

**STRENGTHENING OF ALTERNATIVE DISPUTE RESOLUTION
METHODS USED FOR THE SETTLEMENT OF COMMERCIAL
DISPUTES**

(TC-99-10-00-0-ME)

EXECUTIVE SUMMARY

Executing agency:	Instituto Tecnológico Autónomo de México (ITAM)	
Beneficiaries:	The Arbitration and Mediation Centers (CAMs) participating in the program, together with the businesses and investors who make use of their services.	
Financing:	Modality:	Nonreimbursable
	MIF (Facility I)	US\$1,352,500.00
	Local counterpart:	US\$ 879,055.00
	Total:	US\$2,231,555.00
Specific Objectives:	The specific objectives of the program are to: (a) strengthen the centers that administer alternative dispute resolution methods used to settle commercial disputes in Mexico; (b) provide training for specialists in various disciplines who can serve as arbitrators and mediators; (c) raise awareness in order to create an alternative dispute resolution culture in Mexico, thereby generating demand for this type of service; and (d) draft a model federal mediation law to enhance the present alternative dispute resolution system in Mexico.	
Special contractual conditions:	The initial disbursement under the program will be conditional upon the executing agency's having presented to the Bank: (a) proof that the project executing unit (PEU) has been created and its members appointed; (b) an annual work plan for the first year, with breakdown into components; (c) Program Operating Regulations outlining the duties and obligations of all participants, and proof that these have been placed in effect; and (d) Participation Agreement, duly signed and in force between the executing agency and the CAMs participating in the program (paragraph 3.25).	
Exceptions to Bank policy:	None.	

I. ELIGIBILITY OF THE COUNTRY AND PROJECT

- 1.1 On January 21, 1994, the Donors Committee declared Mexico eligible for all methods of financing available under the Multilateral Investment Fund (MIF). This program is consistent with other alternative dispute resolution (ADR) projects that the MIF has financed in the region, as well as with the MIF's general objective of supporting expansion of the private sector.

II. FRAME OF REFERENCE

A. The Mexican Judiciary

- 2.1 The Mexican justice system is beset by problems that seriously impede the efficiency and effectiveness with which rulings are handed down. According to statistics published by Mexico's Federal District Superior Court, judges handle an average of 2,000 cases a year, receive almost ten new files daily, and can only effectively dispose of three cases per day. Needless to say, Mexican judges find it impossible to devote the necessary time to each case, which reduces the quality of their decisions and lowers the chances of voluntary compliance. Only in a very small percentage of cases are court rulings in Mexico carried out without the need for subsequent intervention by judicial authorities. Moreover, the majority of such rulings are appealed.
- 2.2 In recent years, the world has seen the development of a number of vital dispute resolution mechanisms, particularly in the area of trade. These mechanisms, which result in rapid, flexible decisions protected by rules of confidentiality, are known collectively as alternative dispute resolution methods. One of their main benefits is the avoidance of the lengthy proceedings and excessive costs of litigation; another is the likelihood of maintaining –perhaps even increasing– commercial relations between the parties.

B. Legal Basis for the Use of Arbitration and Alternative Dispute Resolution Methods in Mexico

- 2.3 Mexico's system of justice and international legal framework both favor commercial arbitration. In 1993, new provisions on arbitration were added to the Commercial Code as Title IV of that act, based on the Model Law on International Commercial Arbitration of the United Nations Commission on International Trade Law (UNCITRAL). The new arbitration law applies to both domestic and international dispute settlement and incorporates the fundamental characteristics of modern arbitration. Some of its principal features include: (a) recognition of the right of parties to submit their disputes to arbitration; (b) recognition of the freedom of parties to determine their own rules of procedure; (c) inclusion of flexible, modern rules governing arbitration proceedings which only come into play if the parties are unable to agree on their own rules of procedure; (d) limiting of recourse

to judicial intervention to avoid interruption of the arbitration process; (e) stipulation of a limited list of grounds for voiding an award; (f) provision for waiving rights to appeal; and (g) recognition that arbitration awards have the same legal force as a final court ruling.

