addition, there is little evidence of participation by Mexican institutions, or by NGOs and other international institutions in the definition of the COSOP. It should be noted however that, in those days, the COSOP was conceived more as an internal programming instrument for IFAD for the identification and orientation of future operations – and in this respect it was useful. The COSOP did not give a clear vision of how IFAD could coordinate its activities with other important partners involved in the rural development process in the country: the World Bank, other United Nations agencies, and the Inter-American Development Bank (IDB).
22. With the notable exception of the 1992 special programming mission, the role of IFAD in the dialogue on national policies for rural development and poverty reduction has been limited. Nevertheless, in spite of having been confined to the context of specific projects, the dialogue around various themes and topics relevant to the process of development and poverty reduction at the local and the subregional levels has not been without merit. In fact, IFAD has made valuable contributions at the micro level on a number of specific aspects of development strategies, i.e. technical assistance to women and indigenous issues. This demonstrates that there is ample space to maintain productive exchanges with the Mexican authorities.
23. IFAD's portfolio currently has three projects under implementation in the country. Two are being implemented within the context of national programmes under the responsibility of the Trust Fund for Shared Risk (FIRCO) of the Ministry of Agriculture, Rural Development, Fisheries and Food. These are: the Rural Development Project for Rubber-Producing Regions of Mexico (with an IFAD loan of US\$25 million), and the Strengthening Project for the Micro-Watershed Programme (with an IFAD loan of US\$15 million). The third and most recent is the Sustainable Development Project for Rural and Indigenous Communities of the Semi-Arid North-West (IFAD loan of US\$25 million), which was approved at the end of 2005 and is being implemented under the responsibility of the National Forestry Commission. It must be noted, however, that these projects all operate within the framework of national programmes.<sup>2</sup>

## **B. Lessons learned**

24. The CPE indicated a number of weaknesses and difficulties in the design and implementation of IFAD-financed projects. Problems in policy occur both in the

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<sup>2</sup> The concept of "project" has different connotations in IFAD and in Mexico. In Mexico, there is no "IFAD project" as such, but rather a group of activities supported and/or financed by IFAD within the context of existing national and regional programmes. The IFAD project has no particular institutional and/or legal value in Mexico: it represents a convenient way for IFAD to package a set of activities in the country, in accordance with IFAD's procedures. On the other hand, a project in Mexico refers to activities primarily – but not exclusively - productive at the local level, as part of a Mexican programme or subprogramme (i.e. a small aquaculture project within the context of the Micro-Watershed Programme of the Ministry of Agriculture). To avoid confusion, this document refers to "projects" as activities implemented at the local level, which generally constitute the backbone of national and/or regional government programmes.

definition of the strategies and in the design of programmes and projects, as well as in the conceptualization of objectives and in a degree of ambiguity as to expected beneficiaries. There is also some conflict between two contrasting visions: one that can be termed as “productivist” (whereby progress can be expected almost exclusively from increases in production and productivity); and one that is decidedly more “social” (where progress must be the result of improvements in social services: education, health, rural organization, etc.). In both cases, there is heavy reliance on subsidies, without clear planning for the generation of sustainable income through complementary strategies, and this tends to perpetuate the situation of dependency of the populations concerned. In addition to these problems of design, there are problems of duplication of efforts, lack of coherence and the absence of a strategy to ensure coordinated and consistent operationalization at the local level. The various government institutions involved in activities related to rural development and poverty reduction operate at the local level in a segmented and uncoordinated way. Likewise, there are institutional difficulties at the various levels of government: federal, state and municipal.

25. Operational difficulties were found in the implementation of various IFAD-supported activities. Such problems related to the formulation of projects at the local level and management capacity for these projects; financing mechanisms (for the release and application of funds); financing of project activities through credit and/or subsidies; supply of technical assistance services; monitoring of project activities; follow-up of operational and administrative processes; project evaluation, etc.

#### **IV. IFAD country strategic framework**

##### **A. Comparative advantage of IFAD in Mexico**

26. The most effective way to develop and maintain fruitful dialogue between IFAD and Mexico is to build and capitalize on lessons learned at the field level, in the context of specific operations of a typically micro nature with a strong innovation component, and then leverage this knowledge and experience for use at the programme and macro levels. In a national context that does not allow for budgetary additionality of funds within the programmes IFAD seeks to support, the added value in terms of technical assistance and innovation constitutes the main rationale for IFAD’s continuous presence.
27. IFAD’s contribution should be in the area of methodological design (in conceptual and operational mechanisms) and of building experience at the field level using a pilot approach for eventual replication and scaling up. The objective is to improve the efficiency, effectiveness and impact of government programmes, and enhance processes not only for specific programmes to which IFAD may be contributing, but also for other rural development programmes, since many such processes cut across these. This proposal is substantially different from the line followed hitherto by IFAD, whereby efforts were concentrated on the operation of limited activities without achieving much impact on the design and implementation of the large nationwide programmes within which these activities were being carried out.
28. The fact that IFAD-funded projects are part of broader nationwide or regional programmes offers IFAD an opportunity to make a greater impact than that obtainable within the context of limited geographical operations for a limited number of beneficiaries. Lessons drawn from IFAD-financed activities can find wider application at the programme level. For this to be realized, three conditions are essential:
  - (i) there must be sound and reliable monitoring and evaluation (M&E) of activities directly supported by IFAD so that lessons can be systematically drawn from experience;

- (ii) appropriate mechanisms must be established offering the possibility for replication and scaling up of these experiences at the programme level; and
- (iii) projects financed by IFAD must form a coordinated programme and develop synergies.

## B. Strategic objectives

29. The COSOP's strategic objectives reflect the poverty reduction and rural development strategic objectives stated in the recently issued National Development Plan 2007-2012. Likewise, these objectives fall squarely within the IFAD Strategic Framework 2007-2010, in ensuring that beneficiaries have better access to, and the skills and organization they need to take advantage of : (i) natural resources, with emphasis on environmental sustainability; (ii) improved technologies and services; (iii) a broad range of financial services; (iv) transparent and competitive markets for agricultural inputs and produce; (v) opportunities for rural off-farm employment and enterprise development; and (vi) local and national policy and programme benefits.
30. In addition, the principles of IFAD's engagement in Mexico precisely coincide with IFAD's overall guiding principles: (i) selectivity; (ii) targeting of poor populations; (iii) empowerment, especially of poor women; (iv) innovation; (v) partnership with other actors in the rural development support process; and (vi) sustainability.
31. **Strategic objective 1** is to contribute to generating sustainable income and permanent employment through government programmes in which IFAD participates, focusing on the poor population in clearly defined marginal rural areas. This objective involves ongoing IFAD projects and other projects that will be formulated under this COSOP. This implies: (i) clearly defining target populations for IFAD-supported activities within government programmes; (ii) specifying the geographical area for the promoted activities to facilitate the focalization strategy; (iii) identifying activities with the potential to improve and/or generate income and employment.
32. To achieve the first strategic objective, IFAD must take into account elements that have an impact on long-term viability and sustainability of supported activities, including: (a) access to support services, such as technical assistance and information ; (b) financial viability and possible complementarity of financing mechanisms for local investments and activities; (c) environmental concerns, i.e. effect of climate change on cropping patterns and use of natural resources, particularly water; (d) managerial capacities to meet the challenges of developing a culture of entrepreneurship at the local level; and (e) population dynamics, particularly related to migration.
33. **Strategic objective 2** is to contribute to increasing the effectiveness, efficiency and impact of public spending on IFAD-supported activities being implemented within government programmes, beginning with the geographical areas and targeted populations identified under the first objective. Subsequently, methodologies and practices that have led to such improvements will be scaled up and extended to other programmes and regions.
34. To achieve the second strategic objective, attention must focus on improvement and innovation in processes related to: (i) disseminating information among potential beneficiaries to facilitate their access to programmes; (ii) project formulation and appraisal; (iii) selection of beneficiaries and projects using focalization and technical criteria; (iii) disbursement procedures; (iv) supervision and technical assistance for ongoing projects; and (v) coordination among national, state and municipal governments for public management at the local level.
35. To achieve this objective, IFAD proposes a gradual approach that initially focuses on the geographical areas and populations selected under strategic objective 1, and in one or two programmes that the Mexican authorities feel offer the best opportunities

for IFAD to contribute to pilot activities. Gradually, as lessons are learned and methodologies tested and validated, IFAD may be called on to help find ways of introducing these into other programmes and regions.

36. **Strategic objective 3 is to** strengthen capacities to learn from experience and use lessons learned to develop effective methodologies for the replication and scaling up of rural development strategies and implementation arrangements.

To achieve this objective, the federal government and IFAD will jointly: (i) identify ongoing programmes and projects relevant to national rural development policy where lessons can be learned, selecting programmes oriented toward poor rural populations and using productive and development approaches; (ii) identify some states and municipalities with ongoing programmes of relevance that show diverse levels of performance, in order to learn from successful and unsuccessful experiences; (iii) agree with these state and municipal governments to carry out a learning exercise; (iv) develop new or adjust existing methodologies for applying systematization, evaluation and learning processes in these states and municipalities. The application of these methodologies will include delivering products that will later permit replication of experiences; and (v) enter into policy dialogue with all levels of government in order to choose which of the lessons should be replicated, how they will be replicated and how they can be scaled up and incorporated into policymaking. This dialogue will entail the development of new methodologies for the replication and scaling up of experiences.

### C. Opportunities for innovation

37. The innovative approach of this COSOP aims to : (i) focus on poor population in clearly defined marginal rural areas, to increase the impact of activities to be cofinanced by IFAD; (ii) help increase the effectiveness and impact of public spending beyond IFAD-supported activities; and (iii) learn from experience, replicate successful experiences and scale up suitable interventions into a broader range of activities within government programmes. This COSOP is innovative also by responding to the characteristics of a large middle-income country such as Mexico, in which IFAD's main contribution will be to strengthening public management capacity to increase impact, especially at the state and municipal levels. The decision to include ongoing programme in the COSOP was also innovative. This will ensure that all activities supported by IFAD in Mexico will be guided by the same approach.
38. **Strategic objective 1** is innovative in its promotion of greater project viability at the local level (through geographical focalization and improved targeting), and appropriate strategies for productive projects adapted to target populations. **Strategic objective 2** is innovative in the development of new methodologies to improve the impact of government programmes at the local level, especially through enhancing the effectiveness and efficiency of public spending. **Strategic objective 3** is innovative in its focus on learning from local-level experience in order to replicate and scale up successes.
39. This COSOP's success will be measured by: (i) ascertaining the real impact on sustainable income generation and employment creation of the activities carried out by the government and supported by IFAD; (ii) evaluating IFAD's contribution to increasing the effectiveness, efficiency and impact of public spending; (iii) determining if lessons were learned, if they were used effectively to develop methodologies, and if they were successfully applied for replication and scaling up.

### D. Targeting strategy

40. Recent analytical work carried out by Mexican institutions and international organizations – i.e. the World Bank, Organisation for Economic Co-operation and Development (OECD) and IDB – has shed new light on the real poverty situation in Mexico, especially in rural areas. These studies point to ambiguity concerning who



are the true beneficiaries of the many programmes and projects designed to reduce poverty and improve the conditions of poor people.