- 2.4 One of the deficiencies of Mexican regulation in the area of alternative dispute resolution is the lack of federal legislation on commercial mediation. Since this is an area that is addressed at the federal level in Mexico, it has until now been regulated by only two states, and only as it pertains to civil and family law. Given the current expansion of Mexico's national and international commercial relations, it is essential for the country to regulate commercial mediation in a fashion that will permit the settlement of commercial disputes throughout its national territory, as it does in the case of commercial arbitration. The effect would be favorable to the administration of justice in Mexico, helping to lighten the excessive caseload burdening most of the country's courts.
- 2.5 In terms of international law, Mexico has ratified the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention of 1958) and the Inter-American Convention on International Arbitral Awards (Panama Convention of 1975). Both of these conventions guarantee that foreign arbitration decisions will be recognized and carried out in Mexico. It is important as well to note that Mexico signed the New York Convention of 1958 without reservations, which means that recognition and execution of arbitral awards in Mexico is not dependent on international reciprocity, nor does a foreign award have to be strictly commercial in order for Mexico to recognize and carry it out within its territory.
- 2.6 In addition, Mexico is a party to a number of multilateral and bilateral trade agreements which emphasize the importance of international commercial arbitration and alternative dispute resolution methods. Among its multilateral commitments are the North American Free Trade Agreement (NAFTA) and the Group of Three Agreement which Mexico signed with Colombia and Venezuela. Similarly, Mexico has concluded bilateral free trade agreements with Bolivia, Chile, Costa Rica and Nicaragua.

C. Institutional Framework for the Use of Arbitration and Alternative Dispute Resolution Methods in Mexico

- 2.7 Parties desiring to enter into an arbitration agreement have the choice between an institutional or ad hoc procedure. Ad hoc arbitration involves procedures designed by the parties and administered directly by them and the arbitrator. The other type relies on the creation of a specialized institution to administer the arbitration proceedings. So-called institutional arbitration removes the weight of administration from the shoulders of the arbitrator, thus ensuring the quality of

arbitral proceedings. Some arbitral institutions offer other dispute resolution alternatives as well, such as mediation or conciliation procedures.

- 2.8 The number of such institutions in Mexico has grown exponentially in recent years. Yet, paradoxically, these institutions have not gained complete acceptance on the part of the Mexican business community. Hence the need for programs like this one to support the establishment and promotion of such centers which will help to reduce the congestion in the nation's courts by offering rapid, economical and professional alternatives for resolving disputes.
- 2.9 Arbitration and mediation centers (CAMs) have been established in all of Mexico's economic zones. These centers, however, are at varying levels of development: some have been in operation for two or three years while others have only just been created, or are in the process of restructuring their operations.

D. Justification for the Program

- 2.10 The rationale for this program is based on the fact that despite the existence of a legal framework which favors the use of arbitration and other alternative dispute resolution methods, Mexico has not succeeded in entrenching ADR as part of the country's dispute settlement practices. Among the reasons for this failure are deep-seated reliance on litigation as a means of settling disputes, and the absence of a competent program and the necessary infrastructure for achieving greater public awareness and strengthening the practice of alternative dispute resolution methods in Mexico.
- 2.11 Meanwhile the country's court system, in addition to coping with the wide variety of Latin American judicial systems, is faced with a number of deficiencies – many the result of their staggering workloads. A coherent, well-organized program to establish the use of alternative dispute resolution methods could not fail to benefit the country's judicial system since this would provide an additional system for the settlement of certain kinds of disputes, particularly those involving trade.
- 2.12 Finally, the increase in commercial transactions taking place within Mexico's business community today has resulted in a rise in trade disputes, and will continue to generate such conflicts in ever-increasing numbers. Which makes it all the more essential for the country to establish a flexible, efficient and effective system for settling these types of disputes.

III. THE PROJECT

A. Objectives

- 3.1 The overall objective of the program is to win recognition for and consolidate the use of alternative dispute resolution methods to settle commercial disputes in

Mexico. The ultimate, long-term goal is to assist the private sector in obtaining a system which will provide efficient, flexible, effective and transparent settlement of disputes and help reduce the backlog of cases in the court system through the establishment of a modern alternative dispute resolution system, without slowing the momentum achieved thus far under the federal legislation on commercial arbitration.

- 3.2 The specific objectives of the program are to: (a) strengthen the centers¹ that administer alternative dispute resolution methods used to settle commercial disputes in Mexico; (b) provide training for specialists in various disciplines who can serve as arbitrators and mediators; (c) raise awareness in order to create an alternative dispute resolution culture in Mexico, thereby generating demand for this type of service; and (d) draft a model federal mediation law to enhance the present alternative dispute resolution system in Mexico.

B. Components and Activities

1. Institutional strengthening for the CAMs (US\$67,500)

- 3.3 **Objective.** Provide institutional strengthening for improvement of the arbitration and mediation system used by the seven participating Centers to ensure standardization of practices and guarantee efficient and high-quality service on an ongoing basis.
- 3.4 This component will include: (a) conducting a study of the organization, methods and management of the CAMs for purposes of evaluating the work they have carried out to date. This study will identify the most important weaknesses and needs of each Center, and propose a plan for introducing the necessary organizational, administrative and operational changes in the CAMs; (b) devising a methodology for determining average variable and fixed costs under model CAMs in Mexico in order to prepare pricing guidelines that will enable CAMs to set rates for their services based on realistic operating costs; (c) drawing up rules governing

¹ Comisión Permanente de Arbitraje de la Cámara Nacional de Comercio de la Ciudad de México; Centro de Arbitraje de México (CAM, Mexico City); Comisión Arbitral Permanente (CAP, Nuevo León); Centro de Resolución de Conflictos (CRC, Querétaro); Centro de Resolución de Conflictos Privados, S.C. (CRCP, Jalisco); Centro de Mediación y Arbitraje Comercial del Noroeste de México, S.C. (Sonora); and Centro de Solución de Conflictos del Sur, S.C. (Guerrero).

arbitration and/mediation based on UNCITRAL guidelines²; (d) adopting a code of ethics for arbitrators and mediators employed by the CAMs to ensure standards of transparency, impartiality, independence and efficiency in procedures administered by the Centers; and (e) provision of operational and management training for senior officials of the CAMs, specifically designed to improve administration skills, technical management and the handling of legal issues involved in arbitration and mediation. All of the activities in this component are to be carried out and implemented by the different CAMs within the first six months of the program, as shown in the Logical Framework (Annex I). Access to the resources of components 2, 3, and 4 is conditional upon completion of component 1 to the Bank's satisfaction.

2. Training of arbitrators and mediators (US\$525,000)

- 3.5 **Objective.** To supply participating Centers with trained arbitrators and mediators possessing the technical skills needed to provide top quality specialized services.
- 3.6 Under this component, three general or specialized courses in arbitration will be given per participating CAM over the three-year duration of the program, with a limit of one course per year, plus three modules on mediation (introduction and basic training) totaling approximately 60 hours in all and with a limit of one module per year. Each course will be limited to thirty participants, so that by the end of the program's six technical courses each Center will have received training for ninety arbitrators and ninety mediators. Moreover, to bolster the institutional capacity of participating Centers, a further requirement will be that at least fifty per cent of the candidates trained by the CAMs must be added to the Centers' lists of arbitrators and mediators.

3. Raising public awareness and creating an ADR culture in Mexico (US\$430,000)

- 3.7 **Objective.** As a short- to medium-term goal, to generate the level of demand required to ensure greater and improved use of alternative dispute resolution methods and the services of participating Centers in Mexico.

² The Arbitration Regulations approved by UNCITRAL in 1976 are based on the following principles: (a) recognition that the parties have freedom of choice with respect to resolving their differences; (b) recognition that arbitrators have the right to settle their own questions concerning competence; (c) the adoption of rapid and efficient rules for selecting arbitrators in the absence of agreement between the parties; (d) seeking of advice concerning the impartiality and independence of arbitrators; (e) specification of method(s) for determining the applicable law in the absence of agreement between the parties; (f) fixed deadlines for handing down arbitral awards; (g) means for correction and interpretation of arbitral awards where necessary. The rules governing mediation are to be based on the principles established under the UNCITRAL Conciliation Regulations adopted in 1978. Although the UNCITRAL Conciliation Regulations do not deal directly with mediation, they incorporate principles which are clearly applicable to mediation.

- 3.8 This component will include designing and establishing a permanent information center and electronic library as part of the project executing unit (PEU) to provide information on the services of CAMs participating in the program, as well as general information on alternative dispute resolution methods used at the national and international level. The executing agency will be responsible for maintaining the Web page and the electronic library. In addition, one promoter will be hired for each CAM to raise public awareness of the advantages and benefits of alternative dispute resolution at the local level, and advertise the services of the respective Center. Meanwhile, the executing agency will work at the national level to create an ADR culture through sponsorship of three national workshops on arbitration and mediation (limit of one per year), to which judges, attorneys, the business community and general public will be invited.