41. In 2005, of the 5.5 million households living in rural areas (24.3 million people or 23 per cent of Mexico's population), 3.4 million households were poor. Of the latter, 2.1 million had no access to land, meaning that their main productive asset was their labour capacity; and the remaining 1.3 million households had an average of 2.9 ha, which was used mainly for dryland farming, however 45 per cent of these households possessed less than 1 ha. The demographics of these families, taken together with the amount and quality of the land they cultivate, indicate that the production from their land, even with large increases in productivity, may not be enough to ensure sufficient income for the entire family.
42. This section of the population – poor people with limited access to land – should constitute IFAD's primary target group. The COSOP proposes that IFAD experiments with a pilot approach focused on specific objectives. As a result, the strategy is to concentrate on the southern Pacific and south-east lowland areas, where this section of the population mainly lives, specifically in: (a) the southern Pacific region (Chiapas, Guerrero and Oaxaca); and (b) the states of the Yucatán Peninsula (Quintana Roo, Yucatán and Campeche). These states are also home to a large concentration of indigenous peoples, which is a further reason for IFAD support. On the basis of experience, IFAD will concentrate its efforts on vulnerable groups, particularly women.
43. For **strategic objective 1**, all households possessing the characteristics of the target population will be considered. Given IFAD's resource limitations, for each set of activities in which IFAD participates, concrete selection criteria to identify potential beneficiaries (within the eligible target population) will need to be defined. For **strategic objective 2**, the target population potentially comprises all beneficiaries of the national programmes in which IFAD participates. Similarly, the third strategic objective targets the entire rural poor population, which will ensure replication and scaling up of activities developed by the Government with IFAD's support.

## E. Policy linkages

44. Establishing pilot activities within the context of one or more Government programme is the most effective way to implement the operational strategy. The strategy is designed to increase the efficiency, effectiveness and impact of public spending, demonstrate viable means of generating permanent employment and income for poor people and develop methodologies that lead to the replication and scaling up of positive experiences in other programmes and areas.
45. Pilot areas will be chosen using geographical targeting and by selecting target groups that are covered by the programmes within which IFAD-supported activities will be implemented and which are consistent with the objectives of the Government and IFAD. This is the case for programmes such as: the Special Programme for Food Security (PESA), implemented by the Ministry of Agriculture and supported by FAO; *Microregiones*, *Opciones Productivas* and *Cien Municipios* by the Ministry of Social Development; *Pro Arbol* (the national pro-tree programme) and *Pago por Servicios Ambientales* by Ministry of Environment and Natural Resources. For all of these, highly marginalized populations and regions have priority in receiving institutional support.
46. The geographical area for IFAD-supported activities is defined in response to the dual need to (a) enable the testing of "with" and "without" scenarios, i.e. within and outside programmes in which IFAD activities are being implemented; and (b) reduce the risk of dispersion and ensure that the quality of the pilot initiatives matches the size of IFAD's financial contribution.

47. Pilot experiences at the local level are expected to yield results that provide the basis for adapting and formulating policies at the local, regional and federal levels. These policies will be a combination of approaches and methodologies that should contribute to: (a) better alignment of strategic objectives with the realities and needs of local populations; (b) increased impact of public spending; and (c) improved results and impact of government programmes. In addition, local-level pilot activities should enhance institutional coordination and efficiency at all three levels of government: municipal, regional and federal. Finally, the policy dimension of the activities promoted by IFAD should be relevant not only to the programmes with which these activities are associated, but also to other programmes with the parallel objectives of poverty reduction, permanent employment and income generation.

## V. Programme management

### A. COSOP management

48. The country programme manager has full responsibility for the management of the programme in Mexico. The three projects currently under implementation depend on the contribution of the United Nations Office for Project Services, which undertakes monitoring and administrative management on behalf of IFAD. The CPE documented the shortcomings of this arrangement and argued the need for much closer relationships between IFAD and Mexican institutions for the management of IFAD's programme. In this regard, the COSOP proposes enhancing the relationship between IFAD and the Government in the formulation, implementation and monitoring of projects and programmes, and strengthening strategic and policy dialogue at the various levels of government (federal, state and local), as well as with civil society and other institutional partners.
49. **An operational strategy.** The Mexican authorities indicated their support of the overall strategy proposed in this document, in terms of: (a) IFAD's participation in selected aspects of programmes and projects currently being implemented by various institutions, or in possible new programmes; (b) IFAD's contribution to the development of new methodologies and activities designed to improve the effectiveness of public spending on rural development; and (c) development of strategies and mechanisms for improved M&E for use in the replication and scaling up of methodologies and activities. This approach has also received broad endorsement from representatives of selected states, as well as from selected groups of potential beneficiaries. The best approach would be for IFAD to provide support in the area most commonly identified as problematic in the design and management of government programmes i.e. institutional coordination, particularly at the local level.
50. The operational strategy calls for IFAD to support activities within the context of priority government programmes. Mexican authorities have indicated strong interest in involving IFAD in the new impetus being given to the *Plan Puebla Panama*, which seeks to promote integration and coordinated actions between the south of Mexico and Central America. At the same time, IFAD is expected to concentrate its efforts in the states of Chiapas, Guerrero and Oaxaca within the scope of the new *Cien Municipios* programme, which focuses on the poorest municipalities of the country, several of which are located in these states. These programmes are consistent with the criteria, objectives and target populations presented in this document, and address the need for coordination among key federal, state and municipal institutions. Activities to be supported by IFAD within these programmes will be determined jointly by IFAD and Mexican authorities.
51. Developments at the state level in Mexico offer new opportunities for IFAD. The authorities of the southern states of Chiapas, Guerrero and Oaxaca are receptive to support from IFAD in their efforts to work together, benefit from each other's experiences, build synergies and join forces to address similar types of economic

and social development issues. This interest is compatible with the priority given by the federal government to the *Plan Puebla Panama* and the fight against rural poverty in Chiapas, Guerrero and Oaxaca. In this context, potential activities for support in these states will be determined, with special emphasis on innovative approaches to productive and technical assistance programmes (i.e. the FAO-supported PESA programme designed to increase food security at the local level), institutional coordination and M&E. Likewise, the Ministry of Environment and Natural Resources has shown considerable interest in cooperating with IFAD within the scope of *Pro Arbol*. In all cases, cooperation among the different levels of government and IFAD will focus on the three strategic objectives outlined in this document.<sup>3</sup>

52. The Mexican authorities have emphasized that they are more interested in IFAD's continuous presence and technical support in the context of strategic operations, than in IFAD's overall financing. The concept of programme financing that is focused on strategic issues is more attractive and effective than the financing of small projects that are not necessarily interlinked.

## **B. Country Programme Management**

### **The existing portfolio**

53. IFAD is currently participating in three projects: the Strengthening Project for the Micro-Watershed Programme; the Rural Development Project for Rubber-Producing Regions of Mexico and the Sustainable Development Project for Rural and Indigenous Communities of the Semi-Arid North-West. The first two have had a chequered history, with long delays in implementation start up, inter-institutional coordination difficulties (the micro-watershed project) and ambiguous management arrangements (the rubber-producing project). The third project is in its initial implementation phase. All three projects need adjustments and will benefit greatly from the approach proposed in this COSOP. In particular, the new focus on inter-institutional coordination will be relevant for the micro-watershed project. The focus on M&E is highly relevant for the Project for Rural and Indigenous Communities of the Semi-Arid North-West. The Rural Development Project for Rubber-Producing Regions of Mexico could benefit from a renewed focus on management, geographical targeting and the definition of project beneficiaries. In summary, IFAD and the Mexican authorities should undertake an assessment of these projects and decide on measures to ensure that they are more clearly aligned with this COSOP.

### **Measuring results**

54. This COSOP is particular in that it deals with a large, middle-income country. This means that IFAD's participation in developing methodologies and sharing knowledge is more important for Mexico than the financing of several small investment projects. In this context, COSOP results should be measured, not so much by how many poor people have experienced an improvement in income and well-being over a given period of time, but rather whether IFAD-supported activities have effectively contributed to strengthening the impact of Government actions, promoted learning from experience and increased the effectiveness of public spending. To ensure that results can be measured, methodologies must be developed through which it will be possible to compare the situation with an IFAD presence against the situation without such a presence. It will also require establishing a baseline and developing both qualitative and quantitative indicators.

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<sup>3</sup> An important point is that IFAD will not necessarily need to be involved in all aspects of the programmes to which it may be able to contribute. Rather, it could participate in selected aspects of such programmes, those where it will be deemed to have the greatest value added and/or comparative advantage. For example, in a given programme, IFAD could limit its contribution to the M&E dimension; in another, its contribution could be focused on project formulation and financing and/or technical assistance.

## **C. Partnerships**

55. The CPE clearly demonstrated the need for a stronger and more effective IFAD presence in Mexico. Future IFAD activities will include discussions on relevant strategic and policy issues with high-level government officials and, at the operational level, participation in methodology development for project implementation and evaluation. In addition, IFAD will enter into strategic alliances with a number of partners, both Mexican and international, for example: public, private and social institutions and organizations; think-tanks and academic centres.
56. With regard to international institutions, formal and informal agreements are being envisaged with FAO, the United Nations Development Programme (UNDP), the World Bank, IDB, the Economic Commission for Latin American and the Caribbean, and the Inter-American Institute for Cooperation on Agriculture, among others. Partnerships with these institutions can be fashioned according to the specificity and comparative advantage of each. For example, UNDP has a broad global development vision for Mexico, in terms of politics, economic and social development and governance, while FAO has technical and institutional experience in the agricultural sector and in rural development at the federal and local levels.

## **D. Knowledge management and communication**

57. The key to the success of the proposed strategy is adequate generation and use of appropriate information on which to base strategic design decisions and reorient implementation arrangements for improved efficiency and effectiveness. The essence of the COSOP is the experimental nature of the activities and methodologies proposed for the IFAD programme in Mexico. This means that learning from experience, systematizing, replicating and scaling up are the most important elements of the entire strategy.
58. In order to focus adequately on these elements, it will be necessary to build capacity to learn, create mechanisms to share experiences and lessons, and strengthen policy dialogue. To succeed, these challenges must be faced not only by IFAD, but also by its partners within the Government and other institutions.
59. Knowledge management will concentrate on innovative and successful experiences related to: (i) project design and appraisal; (ii) targeting and focalization of marginal rural areas, poor populations and disadvantaged groups; (iii) key elements of successful productive projects; (iv) integration of productive chains; (v) technical assistance, especially to support production diversification and new non-farming activities; (vi) programme management at the local level; (vii) civil society participation in public management at the local level; (viii) coordination and cofinancing experiences of public, private and social organizations and institutions, and between different public management levels; and (ix) other topics generating experiences that can be shared and learned from. Instruments for knowledge management will include field visits, workshops, exhibitions, online communication, printed documents and information dissemination. Apart from the new knowledge management activities to be supported under the COSOP, the Ministry of Agriculture has also set up a national network for sustainable rural development and a showcase of successful projects. Activities under the COSOP will also take advantage of knowledge and experience gathered through IFAD's FIDAMERICA network and the Programme for Strengthening the Regional Capacity for Monitoring and Evaluation of Rural Poverty Alleviation Projects in Latin America and the Caribbean (PREVAL).

## **E. Performance-Based Allocation System (PBAS) Financing Framework**

60. The amount of IFAD funding available for the results-based COSOP implementation period is based on the annual allocation established under the PBAS, which for the first year, is approximately US\$12,050,241 (table 1). The allocation for Mexico over the three-year PBAS cycle (2007-2009) is calculated at US\$39,631,635.

Table 2 shows an estimation of outward and downward variations, depending on implementation performance.