4. Drafting a model federal law on Mediation (US\$50,000)

- 3.9 As explained earlier, one of the shortcomings of Mexican regulations on alternative dispute resolution is the absence of a federal law governing commercial mediation. Only in two states has legislation been adopted in this area, and their provisions apply only to civil and family law since dispute settlement is otherwise reserved for federal jurisdiction in Mexico. Given the current increase in trade relations both within Mexico and internationally, it is essential that the country adopt rules governing commercial mediation which apply throughout Mexico and can be used, in parallel with the regulations on commercial arbitration, for the settlement of commercial disputes. This component will be carried out in cooperation with the appropriate agency of the Mexican government.
- 3.10 **Objective.** To draft a federal law on commercial mediation which will permit harmonization and establishment of this practice as an alternative method for resolving disputes in Mexico.

C. Project Organization and Execution

- 3.11 The executing agency for the program will be the Instituto Tecnológico Autónomo de México (ITAM). ITAM is an institution of higher learning founded in 1946 by the Asociación Mexicana de Cultura A.C. Its academic program has been officially recognized by Mexico's Federal Ministry of Education and has a national and international reputation for excellence.
- 3.12 ITAM's Faculty of Law includes two Study Centers dedicated to technical assistance, research and dissemination of knowledge on issues involving public or private law. Each Center has its own budget and infrastructure, and both are directed by full-time professors on the ITAM faculty who are assisted by outside consultants.
- 3.13 The Center for Studies in Private Law has a great deal of experience in preparing draft legislation of national importance, including the proposed Law on Guarantees

submitted by the Executive Branch to Mexico's Chamber of Deputies for its study and passage; a draft Code of Ethics for the banking industry which has already been approved by the Asociación de Banqueros de México and submitted for consideration by the country's banking and credit institutions; and the Bankruptcy Act and the Law Governing Bankruptcies among Commercial Banks.

- 3.14 Among its other activities, the Center for Studies in Public Law has been carrying out a pilot project in the administration of justice under trial courts in the state of Zacatecas. This project includes incorporating the use of alternative dispute resolution methods into the judicial system of that state as an aid to trial court judges, thereby reducing the workload of the court system. As part of this project, the Center has developed a set of rules for application of those methods, and is offering refresher courses for the state's judges to raise awareness of the practice and gain acceptance among the judicial community.
- 3.15 In the field of arbitration and ADR methods, the ITAM is one of the few institutions of higher learning in Mexico which includes alternative methods for the settlement of commercial disputes in its curriculum under a program in which specialists in various fields can obtain a diploma. The ITAM is also planning to offer a training program for arbitrators in cooperation with international arbitration institutions, as well as refresher courses in this area for trial court judges in various states around the country.
- 3.16 The ITAM will place its administration and facilities at the disposal of the program so that for purposes of carrying out this technical cooperation, a project executing unit will be located within the ITAM. The PEU will have a program coordinator (financed by the MIF), an accountant and a secretary (financed by the CAMs). The coordinator will be responsible for technical and administrative aspects of the program, including review of the terms of reference and selection procedures for recruiting consultants to carry out the program. The accountant will assist the coordinator with the financial management and accounting aspects of the program.
- 3.17 The executing agency must maintain an adequate system of internal accounting and administrative control over the resources of the program. The Accounting system must be organized in a manner that provides the necessary documentation to verify transactions and facilitate timely preparation of financial statements and reports. The program's records must be kept in a manner that: permits identification of amounts received from the different sources; allocates program expenses, in accordance with the chart of accounts approved by the Bank, to both the resources of the contribution and to the other funds to be provided for the total execution of the program; and includes sufficient detail needed to identify the services contracted and goods purchased, as well as the utilization of these goods and services.

D. Costs and Financing

- 3.18 The cost of the program has been estimated as US\$2,231,555. The MIF contribution will be US\$1,352,500, in nonreimbursable funding. The Centers participating in the program will provide the balance of the estimated cost, which is the equivalent of US\$879,055. The consolidated budget is shown below. The detailed budget is available in the program's technical files (Annex II).

(US\$)

Category	MIF	Local counterpart	Total
1. Institutional Strengthening	67,500		67,500
2. Training	525,000	123,000	648,000
3. Technical Training and Information Dissemination	430,000	324,000	754,000
4. Model Federal Law on Mediation	50,000		50,000
6. General Coordination	210,000	432,055	622,055
7. Evaluations	40,000		40,000
8. Contingencies	30,000		30,000
Total	1,352,500	879,055	2,231,555
Percentage	60%	40%	100%

E. Execution and Disbursement Periods

- 3.19 This Technical Cooperation will be carried out in accordance with the procedures established by the Bank over a period of 36 months, with a disbursement period of 42 months, both periods reckoned from signature of the Technical Cooperation Agreement with the Bank.
- 3.20 Considering the nature of the operation, it was deemed appropriate to establish a revolving fund in the amount of up to 10% of the MIF contribution, which will permit orderly disbursement of program resources. The executing agency will deposit the resources in a special bank account for the program. Procurement of goods and services, and external audits, will be carried out in accordance with the Bank's procedures, with the proviso that only bidders from countries eligible for MIF funding can be hired.

F. Supervision and Performance Evaluation

- 3.21 **Progress reports.** Within thirty days following the close of each year, the executing agency must present to the Bank's satisfaction a report on the activities carried out during that period, including information on activities executed and the degree to which program objectives have been accomplished, according to the goals and indicators defined in the Logical Framework contained in Annex I. These

reports will also indicate any difficulties encountered and how they were overcome, as well as including a projection of activities to be carried out in the following year.

- 3.22 **Annual and final financial statements.** The executing agency must present to the Bank's satisfaction and within ninety days following the close of each year during the execution period, financial statements detailing expenditures for the program. These financial statements must be audited by a firm of external auditors approved by the Bank and in accordance with accounting rules acceptable to the Bank. The executing agency must present semiannual financial reports on the use and balance of the revolving fund (paragraph 3.20) within 60 days after the close of each semiannual execution period.
- 3.23 **Final report.** Within three months after expiry of the program's execution period, the executing agency must present to the Bank's satisfaction a final report on the program which measures its achievements against the strategic plan and Logical Framework agreed to in advance between the Bank and the executing agency.
- 3.24 **Mid-term evaluation.** When fifty per cent (50%) of the resources of the contribution have been committed, the executing agency and the Bank will conduct a mid-term evaluation of the progress under program activities. The evaluation process will be guided by the program's overall and specific objectives, and the indicators set out in the Logical Framework (see Annex I). On the basis of this evaluation, a decision will be made concerning the need to make adjustments to the program in order to ensure the fulfillment of its objectives.

G. Special Contractual Conditions

- 3.25 The initial disbursement under the program will be conditional upon the executing agency's having presented to the Bank: (a) proof that the project executing unit (PEU) has been created and its members appointed; (b) an annual work plan for the first year, with breakdown into components; (c) Program Operating Regulations outlining the duties and obligations of all participants, and proof that these have been placed in effect; and (d) Participation Agreement, duly signed and in force between the executing agency and the CAMs participating in the program.

H. Feasibility, Benefits and Risks

- 3.26 This program has been designed to meet the perceived needs of participating arbitration and mediation centers (CAMs). To this end, the program was prepared in direct consultation with the administrative staff of the Centers and the personnel of the executing agency.
- 3.27 The feasibility of the program is also guaranteed by Mexico's legal framework in the area of commercial arbitration, on both the national and the international level, as well as by the federal government's commitment to promote alternative dispute

resolution methods in that country. Moreover, Mexico also offers a reasonably developed infrastructure in the form of Centers capable of administering alternative dispute resolution services.