Table 1  
**PBAS calculation for COSOP year 1**

INDICATOR		COSOP Year 1
<b>RURAL SECTOR SCORES</b>		
A(i)	Regulatory and legal framework for rural organizations	3.90
A(ii)	Dialogue between government and rural organizations	4.00
B(i)	Access to land	4.00
B(ii)	Access to water for agricultural use	3.71
B(iii)	Access to research and agricultural extension services	3.88
C(i)	Conditions conducive to developing rural financial services	3.75
C(ii)	Favourable investment climate for rural enterprises	5.50
C(iii)	Access to agricultural inputs and markets for products	5.50
D(i)	Access to education in rural areas	4.67
D(ii)	Representation	4.50
E(i)	Allocation and management of public resources for rural development	5.00
E(ii)	Accountability, transparency and corruption in rural areas	4.33
Sum of overall point values		52.74
<b>Average of overall point values</b>		4.39
Score of projects at risk (PAR)		6.00
Country score		11,587
<b>Annual allocation (US\$)</b>		12,050,241

Table 2

**Relationship between performance indicators and country score**

<i>Financing scenario</i>	<i>PAR rating (+/- 1)</i>	<i>Rural sector performance score (+/- 0.3)</i>	<i>Percentage change in PBAS country score from base scenario</i>
Hypothetical low case	5	4.09	- 22
Base hypothesis	6	4.39	0
High hypothesis	6	4.69	7

**F. Risks and risk management**

61. The first risk associated with the proposed COSOP is the degree of engagement by – and support from – the Mexican authorities with regard to the COSOP’s ambitious approach. Notwithstanding, clear indication of strong commitment to the strategy on the part of the Mexican authorities, there is always a risk that this could diminish over time. A stronger IFAD presence in Mexico will contribute to sustaining interest and commitment, notably at the state level.
62. **Strategic objective 1** is least subject to risks, as it is a continuation of the previous strategy whereby IFAD focuses on selected areas, but with extra attention to identifying beneficiaries, and with a decidedly more specific geographical focus. The main risk associated with this objective is that there may be pressure to spread IFAD’s efforts too thin i.e. over an excessive number of states or municipalities. Current discussions on the exact scope of the programmes within which IFAD activities will take place, will minimize these risks.
63. **Strategic objective 2** focuses on processes and methodologies designed to increase the effectiveness, efficiency and impact of public spending. The risk is that these methodologies may not be applied to the required extent or with the necessary enthusiasm at the various levels of the Mexican administration. The role of high-level government officials is absolutely critical in minimizing this risk. It is only through strong commitment at the different levels of government that the proposed reforms will be adopted at the lower echelons.
64. **Strategic objective 3** is concerned with evaluation, learning from experience, replication and scaling up, and also presents some risks. As with strategic objective 2, the role of high-level Government officials will be important, this time in ensuring that lessons learned at the local level are replicated and scaled up for use in policy design. In addition, solid institutional capacity is needed to manage the complex mechanisms of data-gathering, systems analysis and sophisticated information management tools. The risk is that the efforts made at the outset by the relevant authorities may fade away as time passes. Again, there will a great responsibility to ensure that commitment to the new approach is maintained.
65. Finally, another risk lies in IFAD’s capacity to implement the strategy. The past has shown that IFAD needs to be more “hands on” in its programme in Mexico. It must be able to garner the necessary expertise in the various areas identified in this document. This means allocating the correct level of resources and if necessary reallocating some of these resources from one set of activities (i.e. project preparation) to another (i.e. implementation). Similarly, to ensure adequate supervision and implementation follow-up, a substantial overhaul will be needed of the present arrangements, the limitations of which have become evident.

## **COSOP consultation process**

### **Introduction**

The COSOP consultation process should be understood within the broader context of the strategy that led to its preparation. The starting point of the exercise was the Country Programme Evaluation (CPE) conducted by IFAD in 2005-2006, covering IFAD's 25 years of presence in Mexico. It was an intensive effort lasting several months and comprising many missions, including the main five-week mission in July 2005. Over the CPE period, IFAD had extensive opportunities to consult with various segments of the Mexican population, as well as federal and state governments, civil-society, international and private-sector organization representatives interested or involved in rural development and poverty reduction. These groups and individuals were in some way associated with IFAD activities within the scope of various IFAD-funded projects.

Subsequently, following the election of President Calderon, IFAD's strategy in Mexico called for the preparation of a Policy Note to provide the new Administration with IFAD's views and suggestions on various aspects of rural development policy, particularly rural poverty reduction. This Policy Note drew extensively on the lessons learned from the CPE. Again, in the context of Policy Note discussions in Mexico in December 2006, there were several opportunities to meet with representatives of various groups of people, including farmer's organizations.

Finally, as per standard IFAD procedure, there were several opportunities to meet again with similar groups during COSOP preparation, including government, international, civil-society and farmers' organization representatives.

### **Consultation with Rural Organizations**

Over the COSOP preparation period, consultative workshops were held in two different locations in Mexico. The first took place in Tuxtla Gutierrez, capital city of Chiapas state on 12 April 2007. This meeting gathered 25 representatives from various farmers' organizations and NGOs active in the State. The second workshop took place in the capital city of Guerrero state, Chilpancingo. It also gathered a number of representatives from various farmers' organizations. In both cases there had also been some meetings previously in the context of the Policy Note discussions. This means there was much continuity in the discussion, from analysis of the diagnosis of problems faced by poor farmers at local level, to suggestions about what to do to address these issues.

By and large, the representatives at the meetings in Chiapas and Guerrero fully endorsed the CPE conclusions and broadly agreed with the points made in the Policy Note. They largely concurred with the views and ideas proposed for the COSOP. In essence, their endorsement stems from their concrete experience with a variety of government programmes which strongly confirms the CPE findings i.e. partially-satisfactory coherence and consistency between government programmes and the needs and expectations of poor rural populations. While there is general acknowledgement of the efforts made by successive governments to address specific rural poverty issues and rural population needs, there is still substantial cause for disappointment regarding the allocation of resources and programme efficiency, effectiveness, and impact on the poor. Particularly, there is strong criticism voiced around the issue of institutional coordination at local level, with evidence of duplication, inconsistency and competition among government programmes as designed and implemented at field level. In addition, there is widespread feeling of insufficient participation and involvement of rural populations in the design and implementation processes of various programmes and projects. It is important to note an increasing interest and concern of rural populations with respect to two main themes particularly relevant in the present context of rural development: (a) the need to pay increasing attention to environmental concerns, especially in the

case of biodiversity; and (b) the need to increase substantially efforts toward training, human resource development and capacity building at local level.

It is also important to note the consistency across the rural populations consulted in their concern for key elements of project activities at local level – especially for productive purposes – within the context of government programmes: (a) project formulation; (b) technical assistance (TA); (c) social organization; (d) financing mechanisms; and (e) institutional coordination.

A notable and important evolution has taken place in Mexico's rural populations over the recent past, which has an important bearing on the prospects for greater participation and involvement of these same populations in the design and implementation of successful rural development and poverty reduction programmes. Whereas there has long been a clear attitude of dependency of poor rural populations on government programmes, resulting from high levels of subsidization ("the government will give it to me..."), there is now an increasing attitude of self-help and self-determination ("I want to do this, but I need some help from the government..."). This holds promises for increased ownership of programmes and projects by affected populations.

### **Consultation with Other Partners**

A number of international organizations involved in various aspects of rural development and/or poverty reduction also participated in the consultation process. Unlike other countries where IFAD is active, the number of such institutions in Mexico is somewhat limited. There are few bilateral cooperation arrangements and those that exist (like in European countries) are largely biased toward commercial activities (trade arrangements) and have little interest in development issues (with some exceptions in environmental issues). As a result, the main actors involved in the sector are either international financial institutions i.e. World Bank and IDB, or UN agencies i.e. UNDP, FAO and the Economic Commission for Latin America and the Caribbean (ECLAC).

IFAD missions to Mexico have held a number of meetings with representatives of these institutions, independently and collectively, including at a seminar on 13 April 2007, during the COSOP mission. Thus, IFAD's main international partners in Mexico have had several opportunities to be made aware of IFAD's experience in the country (through CPE discussions), and of its views on selected issues regarding the rural poverty situation (through Policy Note discussions). Finally, they were given the opportunity to comment on the draft COSOP.

Several institutions (IDB, IFAD, World Bank, FAO, IICA, ECLAC, USAID and GTZ) are part of the Inter-Agency Group on Rural Development in Latin America. At the start of 2007, some of them (ECLAC, FAO, IICA, World Bank) prepared a Policy Note on Agricultural and Rural Development in Mexico for the benefit of the new administration. IFAD is nominally part of the Group as well, however, for lack of permanent presence in Mexico, was unable to participate in the preparation of this Note (hence, partial reason for preparation of an IFAD Policy Note). In addition, the World Bank prepared a separate Policy Note on the Agricultural Sector. The IFAD Policy Note and the COSOP were designed and elaborated taking into account these two Notes. While the World Bank Note predictably places emphasis on macro-economic and institutional aspects of agricultural sector development (recommending promotion of the export sector and acceleration of the decentralization process to sub-national levels), the Group's Note focuses on some key impediments and obstacles to this development, from technical and institutional standpoints (e.g. TA, financing, environmental challenges, etc.). The IFAD Note focuses on target population issues i.e. who are the poor and who should benefit from government programmes, and efficiency of public spending in rural development and poverty reduction programmes, areas not specifically addressed in the other two Notes. In summary, the proposed positioning of IFAD in Mexico takes into account the strategic positioning of other international institutions and there is full complementarity of approaches among these institutions.



All international institutions consulted on the COSOP's central strategic orientation – IFAD's focus on specific target groups of vulnerable populations with particular emphasis on how to improve efficiency, effectiveness and impact of public spending on rural development – concurred with and endorsed the recommended approach. They all declared strong willingness to support IFAD in its proposed efforts, each within the scope of their mandate, responsibilities and resources in Mexico. This took particular relevance for UN agencies (UNDP, FAO, ECLAC) within the framework of the recently launched the One UN initiative. Recognizing past weaknesses in terms of cooperation and collaboration among IFAD and other UN agencies (discussed in the CPE), representatives in Mexico expressed their determination to promote a much closer interaction in the future, on matters of strategic, policy and operational issues.

The operational orientation proposed for IFAD intervention in Mexico was also strongly supported by these institutions. Recognizing IFAD's comparative advantage to operate at the micro-, local level, they value the prospects of IFAD providing relevant lessons on both methodologies and operational activities which could eventually feed into policy and programme design and formulation. They also fully concur with the need to focus efforts on M&E so such lessons can yield maximum relevance and impact.

### **Consultation within Government**

In addition to consultations with rural populations, civil-society organizations and international institutions, IFAD consulted with the most relevant government institutions dealing with rural development and poverty reduction. This included primarily institutions at federal level, but also selected state governments. Over CPE and IFAD Policy Note preparation periods, relevant contacts were made in a number of states where diagnosis and hypotheses concerning the situation and future of the sector were discussed. Key federal-level institutions included: (a) Department of Agriculture, Cattle, Rural Development, Fishing and Nutrition (SEGARPA) and its affiliates: FIRCO, CONAFOR, National Research Institute of Forestry, Agriculture and Livestock (INIFAP), etc; (b) Department of Social Development (SEDESOL); (c) the Commission for the Development of Indigenous Populations (CDI); (d) Ministry of Environment and Natural Resources (SEMARNAT); (e) Secretariat of Finance and Public Credit (SHCP); and (f) others. Contacts and discussions at state level included primarily Chiapas and Guerrero, but also representatives from Guanajato, Puebla, Queretaro, Yucatan and others.

In all cases, the continuum of IFAD's strategic approach – from CPE to Policy Note to COSOP formulation – was well understood and appreciated. The focus placed by IFAD on the necessity to improve efficiency, effectiveness and impact of public spending was acknowledged as a major contribution by IFAD. Likewise, the prospects of using IFAD to focus attention on specific issues at local level – particularly better identifying expected government programme beneficiaries – received strong endorsement. In addition, all interlocutors stressed the critical importance and challenge of ensuring better inter-institutional coordination at local level, an area where it was felt IFAD could make substantial contributions. Finally, it was also felt that IFAD could have a very important and specific contribution in matters of methodologies, with the prospect that lessons learned at local level could find application through scaling up within regional and national programmes.

Discussions at state level demonstrated clear interest and willingness of respective state administrations to engage in a direct dialogue with IFAD on selected rural development issues. It confirmed the important evolution taking place in Mexico whereby states are increasingly affirming their views and positions with respect to government programmes which affect their populations directly. Increasing interest and development of local capacities argue strongly for developing a stronger policy and operational dialogue between IFAD and state administrations.

## Country economic background

<b>Land area (km<sup>2</sup> thousand) 2005 1/</b>	1 909	<b>GNI per capita (US\$) 2005 1/</b>	7 310
<b>Total population (million) 2005 1/</b>	103.09	<b>GDP per capita growth (annual %) 2005 1/</b>	2
<b>Population density (people per km<sup>2</sup>) 2005 1/</b>	54	<b>Inflation, consumer prices (annual %) 2005 1/</b>	4
<b>Local currency</b> Mexican Peso (MXN)		<b>Exchange rate: USD 1 =</b> MXN ***	
<b>Social Indicators</b>		<b>Economic Indicators</b>	
Population (average annual population growth rate) 1999-2005 1/	1.1	GDP (US\$ million) 2005 1/	768 438
Crude birth rate (per thousand people) 2005 1/	18	GDP growth (annual %) 1/ 2000	6.6
Crude death rate (per thousand people) 2005 1/	4	2005	3.0
Infant mortality rate (per thousand live births) 2005 1/	22	Sectoral distribution of GDP 2005 1/	
Life expectancy at birth (years) 2005 1/	75	% agriculture	4
Number of rural poor (million) (estimate) 1/	n/a	% industry	26
Poor as % of total rural population 1/	n/a	% manufacturing	18
Total labour force (million) 2005 1/	42.26	% services	70
Female labour force as % of total 2005 1/	35	Consumption 2005 1/	
<b>Education</b>		General government final consumption expenditure (as % of GDP)	12
School enrolment, primary (% gross) 2005 1/	109 a/	Household final consumption expenditure, etc. (as % of GDP)	68
Adult illiteracy rate (% age 15 and above) 2005 1/	n/a	Gross domestic savings (as % of GDP)	20
<b>Nutrition</b>		<b>Balance of Payments (US\$ million)</b>	
Daily calorie supply per capita	n/a	Merchandise exports 2005 1/	213 711
Malnutrition prevalence, height for age (% of children under 5) 2004 2/	18	Merchandise imports 2005 1/	231 670
Malnutrition prevalence, weight for age (% of children under 5) 2004 2/	8	Balance of merchandise trade	-17 959
<b>Health</b>		Current account balances (US\$ million)	
Health expenditure, total (as % of GDP) 2005 1/	7 a/	before official transfers 2005 1/	-25 188
Physicians (per thousand people)	2 a/	after official transfers 2005 1/	-4 647
Population using improved water sources (%) 2004 2/	97	Foreign direct investment, net 2005 1/	12 298
Population with access to essential drugs (%) 2/	n/a	<b>Government Finance</b>	
Population using adequate sanitation facilities (%) 2004 2/	79	Cash surplus/deficit (as % of GDP) 2005 1/	n/a
<b>Agriculture and Food</b>		Total expenditure (% of GDP) 2005 1/	n/a
Food imports (% of merchandise imports) 2005 1/	6	Total external debt (US\$ million) 2005 1/	167 228
Fertilizer consumption (hundreds of grams per ha of arable land) 2005 1/	690 a/	Present value of debt (as % of GNI) 2005 1/	26
Food production index (1999-01=100) 2005 1/	108 a/	Total debt service (% of GNI) 2005 1/	6
Cereal yield (kg per ha) 2005 1/	2 836	Lending interest rate (%) 2005 1/	10
<b>Land Use</b>		Deposit interest rate (%) 2005 1/	3
Arable land as % of land area 2005 1/	13 a/		
Forest area as % of total land area 2005 1/	34		
Irrigated land as % of cropland 2005 1/	23 a/		

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Indicators* database CD ROM 2007

2/ UNDP, *Human Development Report*, 2006

## COSOP results management framework

Country Strategy Alignment	Key results			Institutional/Policy Objectives
Poverty Reduction Strategy and Targets	Strategic Objectives	Outcome Indicators <sup>1</sup>	Milestone Indicators	Policy Dialogue Agenda
<p>1. Strengthen existing poverty reduction programmes, enlarge them to include social components &amp; ensure they benefit the populations that truly need them:</p> <ul style="list-style-type: none"> <li>equity in opportunities, targeting of specific populations, employment creation, promotion of productive activities for development of poor areas.</li> </ul> <p>The objective is to reduce the level of poverty with public policies that stay away from the "dependency/ assistance" characteristics of the past, &amp; focus on increasing income &amp; employment through generation of productive projects.</p>	<p>1. Contribute to generate sustainable income and permanent employment through government programmes in which IFAD participates, focusing on poor population in well defined marginal rural areas. This objective involves ongoing IFAD's projects and other that will be formulated under this COSOP.</p>	<p>1.1. Percentage of income increase due to participation in IFAD supported activities. 1.2. Number of employments generated through IFAD supported activities.</p>	<p>1.1. Municipalities and population targeted for IFAD supported activities. 1.2. Activities identified in which is possible to improve income and generate employment. 1.3. Agreements among institutions working at local level, in municipalities included in IFAD supported activities. 3. Agreements among government levels for actions at local level in municipalities included in IFAD supported activities.</p>	<p>1.1 Improve the focalization of programmes carried out by various government agencies. 1.2 Ensure that poorest population in the selected marginal areas have access to resources for investments and support services delivered by government and private agencies. 1.3 Promote institutional coordination among public and private agencies at the local level</p>
<p>2. Priority attention on development by municipalities with the highest rate of marginality:</p> <ul style="list-style-type: none"> <li>focus of resources;</li> <li>coordination of efforts between federal &amp; other levels of government.</li> </ul>	<p>2. Contribute to increasing the effectiveness, efficiency and impact of public spending on IFAD-supported activities within government programmes, beginning with the geographical areas and targeted populations for <b>SO1</b>. Subsequently, methodologies and practices leading to such improvements will be scaled up and extended to other programmes and regions.</p>	<p>2.1. Number of best practices (productive and managerial) incorporated in IFAD supported programmes and regions. 2.2. Number of best practices replicated in non-IFAD supported programmes and regions. 2.3. Number of municipalities in which best practices were replicated.</p>	<p>2.1. Number of practices (productive and managerial) identified and systematized, oriented to improve effectiveness of public spending.</p>	<p>2.1. Create an institutional culture that facilitates the introduction of new practices in various areas of public intervention for rural development. 2.2. Develop institutional mechanisms that allow better and more fluent interactions and synergies among different public and private actors at the local level</p>
<p>3. Policies designed for poverty reduction in areas at lower development levels, as defined by criteria of opportunities &amp; development of local capacities</p>	<p>3. Strengthen capacities to learn from experience and use lessons learned to develop effective methodologies for the replication and scaling up of rural development strategies and implementation arrangements</p>	<p>3.1. Number of experiences systematized as a result of the implementation of the programme. 3.2. Number of participants, activities &amp; methodologies shared through networks for knowledge sharing.</p>	<p>3.1. Methodologies designed for systematization of experiences in implementation of rural development programmes. 3.2. Networks established and/or strengthened for sharing knowledge on relevant areas for rural development</p>	<p>3. Institutional coordination at the local level</p>

<sup>1</sup> These indicators will be related to the relevant government programmes to which the COSOP will contribute.

**United Mexican States**  
**Country Programme Evaluation**

## **Agreement at completion point**

### **A. The Core Learning Partnership**

1. The Core Learning Partnership (CLP) was originally set up in early 2005 and has supported the programme evaluation throughout the process up to this agreement. At the end of the programme evaluation the CLP members were as follows: José Antonio Mendoza Zazueta, Director General, Agricultural Extension Service, Ministry of Agriculture; Claudia Grayeb, Director, International Financial Institutions, Ministry of Finance; Jesús Huerta, Director, Multilateral Organizations, Ministry of External Relations; Timoteo Harris, Director, International Operations, *Nacional Financiera* (NAFIN); Marco Antonio del Castillo, General Coordinator, Special Projects and Programmes, National Commission for the Development of Indigenous Peoples; Isabel Lavadenz Paccieri, Director, Latin America and the Caribbean Division, Programme Management Department (IFAD); and Rodolfo Lauritto, Portfolio Manager, United Nations Office for Project Services.

### **B. Evaluation results**

2. The country programme evaluation (CPE) concludes that IFAD's programme —over 25 years in Mexico— is characterized by contrasts. An analysis of IFAD's portfolio of six projects shows that they have had a positive impact on rural poverty, differentiated by region of project implementation, communities, beneficiary groups and types of production. In the case of individual projects, however, alongside tangible positive results and valuable experience acquired, weaknesses can be detected in terms of both options and forms of intervention. Without minimizing the importance of the real progress made by many beneficiaries in the context of the projects, serious questions remain about the sustainability of the project activities, especially activities generating income for poor producers. The evaluation concluded that project effectiveness is moderate to low and that an overly disperse territorial area could have a critical impact on cost and therefore efficiency.

3. In most cases, IFAD and the Mexican Government are closely aligned in terms of strategic objectives and policy positions on poverty reduction and rural development. The weaknesses of IFAD's programme in Mexico are therefore related to implementation and, in part, design.

4. Although Mexico possesses great institutional capacity for formulating and implementing macroeconomic strategies and poverty reduction strategies, as well as for designing and implementing the related programmes and projects, there are a number of opportunities to establish, promote and maintain a dialogue with the Mexican authorities on these matters, particularly in rural areas. This dialogue may be based on "micro" elements, i.e. drawn from lessons learned in the field in the context of specific operations in particular regions and with clearly identified target populations. In a national context that does not permit budgetary additionality in projects, technical value added in terms of innovation is an indispensable element to justify continuing IFAD's programme in the country.

5. IFAD has comparative advantages and can play an important role in combating rural poverty in Mexico, given one of its core values: "IFAD goes where others do not." Among IFAD's major assets are: (a) flexibility in the design and formulation of programmes and projects; (b) legitimacy and credibility with communities and grassroots organizations; (c) capacity for innovation; (d) the provision of direct technical assistance and advice in various fields, in particular at the micro level to producers and communities; (e) an objective, external view of technical, institutional, administrative, organizational and other problems; (f) communication of lessons learned and liaison with international experience; (g) a catalytic role through coordination among governmental

and other agencies, particularly at the decentralized level; (h) upholding of technical standards and norms in resource allocation; (i) introduction of greater discipline in project implementation; and (j) the ability to promote and set up pilot projects in development and innovation. On the other hand, IFAD does not have comparative advantages at the macro level in policy-setting on a national scale, although it can contribute experiences and grassroots dialogue.