- 3.28 As well, the technical capacity, prestige and experience of the ITAM provide assurances that the program will be properly supervised and will receive the necessary technical support to meet the needs of participating Centers.
- 3.29 The program proposed here will result in a number of important benefits. The first of these is undoubtedly the establishment of a network of centers located in strategic areas of Mexico which, from the start, will include all of the country's varied geographical regions, establishing the framework for an equitable distribution of Centers in the near future.
- 3.30 The second important benefit is the number of specialists who will receive training as arbitrators and mediators, a considerable proportion of whom – according to the program's requirements – will be added to the lists of arbitrators and mediators maintained by each Center, thereby ensuring the availability of sufficient qualified personnel to meet the demand for dispute settlement services.
- 3.31 Carrying out this program will also help attorneys and judges become familiar with alternative dispute resolution methods and how they can help the judicial system concentrate on the administration of justice, thus dispelling any notions of competition between the judicial and legal communities.
- 3.32 Another innovative feature of the program is its support for the drafting of a model law on mediation, the introduction of which at the federal level will benefit not only the individuals using this service, but also the national courts. Such a law would permit the resolution of disputes without the need to resort to litigation before judicial authorities and would help to reduce the excessive caseloads of Mexican courts, thus mitigating one of the biggest problems facing Mexico's judicial system at present.
- 3.33 Finally, economic globalization combined with Mexico's participation in various trade agreements will likely signal an increase in trade disputes. The program proposed here will enable the country to establish the infrastructure to meet the demand for settlement of trade disputes through mediation and commercial arbitration at the national and international level, which will benefit the Mexican business community and foreign investors alike.
- 3.34 Since the public in Mexico is generally not familiar with the use of alternative dispute resolution methods and their many advantages, the first risk is the possibility that demand may not be sufficient to guarantee enough income to ensure the financial sustainability of the CAMs. By the same token, carrying out a program of this sort requires a change in mentality among users of the service and members

of the legal community. However, a change of this nature may be deemed risky given the tradition of resorting to litigation for the settlement of any type of dispute, for which reason it will be necessary to combat both deep-seated tradition and the natural reticence and uncertainty of clients and the legal community alike in accepting alternative dispute resolution methods.

- 3.35 The program will counteract these risks by including components aimed at raising public awareness and providing training for arbitrators, mediators and judges, seeking not only to educate the business and legal communities, but also to provide specialized dispute settlement services with standards of excellence and efficiency. In addition, Component I has been designed so as to strengthen the CAMs' operational and human infrastructure and thus ensure their financial sustainability over the long term. Finally, the centers have been created by serious private-sector groups, with wide prestige and recognition within the Mexican business sector. These groups are committed to providing the financial resources necessary to sustain the CAMs over the long term.

Logical Framework
Program for strengthening of Alternative Dispute Resolution Methods—Mexico

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>GENERAL OBJECTIVE</p> <p>Develop an out-of-court dispute resolution mechanism for settlement of commercial disputes, helping to reduce congestion in the court system and establish a favorable climate for private investment.</p> <p>SPECIFIC PURPOSE</p> <p>To consolidate and standardize ADR methods through institutional strengthening and upgrading of the operations of participating CAMs, and by training arbitrators and mediators to ensure quality, reliability and efficiency in the rendering of services.</p>	<p>Consolidation of a well-organized system for settlement of commercial disputes which will help to increase the number and quality of cases applying to and served by the Arbitration and Mediation Centers.</p> <ul style="list-style-type: none"> • Increase the number of cases dealt with and disputes settled by each of the participating CAMs over the course of the project. • 350 contracts signed containing a clause committing firms to use the ADR services of the CAMs to settle any disputes arising during the contract period. • Note: 50 contracts per center. 	<p>Surveys to be carried out by the ITAM and participating CAMs six months after completion of the project in order to determine the level of satisfaction among ADR operators and their clients.</p> <ul style="list-style-type: none"> • Progress reports. • Correspondence from business people or their attorneys. • Case records. • Independent evaluations. 	<p>Willingness and interest among clients for utilization of mediation and arbitration services provided by institutions.</p> <ul style="list-style-type: none"> • There is commitment and interest on the part of business organizations and institutions.

COMPONENTS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Institutional strengthening for the CAMs</p> <p>Consolidate the organizational structure and financial resources of Arbitration and Mediation Centers.</p>	<ul style="list-style-type: none"> • Study of the organization and methods used by CAMs to determine levels of efficiency and effectiveness, make recommendations and identify the changes required to improve their services (to be carried out within the first three months of the program). • Recommendations adopted by CAMs within the first six months of the program. • Analysis of average fixed and variable costs of model CAMs in Mexico, for provision of mediation and arbitration services. • Preparation of methods for identifying fixed and variable costs within the first three months of the program. • System of fees for service revised and implemented by participating CAMs within the first six months of the program. • Analysis of harmonization of Rules of Procedure for arbitration and mediation services of CAMs, in accordance with UNCITRAL guidelines. • Preparation of model Regulations within the first three months of the program. • Implementation by CAMs of basic recommendations for model Regulations within the first six months of the program. 	<ul style="list-style-type: none"> • Consultant's contract. • Consultant's report on recommendations. • Annual progress reports. • Administrative records from each CAM verifying that the recommendations have been adopted and are currently in effect. • Consultant's contract. • Consultant's report on recommendations. • Annual progress reports. • Administrative records from each CAM verifying that fee schedule has been revised. • Consultant's contract. • Consultant's report on recommendations. • Annual progress reports. • Administrative records from each CAM verifying that Rules of Procedure have been revised and corrected. 	<ul style="list-style-type: none"> • Willingness of local consultants. • Timely and reliable information provided by the CAMs. • There is commitment on the part of CAMs to adopt the basic recommendations made by consultants.