6. Rural poverty in Mexico continues to be a reality of great concern and a formidable challenge. Although great strides have been made in recent years, the poverty levels in all three dimensions – food security, human capacity and access to assets – remain excessive for a country with a development level like Mexico. Poverty has three specific facets in Mexico: rural people, women and indigenous groups. Accordingly, and in view of IFAD's mandate, the organization would clearly be justified in maintaining its interest and commitment to contribute to poverty reduction in rural Mexico. It would seem equally justified for the Government to seek assistance from an institution such as IFAD that has precise comparative advantages.

**C. The Mexico CPE, conversations with the Government of Mexico, the results of the workshop and recommendations made by the CLP have led to the following recommendations:**

**General recommendations**

7. **Analysis of the relationship between IFAD and the Government of Mexico, and defining a new relationship.** Through the new country strategy, it is proposed that a new basis be established to govern the relationship between the Fund and the Mexican Government. Critical elements would include: (a) recognition of the normative and regulatory frameworks for national programmes within which it is proposed to include IFAD-financed projects and programmes; (b) IFAD focalization on clearly defined geographical areas and certain types of target populations, such as indigenous peoples; (c) innovative elements in both project design and management/implementation that could contribute to improving living standards and incomes for beneficiaries as well as promoting access to financial services and disseminating knowledge in economic and social development; (d) non additionality of IFAD funds in the budgets of project implementing agencies; and (e) an explicit focus on monitoring and evaluation. The project components supported by the Fund should include activities in the areas of production and marketing in order to boost production and productivity, as well as activities to improve social cohesion and build social capital. The nature and type of project intervention supported by the Fund should demonstrate the sustainability of activities at the end of the investment period, particularly from the technical and financial point of view.

8. **To ensure that the new relationship between IFAD and the Mexican Government is effective, principles and mechanisms for dialogue at the appropriate level are proposed.** It is crucial to ensure that dialogue between IFAD authorities and the Mexican Government take place at a sufficiently senior level, periodically and monitored, and in accordance with basic principles. To this end, a formal annual meeting will be held between the Fund's Latin America and the Caribbean Division and Government representatives (Ministry of Agriculture and/or Rural Development, Social Development, Indigenous Peoples, Finance and Public Credit, External Relations, NAFIN and implementing agencies). The meeting will need to comply with three basic requirements: (i) preparation of a formal agenda for the meeting (agenda items must include a portfolio review and discussion, pending operational issues, financial and administrative issues between IFAD and the Government, strategic issues on programme orientation, discussion on future programme, sector policy issues, etc.); (ii) preparation of a memorandum of understanding with meeting conclusions, setting forth next steps and deadlines; and (iii) a means of distributing information on meeting preparations and results and on next steps and decisions made, identifying clearly who is responsible for implementing each one.

9. **The Mexican Government and IFAD propose to formally align the Fund's operating modalities in Mexico.** This calls for a formal review of current operating modalities, identifying the main problems and setting forth an agreement by both parties on necessary adjustments. This process can begin immediately and conclude prior to completion of the new country strategic opportunities paper (COSOP) of which it will form a part. The Public Credit Unit of the Ministry of Finance will be IFAD's counterpart in this process.

#### **Specific operational recommendations**

10. **Preparation of a new COSOP.** A new COSOP should be prepared, in consultation with the Mexican authorities, as soon as possible. The new COSOP will be a vehicle for involving other development partners in the country (*inter alia*, representatives of civil society, of all three levels of government, and of the relevant international organizations). It should take into account the main elements of this CPE for Mexico. The process of preparing the COSOP should begin once this agreement at completion point has been finalized, and should continue through the second half of 2006, taking advantage of the presence of both administrations during the transition period following the July 2006 elections. As of 2007, IFAD will seek to establish a relationship with the incoming administration to complete the COSOP in accordance with the new strategic thrusts. The process of preparing the new COSOP should be complete by the end of the first quarter of 2007.

11. In the context of preparing the new COSOP, IFAD and the Government of Mexico will identify the gaps and opportunities where IFAD's value added and catalytic role and the investments financed by both can be optimized. IFAD and the Government will clearly identify those national and/or regional programmes in Mexico that offer opportunities for IFAD support in the country. Similarly, IFAD and the Government will reach an agreement, in the context of the COSOP and preparation of any new project, specific conditions for target populations and a clear definition of areas selected. In this regard, it is recommended that the focus on poor populations, and indigenous populations in particular, and the targeting of beneficiaries be based on shared issues (e.g. participation and gender approach) with actions differentiated by type of population, regional characteristics, type of project, etc. Preparation of the COSOP is IFAD's responsibility, and the Government of Mexico's responsibility in this process will include, *inter alia*: providing all relevant information to facilitate IFAD's work; and determining specific next steps and deadlines to carry out the agreements reached.

12. In parallel to preparing the new COSOP, the parties agree to conduct a joint review of a monitoring and evaluation system for projects and programmes in Mexico. This review should largely be reflected in the new COSOP.

13. **Project design.** It is important for IFAD and the Government of Mexico to establish a clear, reliable technical framework for project preparation, and that this framework be consistent and coherent with the Mexican normative framework. Particular attention should be paid in this regard to IFAD's potential for innovation, in cases where IFAD supported projects can be considered to be pioneering projects that complement national rural development programmes. In the design of projects and the normative and institutional framework in place in Mexico, IFAD should highlight its participation in technical advisory assistance as an expression of its comparative advantages in the areas of training as well as technical, financial, administrative, management and institutional matters. In terms of strategy and programming for the project preparation phase, IFAD and the Government agree to review their operating modality to: (i) substantially reduce project preparation time, particularly the time between *ex ante* project preparation/evaluation and the time when implementation begins, and more specifically the time between IFAD Executive Board approval and entry into effect in the country; (ii) ensure consistency between the design of projects (and their physical, economic, financial and other objectives) and the ability to implement them; (iii) ensure that the institutional arrangements called for in project design are faithfully reflected in the legal loan documents; (iv) coordinate with the counterpart implementing agencies on setting

operating rules for programmes and projects, supporting the financial agency, in this case NAFIN, and the agency responsible for contracting the external financing, in this case the Ministry of Finance.

14. **Implementation and supervision.** It is recommended that the Fund maintain a closer and more continuous presence in supporting the implementation of projects and of the programme overall. A distinction is drawn here between project supervision and loan administration, and substantive support for project implementation. This implies that IFAD will participate directly in several visits along with the cooperating institution and with staff who are technically competent in the various activities promoted by the projects. To this end, although it is acceptable to hire consultants with broad experience in various parts of the world, it is advisable to ensure both diversity, so as not to depend on the same technicians who may be overly rigid and unchanging in their recommendations, and a minimum of continuity to avoid inconsistencies, contradictions or simply confusion between successive consultants. In any case, national consultants should be identified since there are many highly qualified individual consultants and consulting firms in Mexico.

15. **Monitoring and evaluation.** Based on the indicators defined during project design, the parties agree to work together on effective implementation of the monitoring and evaluation system. One of IFAD's goals is to promote innovation. As a corollary, IFAD should be able to take risks, since innovation is always accompanied by a certain degree of uncertainty and risk. The other corollary is that IFAD has an obligation to measure and evaluate progress and the impact of its interventions. This will facilitate the learning process and making adjustments based on experience to programme management, implementation and evaluation criteria. For instance, a sound understanding must be reached on baseline surveys at the beginning of a project so that its progress may be measured. Generally speaking, much more emphasis must be placed on measuring results and impact, through results-based monitoring and evaluation. Also as a general rule, the quality and format of project progress reports must be improved to allow for proper evaluation.

16. **Strategic partnership.** IFAD has not maintained an ongoing, relevant dialogue with other development partners in Mexico, particularly the two major international financial institutions – the World Bank and the Inter-American Development Bank – and the United Nations. It is crucial that IFAD's relationship with these institutions improve, during both preparation and implementation of IFAD's projects and programmes in the country. In addition, IFAD can benefit greatly from much of the work done by these other institutions, especially in dialogue on macroeconomic policy, detailed sector analysis, programme and project evaluation and other activities that can support the Fund in its work. IFAD can and should become better informed about advances made by these institutions on project evaluation criteria (technical, economic, etc.). It is recommended that periodic meetings be held with their representatives, with a clear dual purpose: (i) to learn from one another and avoid duplication or inconsistency among the institutions' strategies and approaches; and (ii) to consolidate strategies under a vision of complementarity (IFAD has several comparative advantages over the others) rather than competition. It is agreed that the Mexican Government will support this process by favouring greater synergies between IFAD and its programmes with the other institutions and their programmes. In the same way, it is recommended that relationships with non governmental organizations be operationalized in a more orderly fashion. This kind of strategic partnership should also be considered for exchanges on successful experiences between projects in the region and elsewhere in the world.

17. **IFAD's presence in Mexico.** IFAD should explore the possibility and viability of maintaining an active presence in Mexico. This does not necessarily mean having a permanent IFAD representative in the country, although that is a highly desirable option that should be given careful consideration. There are other ways of ensuring an effective institutional presence so that IFAD can perform several essential roles: (a) maintain a more effective dialogue with all IFAD's major partners in the country; (b) ensure closer

monitoring of ongoing projects, follow-up on IFAD's missions in the context of the country programme (preparation of new projects, supervision of existing ones, project completion reports) in such a way as to contribute enormously to the consistency and permanence of the Fund's vision of the country's development.

### **Implementation of the CPE recommendations**

18. Based on the above recommendations, agreed upon by IFAD and by the Government of Mexico through the Ministry of Finance, both parties undertake to establish a detailed timetable of specific measures to be taken, with precise deadlines and clearly defined responsibilities for the appropriate units on both sides. This timetable should be prepared within three months following the signing of this agreement.

Read and approved in Mexico City on 14 March 2006.