COMPONENTS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Technical training for arbitrators and mediators</p> <p>Provide the CAMs with arbitrators and mediators with the technical capacity and skills required to offer specialized services of optimal quality.</p>	<ul style="list-style-type: none"> • Review and proposal of a Code of Ethics ensuring standards of transparency, impartiality, independence and efficiency of the processes administered by the CAMs. • Preparation of a model Code of Ethics within the first three months of the program. • Implementation by the CAMs of the basic recommendations for the model Code of Ethics within the first six months of the program. <p>CAM</p> <ul style="list-style-type: none"> • Three general or specialized courses on arbitration (one course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's Operating Regulations. • At least 50% of the individuals receiving training in arbitration to be added to the official list kept by each CAM. 	<ul style="list-style-type: none"> • Consultants' contracts. • Consultant's report on recommendations. • Annual progress reports. • Administrative records from each CAM verifying that its Code of Ethics has been adopted or reviewed and corrected. <ul style="list-style-type: none"> • Consultants' contracts. • Participants' registration forms in which they agree to be added to the Center's official list, at the latter's discretion. • Attendance records of course participants. • Evaluation reports on course participants completed by training staff. • Course evaluation reports completed by training staff. 	<ul style="list-style-type: none"> • Businesses and trades are interested in using the services of the CAMs for settling their disputes.

COMPONENTS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<p>CANACO</p> <ul style="list-style-type: none"> • Three general or specialized courses on arbitration (one course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's Operating Regulations. • Three introductory courses on mediation (one 20-hour course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's Operating Regulations • Three training courses in mediation (one 40-hour course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's Operating Regulations. • At least 50% of the individuals receiving training in arbitration and mediation to be added to the official list kept by CANACO. <p>CRP</p> <ul style="list-style-type: none"> • Three general or specialized courses on arbitration (one course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's Operating Regulations. • Three introductory courses on mediation (one 20-hour course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's Operating Regulations. 	<ul style="list-style-type: none"> • Consultants' contracts. • Participants' registration forms in which they agree to be added to the Center's official list, at the latter's discretion. • Attendance records of course participants. • Evaluation reports on course participants completed by training staff. • Course evaluation reports completed by training staff. <ul style="list-style-type: none"> • Consultants' contracts. • Participants' registration forms in which they agree to be added to the Center's official list, at the latter's discretion. • Attendance records of course participants. • Evaluation reports on course participants completed by training staff. 	

COMPONENTS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • Three training courses in mediation (one 40-hour course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's Operating Regulations. • At least 50% of the individuals receiving training in arbitration and mediation to be added to the official list kept by CRP. <p>CAP</p> <ul style="list-style-type: none"> • Three general or specialized courses on arbitration (one course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's Operating Regulations. • Three introductory courses on mediation (one 20-hour course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's Operating Regulations • Three training courses in mediation (one 40-hour course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's Operating Regulations. • At least 50% of the individuals receiving training in arbitration and mediation to be added to the official list kept by CAP 	<ul style="list-style-type: none"> • Course evaluation reports completed by training staff. <ul style="list-style-type: none"> • Consultants' contracts. • Participants' registration forms in which they agree to be added to the Center's official list, at the latter's discretion. • Attendance records of course participants. • Evaluation reports on course participants completed by training staff. • Course evaluation reports completed by training staff 	