For the Government of Mexico

Ministry of Finance

**Gerardo Rodríguez Regordosa**

Head of the Public Credit Unit

For the International Fund for Agricultural Development

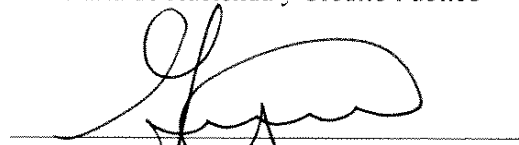
**Isabel Lavadenz-Paccieri**

Director, Latin America and the Caribbean Division

Programme Management Department

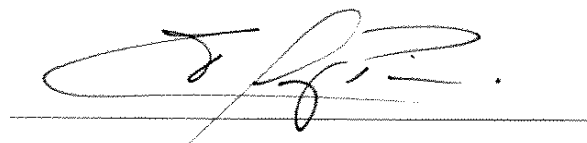
Por el Gobierno de México

Secretaría de Hacienda y Crédito Público



**Gerardo Rodríguez Regordosa**  
Titular de la Unidad de Crédito Público

Por el Fondo Internacional de Desarrollo Agrícola



**Isabel Lavadenz-Paccieri**  
Directora de la División de América  
Latina y el Caribe  
Departamento de Administración de  
Programas



## Key file 1: Rural poverty and agricultural/rural sector issues

Priority Area	Affected Group	Major Issues	Actions Needed
<b>Marginalized indigenous territories &amp; communities</b>	<b>Indigenous peoples &amp; communities</b> <b>Indigenous women &amp; youth/other vulnerable groups</b>	<p>High levels of social exclusion, extreme poverty &amp; food insecurity.</p> <p>Very limited productive assets &amp; overall limited social &amp; economic capitalization.</p> <p>Degradation of natural resources &amp; tenure-related threats to commonly-held territorial assets (forests, land, lakes, rivers).</p> <p>Lack of basic rural infrastructure &amp; housing.</p> <p>Very limited access to education &amp; health services.</p> <p>Low incomes from subsistence, traditional technology-based dry crops, rainfed &amp; livestock farming (semiarid regions; steep-sloped zones, other marginal productivity areas).</p> <p>Very limited access to financial, culturally-suitable TA &amp; other production/commercialization support services.</p> <p>Paternalistic &amp; limited-funding interventions from Government, philanthropic institutions &amp; NGOs</p>	<p>Higher priority targeting &amp; investment resources by Government (municipal, state &amp; federal).</p> <p>Enhanced legal framework &amp; practices for all aspects: social, economic, natural resources, land tenure, etc.</p> <p>Innovative, community-centred, self-managed development processes &amp; strengthening of ethnic identity &amp; culture.</p> <p>Provision of health &amp; nutrition services: quality at all levels (primary care &amp; hospitalization) with native bilingual professional involvement.</p> <p>Access by indigenous youth (male &amp; female) to intercultural primary, middle &amp; higher education.</p> <p>Investment in basic rural infrastructure &amp; housing.</p> <p>Local capacities development &amp; labor skills training.</p> <p>Provision of demand-led, participatory, culturally-sensitive, market-oriented rural extension services &amp; natural resource conservation technologies.</p> <p>Introduction of higher-income, diversification crops &amp; non-farming productive activities.</p> <p>Access to non-refundable social &amp; productive capitalization funds, local microfinancing services &amp; payments for environmental services (water, biodiversity, etc.) derived from forests &amp; lands.</p>

Priority Area	Affected Group	Major Issues	Actions Needed
<b>Marginalized poor rural communities</b>	<b>Poor small-scale farmers;</b> <b>Landless peasants;</b> <b>Agricultural laborers/ migrant-labor households;</b> <b>Women- headed households;</b> <b>Rural youth</b>	<p>High levels of social exclusion, extreme poverty &amp; food insecurity.</p> <p>Limited productive assets &amp; overall limited social &amp; economic capitalization.</p> <p>Limited access to land: 2.1 million households without access; 1.3 million access with average 2.9 ha, of which 45% have access to less than one ha).</p> <p>Limited basic rural infrastructure &amp; housing.</p> <p>Increased degradation of natural resources &amp; unsustainable production practices.</p> <p>Low incomes from dry crops, rainfed &amp; livestock farming &amp; subsistence rural microbusinesses</p> <p>Limited access to education &amp; health services</p> <p>Male &amp; household labor migration seasonal within Mexico (2 million laborers &amp; their families, mostly indigenous from southern regions)</p> <p>Illegal migration to US (over 0.5 million migrants per year during 2000-2005)</p> <p>Large numbers of rural women- &amp; elderly-headed households</p> <p>Limited access to financial &amp; other production/ commercialization support services</p>	<p>Provision of health &amp; nutrition services: quality at all levels: primary &amp; specialized care</p> <p>Strengthening of local organization for community-centred, self-managed development</p> <p>Access by rural youth (male &amp; female) to quality primary, middle &amp; higher education</p> <p>Investment in social &amp; economic rural infrastructure &amp; housing</p> <p>Local capacities development &amp; labor skills training</p> <p>Provision of demand-led, participatory, market-oriented, production-related &amp; other technical services, &amp; natural resource conservation technologies</p> <p>Introduction of higher-income, diversification crops &amp; non-farming productive activities</p> <p>Training for labor skills</p> <p>Facilitation for the establishment of income-generating, non-agricultural activities rural micro-businesses</p> <p>Access to non-refundable productive investment funds &amp; local microfinancing services</p> <p>Fund allocations based on environmental service-payment schemes</p>

Priority Area	Affected Group	Major Issues	Actions Needed
<b>Environmentally vulnerable zones/Natural-asset degraded territories</b>	<b>All rural &amp; indigenous households</b>	<p>Degradation &amp; overexploitation of natural resources at micro-watershed level i.e. soil, water, biodiversity</p> <p>Steep-sloped agriculture &amp; other unsustainable agricultural practices</p> <p>Severely incongruent land use/allocation across Mexico</p> <p>Systematic clandestine deforestation</p> <p>Rural energy constraints</p> <p>Lack of effective climate-change-related plans &amp; risk-management mechanisms overall &amp; in smallholder agriculture</p> <p>Concentration of Government efforts in some regions with neglect of others</p> <p>Limited allocation of resources overall</p> <p>Low levels of participation &amp; investment in micro-watershed-based, municipal &amp; local development programmes</p>	<p>Territorially-based, integrated rural development programmes &amp; approaches at local, municipal, watershed &amp; state levels.</p> <p>Participatory environmental planning &amp; implementation, with direct involvement &amp; decision making by local communities.</p> <p>Micro-watershed agroforestry production &amp; conservation plans</p> <p>Strengthening of Government decentralization policies &amp; mechanisms at municipal &amp; local levels for strengthened environmental governance/local control.</p> <p>Training in risk prevention, vulnerability-reduction, micro-watershed-based planning &amp; resource development.</p> <p>Increased provision of investment resources for: social &amp; economic rural infrastructure; soil, water &amp; vegetation rehabilitation &amp; conservation works; &amp; innovative-technology demonstration units.</p> <p>Alternative rural energy access &amp; devices.</p> <p>Valuation &amp; establishment of environmental-service schemes, according to needs of arid &amp; other vulnerable agro-ecological zones.</p> <p>Incorporation of "nature-based tourism" within a wider territorial rural development strategy at micro-watershed &amp; municipal levels.</p> <p>Participatory inventories of natural (physical), cultural &amp; historical potential of regions &amp; sites.</p>

Priority Area	Affected Group	Major Issues	Actions Needed
<b>Rural businesses/ Agricultural &amp; non- agricultural micro- enterprises</b>	<b>Micro &amp; small rural entrepreneurs (agricultural &amp; non- agricultural)</b>	<p>Limited knowledge of regional economy &amp; external market supply, demand &amp; competitiveness.</p> <p>Limited rural business-management capacities at local &amp; regional levels.</p> <p>Low &amp; inappropriate levels of capital, technology &amp; supporting infrastructure to compete in national &amp; external markets.</p> <p>Limited local added value of production chains &amp; quality management of rural products &amp; services.</p> <p>Low technical &amp; methodological specialization for planning &amp; management of (micro-economic) business plans.</p>	<p>Support to diversification of regional economies, including agricultural &amp; non-agricultural production e.g. nature- &amp; cultural-based community-managed businesses; wider range of services in rural/semi-urban zones.</p> <p>Market information systems at local, micro-regional &amp; sub-national levels.</p> <p>Selection &amp; training of local commercial leaders &amp; entrepreneurs in micro-enterprise development &amp; quality-control management.</p> <p>Support to formulation of relevant product rural “business plans” (all levels of production-commercialization chain).</p> <p>Facilitation of access to: dynamic markets, technical- &amp; management-support services &amp; continued “coaching”.</p> <p>Facilitation of access to capital resources from diverse government programmes for micro-enterprise development &amp; consolidation</p> <p>Establishment, expansion &amp; consolidation of rural financial systems &amp; services.</p> <p>Capitalization of migrant remittances as community- &amp; business-centred productive investments.</p>

Priority Area	Affected Group	Major Issues	Actions Needed
<b>Gender &amp; development issues of rural &amp; indigenous women &amp; youth</b>	<b>All rural &amp; indigenous households</b>	<p>High levels of exclusion, discrimination &amp; poverty among rural &amp; indigenous women of all ages.</p> <p>High levels of illiteracy &amp; limited access to education &amp; health services among these target groups.</p> <p>High demand on time &amp; abilities of women for: daily household work; community-based social responsibilities; production, commercialization &amp; other survival activities.</p> <p>Increased number of rural young women-headed households &amp; social &amp; economic vulnerability of these units derived from temporary &amp;/or permanent migration of male family members.</p> <p>Limited labor-market skills beyond household work in urban areas.</p> <p>Low access to social, financial &amp; productive support services</p> <p>Dependency on subsidy-based social development programmes.</p> <p>Limited relevancy of (top-down, low-capital) governmental "productive-projects" approach.</p>	<p>Provision of adult women literacy programmes</p> <p>Guaranteed access to education at all levels for male &amp; female rural &amp; indigenous youth</p> <p>Improved mechanisms &amp; resources for health &amp; nutrition services</p> <p>Strengthening of community approaches to deliver social services &amp; provision of domestic time-saving investments &amp; infrastructure</p> <p>Innovative &amp; participatory approaches to social &amp; economic capitalization of rural women, guarantees of patrimonial capitalization &amp; inheritance mechanisms</p> <p>Provision of demand-led, participatory, community financial &amp; extension services</p> <p>Training for agricultural, non-agricultural productive activities, &amp; labor skills for male &amp; female youth</p> <p>Gender awareness campaigns within rural communities &amp; local society at large</p>

## Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
<b>Enablers</b>				
Secretariat of Agriculture, Livestock, Rural Development & Fisheries (SAGARPA)	Nationwide responsibility for agricultural & rural development actions & programmes. Presence in all districts for Rural Development. Normative & planning responsibility for agricultural & rural development.	REMAINS some traditional paternalistic approach to agricultural development based on annual promotion & delivery of individual farmer subsidies under a multiplicity of sub-sectoral, crop & special programmes. Field staff devotes most of their time to the administration of subsidy programmes & projects according to mechanical "operational rules".	Proper implementation of precepts of National Law of Sustainable Rural Development is an opportunity for local, municipal & micro-watershed development action, as it offers opportunities for collaborative action & concurrence of investment resources at local level	New project operations may need to explore, <i>inter alia</i> , alternative capitalization mechanisms for increased impact of <i>Alianza para el Campo</i> programmes.
Secretariat of Environment & Natural Resources (SEMARNAT)	Nationwide responsibility for management & conservation of Mexico's environment & natural resources.	Mexico's outstanding needs regarding degradation of environment & natural resources constantly challenges its institutional capabilities Limited field staff & focus on programme administration & permits.	Sector leader for environment, thus provides guidance to all related institutions, including CONAFOR Initiated an environmental management support programme in the 50 poorest indigenous municipalities	A natural partner of IFAD with regard to environmental management for rural development & poverty alleviation.
Secretariat of Social Development (SEDESOL)	Nationwide responsibility for social development & poverty alleviation Responsible for local & micro- regional social development.	Concentration in social-investment programmes with some activities in income generation for the rural poor ( <i>Opciones Productivas</i> ). Promoter of leader " <i>Oportunidades</i> " & other subsidy-based programmes.	Could provide adequate partnership with IFAD-financed projects supporting social infrastructure investments in rural areas under microregions & 100 municipality programmes.	

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
Shared Risk Trust Fund (FIRCO)	<p>One of SAGARPA's operative arms</p> <p>Financial institution providing resources &amp; technical support for agriculture &amp; rural development programmes</p> <p>Sound, market-oriented technical &amp; financial support services</p> <p>Operates in partnership with sectoral international organizations – FAO, IFAD, UNDP, USAID &amp; private-sector &amp; specialized non-governmental entities</p>	<p>Operational field presence throughout country, but limited budgetary resources for scope of activities</p>	<p>Increased experience in territorial rural development, based on a distinct micro-watershed-based approach: Production &amp; Rehabilitation Plans</p> <p>FIRCO is responsible for implementation of IFAD-financed Rubber Producing Regions Project &amp; Strengthening Project for National Micro-watershed Programme</p>	<p>Micro-watershed approach to integrated rural development planning/ implementation is being adopted by most recent IFAD project</p>
National Forestry Commission (CONAFOR)	<p>Decentralized institution of SEMARNAT with nationwide responsibility for management &amp; conservation of Mexico's natural &amp; cultivated forests</p> <p>Mandate extends to productive projects &amp; community development of rural &amp; indigenous populations in its sectoral area of action</p>	<p>Wide range of field operations, covering all states, but with limited budgetary resources for scope of objectives &amp; activities</p> <p>Prevails an orientation on forest-related matters, including forest land protection &amp; forest fire control</p>	<p>CONAFOR is pioneering support to integral rural/indigenous community development through nature-based tourism</p>	<p>Executing agency for IFAD-financed development project for rural &amp; indigenous communities of semiarid Northwest</p>
National Commission for the Development of Indigenous Peoples (CDI)	<p>Decentralized entity of the federal government responsible for strategy formulation &amp; promotion; coordination, project development &amp; execution for integral development of indigenous peoples &amp; communities</p>	<p>Traditionally, field operations through Indigenous Coordinating Centres have focused on anthropology-based intercultural approaches to development</p> <p>Limited experience in area of productive project development</p>	<p>Recent experiences with IFAD-financed Yucatan Project should serve as reference point for new projects, particularly from regional investment funds</p>	<p>New programme operates on the 50 most marginalised indigenous municipalities</p>
Secretariat of Agrarian Reform (SRA)	<p>Responsible for integral agrarian development policies &amp; programmes comprising regularization of rural property, land tenure &amp; maintenance of nation's agrarian legal framework/ registry</p> <p>Promotes legal assurance for "ejidal" &amp; communal land holdings through <i>PROCEDE</i> &amp; other programmes</p>	<p>Operational field presence throughout Mexico, but limited budgetary resources for scope of activities</p>	<p>Initiated various investment project support programmes i.e. Productive Project Support Fund (FAPPA) &amp; Agrarian Women Support Programme (PROMUSAG)</p>	<p>Investment support programmes may not reach intended beneficiaries based on Mexico's same mechanism of competitive application for funds</p>

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
Secretariat of Tourism (SECTUR)	Sector leader responsible for coordinating proper application of National Tourism Law which assigns high priority to conservation, promotion & rational development of national natural attractions sectoral normative & operational entity	Promotes tourism more as a financial resource that materializes in the balance of payments than as an instrument for development	Integrated an inter-institutional commission aimed at promoting nature-based tourism in rural & indigenous communities	Under inter-institutional body, it needs to coordinate activities with CONAFOR for IFAD-financed development projects for rural & indigenous communities of semiarid Northwest
National Arid Zones Commission (CONAZA)	Decentralised entity of federal administration responsible for strategy formulation & promotion, coordination & project development & execution for arid zones & communities		Acquired significant development project related experience through IFAD-financed Ixtlera Project	
<b>Service Providers</b>				
Rural Financing <i>Financiera Rural</i> )	Objectives: consolidate a national rural financing system; channel credit & financial resources; offer related TA/training & advisory services Offers direct credit & other services & seeks to operate through rural financial intermediaries	Programmes & services not tailored to needs of IFAD target groups		
National Commission for Protected Natural Areas (CONANP)	Institution responsible for formulation, execution & evaluation of sustainable regional development & conservation of national ecosystems & biodiversity CONANP administers 150 natural protected areas under federal regime covering over 17.8 million ha	Technical staffing & budgetary limitations vis-à-vis wide extension of Mexico's territory & biodiversity patrimony	Offers possibility for providing technical support & legal advice to new projects, particularly with regard to ecotourism, rural tourism & other aspects of nature-based tourism	
National Institute for Agricultural, Livestock & Forestry Research (INIFAP)	Nationwide responsibility for agriculture, livestock & forestry research & innovation availability of models for improving agricultural production in all agro-ecological zones	As a consequence of budgetary reductions, INIFAP's research services have been severely affected, leading to limited operational capabilities	INIFAP could support new project requirements of agricultural, livestock & forestry productive technologies	



Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
National Fund for Solidarity Enterprises Support (FONAES) Secretariat of the Economy	Objectives: form productive capital through support of viable investment projects Promote entrepreneurial activities & producer associations (urban & rural) & women's groups & enterprises	Complex operational rules of national programmes which do not respond to real needs of rural communities facing extreme poverty	FONAES' programmes could provide technical & financial support to new projects Risk of applying operational rules mechanically	
e-Mexico National Programme for Internet-based Development Services	Nationwide responsibility for satellite-based internet connectivity in small communities (telecentres) for education & training	Not enough telecentres established in marginal rural areas throughout Mexico	Partner of ongoing National Micro-watershed Programme Could expand its coverage under new projects	
Universities & Research Centres	Research & documentation capabilities	Academic versus practical operational approach	Contributions to special studies through social service schemes	
Specialized non-governmental organizations	Committed, specialized experience in specific development themes & projects	Limited financial resources	Growing importance of organized civil society in actions & matters of development	
<b>Actors &amp; Stakeholders</b>				
Municipal governments	Closer contact with local rural community needs	Traditionally concerned with the provision of basic public services rather than community development & productive initiatives	According to federal law, responsibility for key decisions regarding rural development falls under Municipal Council for Sustainable Rural Development	
State governments	Source of budgetary resources for local development	Traditionally concerned with commercial agriculture/livestock development for export and, in minor priority, with local development for the poorest	Key player, source of finance in implementation of all development initiatives at local level	
Private sector	Investments & experience in wide range of production/transformation/commercialization activities	Limited experience in participatory, community-based social/rural development	Able to address its experience & resources to well-identified community-based projects	
Client/civil-society organizations	Mexico depends on several rural organizations (national & regional), notably those who signed the National Rural Agreement ( <i>Acuerdo Nacional para el Campo</i> )	Rural & agrarian organizations have suffered from corporatization, politization & short-term vision, seeking immediate rewards to their associates	There is an economic rationale for organization of economic & social interest groups/associations	COSOP implementation strategy is founded on social organization/participation

### Key file 3: Complementary donor initiatives/partnership potential

Donor/ Agency	Priority Sectors and Areas of Focus	Period of Current Country Strategy	Complementarities/Synergy Potential
<b>World Bank</b>	<ul style="list-style-type: none"> <li>• Poverty reduction.</li> <li>• Environmental sustainability.</li> <li>• Competitiveness enhancement.</li> <li>• Institutional strengthening.</li> </ul>	2005-2008	Deforestation reduction, environmental management, access to land by young farmers; basic infrastructure in indigenous communities; community-based forestry; transformation of <i>BANRURAL</i> into <i>Financiera Rural</i> .
<b>Inter-American Development Bank</b>	<ul style="list-style-type: none"> <li>• Social sector modernization &amp; poverty reduction i.e. health, education, support to vulnerable groups.</li> <li>• Integration i.e. NAFTA, Puebla-Panama.</li> <li>• Modernization of the state i.e. institutional strengthening.</li> <li>• Lowering barriers that limit competitiveness of private sector.</li> </ul>	2002-2006	Primarily IADB support to consolidation & expansion of <i>Oportunidades</i> Human Development Programme, & basic rural infrastructure i.e. potable water & sanitation in rural areas.
<b>Global Environmental Facility</b>	<ul style="list-style-type: none"> <li>• Biodiversity.</li> <li>• Climate change.</li> <li>• Land degradation.</li> <li>• Capacity building.</li> </ul>		Consolidation of protected area system; environmental services project; integrated energy services for small localities; pilot, community-based environmental management projects i.e. Sacred Orchids of Chiapas.
<b>AECI Spain</b>	<ul style="list-style-type: none"> <li>• Democratic governance</li> <li>• Civil society participation &amp; institutional development.</li> <li>• Social needs coverage i.e. Education, vulnerable groups.</li> <li>• Promotion of economic &amp; entrepreneurial fabric.</li> <li>• Environmental management.</li> </ul> <p>(Environmental sustainability &amp; gender equity are cross-cutting dimensions of sustainable development &amp; poverty eradication).</p>	2006-2008	Country Special Action Plan focuses on: Puebla, Oaxaca & Chiapas & the DF as priority geographical areas; and Guerrero, Hidalgo, Edo de Mexico, Michoacan, Tabasco & Veracruz.
<b>European Union</b>	<ul style="list-style-type: none"> <li>• Social cohesion &amp; support to related policy dialogues.</li> <li>• Sustainable economy &amp; competitiveness.</li> <li>• Education &amp; culture.</li> </ul>	2007-2013	Environmental management support i.e. Semarnat Promotion of small & medium enterprises.

Donor/ Agency	Priority Sectors and Areas of Focus	Period of Current Country Strategy	Complementarities/Synergy Potential
<b>US AID</b>	<ul style="list-style-type: none"> <li>• Transparent Governance &amp; Rule of Law i.e. e-government programmes, certification standards for public officials &amp; enhanced oversight of public resources</li> <li>• Natural Resources Management: (i) in key watershed areas i.e. biodiversity conservation, particularly forestry; new economic opportunities generation for rural communities, through promotion of eco-tourism, cocoa, specialty coffee, community forestry &amp; non-timber forestry products; (ii) environmental business &amp; energy conservation businesses development i.e. economically viable renewable systems &amp; energy-efficient, non-polluting production technologies</li> <li>• Access to finances: financial services for traditionally under-served populations i.e. capacity building of microfinance institutions, &amp; remittance leverage for new financial services, savings &amp; investment</li> </ul>	2005-2007	Environmental & watershed management; Rural financial services/capitalization of remittances as productive investments
<b>UNDP</b>	<ul style="list-style-type: none"> <li>• Focus: human development, democratic governance, private sector &amp; development, &amp; gender equity</li> <li>• Relevant ongoing projects: self-assessment of national capacities for implementation of international conventions: biodiversity, climate change &amp; combating desertification; indigenous peoples, for a culture of transparent information; strategic planning &amp; design for environmental protection &amp; sustainable development; public spaces for social agreement on local sustainable development processes</li> </ul>		Special studies; Field programme support
<b>FAO</b>	<ul style="list-style-type: none"> <li>• Food security, programmes and policy evaluation, natural resources, rural development &amp; agricultural trade</li> </ul>		Special Programme for Food Security (PESA), experience in policy analysis and programmes evaluation