COMPONENTS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<p>CMACN</p> <ul style="list-style-type: none"> • Three general or specialized courses on arbitration (one course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's terms of reference. • Three introductory courses on mediation (one 20-hour course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's Operating Regulations • Three training courses in mediation (one 40-hour course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's Operating Regulations. • At least 50% of the individuals receiving training in arbitration and mediation to be added to the official list kept by CMACN <p>CRCQ</p> <ul style="list-style-type: none"> • Three general or specialized courses on arbitration (one course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's Operating Regulations. • At least 50% of the individuals receiving training in arbitration to be added to the official list kept by CRCQ. 	<ul style="list-style-type: none"> • Consultants' contracts. • Participants' registration forms in which they agree to be added to the Center's official list, at the latter's discretion. • Attendance records of course participants. • Evaluation reports on course participants completed by training staff. • Course evaluation reports completed by training staff. <ul style="list-style-type: none"> • Consultants' contracts. • Participants' registration forms in which they agree to be added to the Center's official list, at the latter's discretion. • Attendance records of course participants. • Evaluation reports on course participants completed by training staff. 	

COMPONENTS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Education and Public Awareness</p> <p>As a short- to medium-term goal, generate a high level of demand required to ensure greater and improved use of ADR methods and the services of participating CAMs</p>	<p>CSCS</p> <ul style="list-style-type: none"> • Three general or specialized courses on arbitration (one course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's terms of reference. • Three introductory courses on mediation (one 20-hour course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's Operating Regulations • Three training courses in mediation (one 40-hour course per year). Each course will be limited to 30 participants who have the qualifications and meet the requirements set out in the program's Operating Regulations. • At least 50% of the individuals receiving training in arbitration and mediation to be added to the official list kept by CSCS <p>ITAM</p> <ul style="list-style-type: none"> • Three national education workshops on ADR methods (limit of one per year), attended by judges, attorneys, the business community and general public. The objective of these workshops is to raise awareness, gain acceptance and ensure sustainable development of ADR methods in Mexico. 	<ul style="list-style-type: none"> • Course evaluation reports completed by training staff. • Consultants' contracts. • Participants' registration forms in which they agree to be added to the Center's official list, at the latter's discretion. • Attendance records of course participants. • Evaluation reports on course participants completed by training staff. • Course evaluation reports completed by training staff. • Consultants' contracts. • Attendance reports on workshop participants. • Workshop evaluation reports completed by participants. • Web page designed and created. 	<ul style="list-style-type: none"> • Comprehension and acceptance of the uses and benefits of alternate dispute resolution methods by the business community. • Interest on the part of the business community in a system employing

COMPONENTS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Drafting of a model Federal Law on Mediation	<ul style="list-style-type: none"> • Creation of a Web page to raise awareness and advertise the services of the CAMs. • Creation of an electronic library on ADR methods employed at the national and international level. <p>CAMs</p> <ul style="list-style-type: none"> • Each CAM will hire a promoter for the sole purpose of advertising the services and activities offered by the CAMs. • Promoter to be hired by each CAM once it has implemented the recommendations under Component I (Institutional Strengthening). 	<ul style="list-style-type: none"> • Electronic library designed and created. <ul style="list-style-type: none"> • Consultants' contracts for promoters. • Minutes kept of workshops and work meetings. • Progress reports on the program. • Number of CAM arbitration and mediation clauses inserted into contracts. 	<p>alternative dispute resolution methods to solve commercial disputes.</p>
	<ul style="list-style-type: none"> • Drafting of a model Federal Law on Mediation. • Drawing up of the model legislation within the first 18 months of the program. 	<ul style="list-style-type: none"> • Consultants' contracts. • Model law completed. 	<ul style="list-style-type: none"> • Interest within the Mexican government on cooperation in the drafting of the Law on Mediation.

PROPOSED RESOLUTION

MEXICO. NONREIMBURSABLE TECHNICAL COOPERATION FOR
STRENGTHENING THE ALTERNATIVE DISPUTE RESOLUTION SYSTEM FOR
COMMERCIAL CONFLICTS.

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment fund, to enter into such agreements as may be necessary with the "Instituto Tecnológico Autónomo de México" and to take such additional measures as may be pertinent for the execution of the project memorandum referred to in Document MIF/AT- with respect to a technical cooperation program for strengthening the alternative dispute resolution system for commercial conflicts.

2. That up to the amount of US\$1,352,500, or its equivalent in other convertible currencies, is authorized for the purpose of this resolution, chargeable to the resources of the Technical Cooperation Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.