## Key file 4: Target group identification, priority issues and potential response

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
<b>Indigenous peoples &amp; communities</b>	<p>Extreme poverty, racial discrimination &amp; social &amp; economic exclusion.</p> <p>Communities isolated from economic dynamics of municipality.</p> <p>Increased degradation of commonly-held natural-resource base.</p> <p>Lack of productive assets, adequate housing &amp; infrastructure.</p> <p>Paternalistic approaches to development by government.</p> <p>Insufficient production, financial &amp; marketing support services.</p> <p>Lack of access to education &amp; health services.</p>	<p>Low input/output traditional technology farming for family subsistence.</p> <p>Limited access to government subsidies i.e. <i>Oportunidades</i>.</p> <p>Seasonal off-farm employment.</p> <p>Low-paid seasonal/permanent migration to urban areas.</p> <p>Illegal labor migration to the us.</p> <p>Home production of handicrafts &amp; other handmade art products.</p>	<p>Social investment in education, health &amp; nutrition.</p> <p>Investment in basic rural infrastructure &amp; housing.</p> <p>Self-managed, autonomous approaches to local development.</p> <p>Production &amp; labor skills training.</p> <p>Demand-led agricultural &amp; non-agricultural support services.</p> <p>Financial services &amp; resources for agricultural &amp; non-agricultural production.</p> <p>Support to multiple-appropriation of the environment.</p> <p>Reinforcement of traditional technologies &amp; introduction of higher-income, diversification crops &amp; non-farming productive activities.</p> <p>Access to non-refundable social &amp; productive investment funds.</p>	<p><i>Oportunidades</i>, Human Development Programme (<i>SEDESOL</i>).</p> <p>Microregions Programme (<i>SEDESOL</i>).</p> <p>Regional Funds (<i>CDI</i>).</p> <p>National Support Fund for Solidarity Enterprises (<i>FONAES</i>).</p> <p>Subsidies for Indigenous Peoples (<i>SEMARNAT</i>).</p>	<p>Employment &amp; income opportunities.</p> <p>New sustainable agricultural production (crop conversion/diversification).</p> <p>New non-agricultural activities i.e. Ecotourism &amp; environmental services.</p> <p>Market-oriented micro &amp; small agricultural &amp; non-agricultural rural businesses.</p> <p>Technical &amp; financial support services.</p> <p>Social &amp; economic organization.</p>

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
<b>Poor small-scale farmers</b>	<p>Range: from poverty to extreme poverty; &amp; from high to very high social &amp; economic exclusion.</p> <p>Geographic isolation.</p> <p>Limited land, water &amp; other productive assets (semiarid areas).</p> <p>Degraded natural-resource base.</p> <p>Inadequate housing.</p> <p>Limited access to education &amp; health services.</p> <p>Lack of access to production, financial &amp; marketing support services</p>	<p>Low input/output farming for family subsistence &amp; markets</p> <p>Government subsidies i.e. <i>Alianza</i></p> <p>Seasonal off-farm employment</p> <p>Seasonal/permanent migration to urban areas &amp; illegally to the us</p> <p>Sales of or contracts for natural resource development</p> <p>Land rental to capitalized producers</p> <p>Migrant remittances</p>	<p>Social investment in education, health &amp; nutrition</p> <p>Investment in rural infrastructure &amp; housing</p> <p>Rehabilitation &amp; rational development of natural-resource base</p> <p>Production &amp; labor skills training</p> <p>Demand-led agricultural &amp; non-agricultural support services (productive chains)</p> <p>Financial services &amp; resources for agricultural &amp; non-agricultural production</p> <p>Ta &amp; commercial assistance for self-managed development of natural resources</p> <p>Access to non-refundable social &amp; productive investment funds</p>	<p><i>Oportunidades</i> Human Development Programme (<i>SEDESOL</i>)</p> <p>Microregions (<i>SEDESOL</i>)</p> <p>Rural Development Programmes (<i>SAGARPA</i>)</p> <p><i>PESA</i> Food Security Programme (FAO)</p> <p>Environmental Services Programme (<i>CONAFOR</i>)</p>	<p>Employment &amp; income opportunities</p> <p>New sustainable agricultural production (crop conversion/diversification)</p> <p>New non-agricultural activities i.e. Ecotourism &amp; environmental services</p> <p>Market-oriented micro &amp; small agricultural &amp; non-agricultural rural businesses</p> <p>Technical &amp; financial support services</p> <p>Social &amp; economic organization</p>
<b>Landless peasants</b>	<p>Range: from poverty to extreme poverty; &amp; from high to very high social &amp; economic exclusion</p> <p>Very limited access to education &amp; health services</p> <p>Very precarious working conditions</p> <p>Lack of production assets</p> <p>Inadequate housing &amp; infrastructure</p> <p>Lack of social &amp; start-up production, financial &amp; marketing support services</p>	<p>Low input/output farming for family subsistence in rented land</p> <p>Seasonal employment as laborers in commercial agricultural holdings</p> <p>Permanent migration to urban areas &amp; the us (i.e. Construction work)</p> <p>Diversified household income i.e. Domestic work in urban areas</p>	<p>Social investment in education, health &amp; nutrition</p> <p>Investment in rural infrastructure &amp; housing</p> <p>Production &amp; labor skills training</p> <p>Better labor conditions &amp; opportunities</p> <p>Access to land markets &amp;/or land rental markets</p> <p>Financial resources for agricultural &amp; non-agricultural production</p>	<p><i>Oportunidades</i> Human Development Programme (<i>SEDESOL</i>)</p> <p>Microregions (<i>SEDESOL</i>)</p> <p><i>PESA</i> Food Security Programme (FAO)</p> <p>Temporary Employment Programme (<i>SEDESOL</i>)</p>	<p>Employment &amp; income opportunities</p> <p>New sustainable agricultural production (crop conversion/diversification)</p> <p>New non-agricultural activities i.e. Ecotourism &amp; environmental services</p> <p>Market-oriented micro &amp; small agricultural &amp; non-agricultural rural businesses</p> <p>Technical &amp; financial support services</p> <p>Social &amp; economic organization</p>

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
<b>Agricultural laborers/ migrant labor households</b>	<p>Range: from poverty to extreme poverty; &amp; from high to very high social &amp; economic exclusion</p> <p>Very limited access to education &amp; health services</p> <p>Very precarious housing &amp; working conditions &amp; lowest wages</p> <p>Exposure to agricultural chemicals</p>	<p>Seasonal employment as laborers in commercial agricultural holdings</p> <p>Permanent migration to urban areas &amp; the us (i.e. Construction work)</p> <p>Small micro-enterprise production</p>	<p>Social investment in education, health &amp; nutrition</p> <p>Investment in rural infrastructure &amp; housing</p> <p>Production &amp; labor skills training</p> <p>Better labor conditions &amp; opportunities</p> <p>Access to land &amp;/or land rental markets</p> <p>Financial resources for agricultural &amp; non-agricultural production</p>	Agricultural Laborers Programme ( <i>SEDESOL</i> )	<p>Employment &amp; income opportunities</p> <p>New sustainable agricultural production (crop conversion/ diversification)</p> <p>New non-agricultural activities i.e. Ecotourism &amp; environmental services</p> <p>Market-oriented micro &amp; small agricultural &amp; non-agricultural rural businesses</p> <p>Technical &amp; financial support services</p> <p>Social &amp; economic organization</p>
<b>Micro &amp; small rural entrepreneurs (agricultural &amp; non-agricultural)</b>	<p>Moderate to extreme poverty.</p> <p>Limited capitalization of non-agricultural production activities.</p> <p>Low technological level &amp; limited infrastructure.</p> <p>Lack of access to production &amp; marketing support services.</p>	<p>Small micro-enterprise production &amp; commercialization.</p> <p>Partial involvement in small agriculture-related activities.</p> <p>Seasonal labor work by some member of the household.</p>	<p>Attention &amp; support services to micro-entrepreneurial activities.</p> <p>Marketing analysis of small rural enterprise opportunities &amp; limitation in context of local &amp; regional markets.</p> <p>Assistance to form effective business plans, project financing &amp; implementation.</p> <p>Demand-led agricultural &amp; non-agricultural support services.</p> <p>Access to financial resources &amp; services.</p>	<p>PyME Fund (Small &amp; Medium Enterprises) – <i>Economy Ministry (SE)</i>.</p> <p>National Fund for Support of Solidarity Enterprises (<i>SE – FONAES</i>).</p> <p>Nature-based Tourism Support Programme (Inter-Institutional).</p> <p>3x1 Programme, migrant remittance investments (<i>Inter-Institutional</i>).</p>	<p>Employment &amp; income opportunities</p> <p>New sustainable agricultural production (crop conversion/ diversification)</p> <p>New non-agricultural activities i.e. Ecotourism &amp; environmental services</p> <p>Market-oriented micro &amp; small agricultural &amp; non-agricultural rural businesses</p> <p>Technical &amp; financial support services</p> <p>Social &amp; economic organization</p>

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
<b>Rural youth</b>	<p>Range: from poverty to extreme poverty; &amp; from high to very high social &amp; economic exclusion</p> <p>Limited access to education &amp; health services</p> <p>Lack of access to production, financial &amp; marketing support services</p>	<p>Contribution to household economy through low input/output farming for family subsistence &amp; markets</p> <p>Seasonal off-farm employment</p> <p>Seasonal/permanent migration to urban areas &amp; illegally to the US</p>	<p>Social investment in education, health &amp; nutrition</p> <p>Wider access to education at all levels: primary, middle &amp; higher</p> <p>Investment in rural infrastructure &amp; housing</p> <p>Production &amp; labor skills training</p> <p>Demand-led, agricultural &amp; non-agricultural support services (productive chains)</p> <p>Financial services &amp; resources for agricultural &amp; non-agricultural production</p> <p>Access to non-refundable social &amp; productive investment funds</p>	<p><i>Oportunidades</i> Human Development Programme</p> <p>Productive Options (<i>SEDESOL</i>)</p>	<p>Employment &amp; income opportunities</p> <p>New sustainable agricultural production (crop conversion/diversification)</p> <p>New non-agricultural activities i.e. Ecotourism &amp; environmental services</p> <p>Market-oriented micro &amp; small agricultural &amp; non-agricultural rural businesses</p> <p>Technical &amp; financial support services</p> <p>Social &amp; economic organization</p>
<b>Rural &amp; indigenous women</b>	<p>Extreme poverty &amp; racial &amp; gender discrimination</p> <p>Social &amp; economic exclusion</p> <p>Lack of access to education &amp; health services</p> <p>Lack of productive assets</p>	<p>Low input/output small-plot farming &amp; limited small livestock for day-to-day subsistence</p> <p>Seasonal &amp; permanent off-farm employment (i.e. Household maid)</p> <p>Traditional handcrafts</p> <p>Micro-enterprise production, individually &amp;/or collectively</p> <p>Family receipt of remittances</p>	<p>Provision of literacy programmes &amp; guaranteed access to education at all levels – primary, middle &amp; higher – of rural &amp; indigenous women &amp; girls</p> <p>Improved health &amp; nutrition services</p> <p>Domestic time-saving investments &amp; infrastructure</p> <p>Mechanisms for social &amp; economic capitalization; &amp; guaranty of patrimonial &amp; family inheritance mechanisms</p> <p>Gender-equitable, demand-led community financial &amp; extension services</p> <p>Training for productive &amp; labor skills</p>	<p><i>Oportunidades</i> Human Development Programme</p> <p>Regional Funds (<i>CDI</i>)</p> <p>National Fund for Support of Solidarity Enterprises (<i>FONAES</i>)</p> <p>Agrarian Women Support Programme (<i>SRA</i>)</p>	<p>Employment &amp; income opportunities</p> <p>New sustainable agricultural production (crop conversion/diversification)</p> <p>New non-agricultural activities i.e. Ecotourism &amp; environmental services</p> <p>Market-oriented micro &amp; small agricultural &amp; non-agricultural rural businesses</p> <p>Technical &amp; financial support services</p> <p>Social &amp; economic organization</p>