



## Mexico

# An Integrated National Climate Policy in Mexico

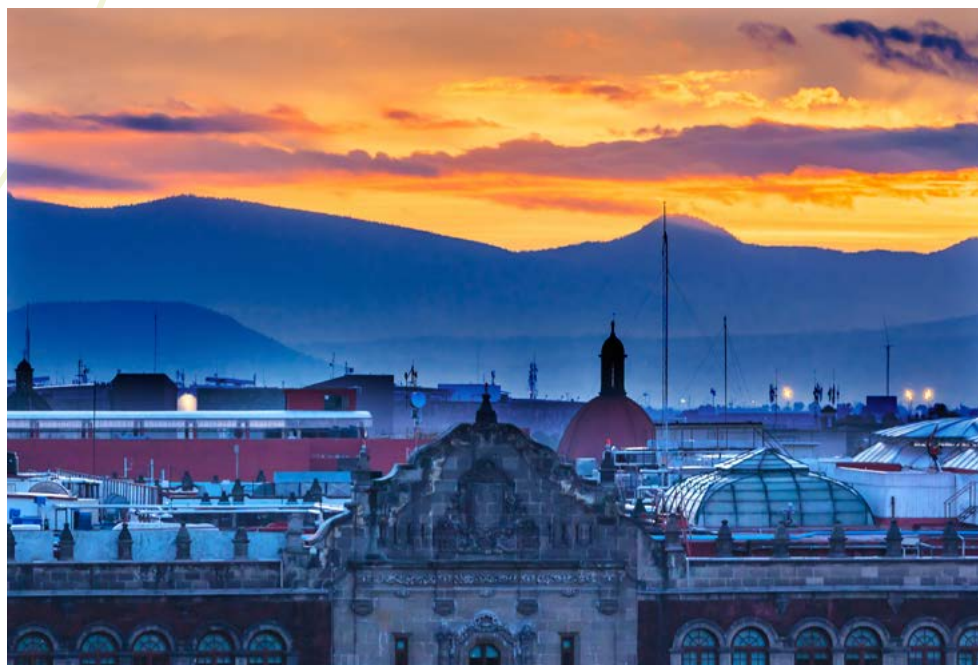
Activity	Developing a comprehensive and inclusive climate policy approach, integrating institutional arrangements, planning and implementation tools, and finance and monitoring mechanisms.
Country	Mexico
Sector(s) involved	All
Time frame	2012-2015

**Case summary**

Mexico is the first developing country to have implemented a climate change law. Approved in 2012, and based on several years of experience in the field, the law provides a climate change policy framework and sets the ground for (1) the establishment of an institutional arrangement, involving all relevant stakeholders and levels (national and subnational) in a national climate change system composed of several entities that promote participation and articulation among them; (2) the development of climate planning tools like a climate change strategy and a climate change programme; (3) the creation of a climate fund; (4) the promotion of policy instruments including a carbon tax and establishing carbon market based approaches; and (5) the roles of evaluation and follow-up of climate action in the country.

The current Special Programme on Climate Change (PECC), for the period 2014–2018, includes 23 quantified mitigation measures at the federal level that will lead to a reduction in emissions of 83 MtCO<sub>2</sub>e in 2018 compared to the baseline.

In particular, the General Climate Change Law is groundbreaking. It paved the way for an institutional and policy response to climate change, which is considered good practice, given its comprehensiveness, political leadership and integrated approach involving different levels of government.



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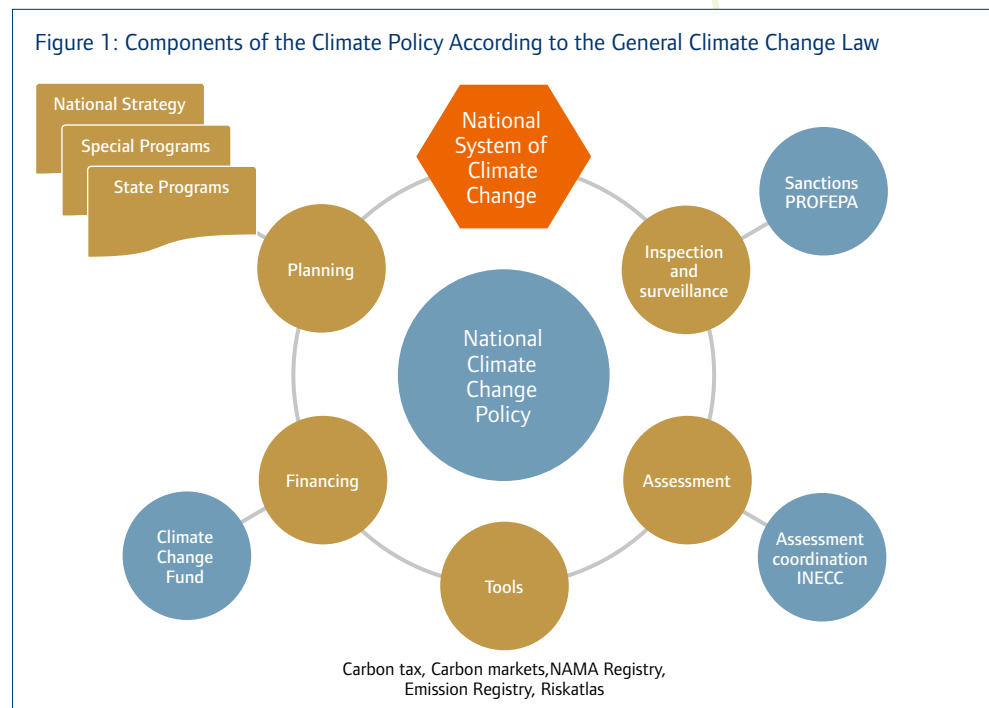
## Background

For more than 20 years, and particularly since its ratification of the Kyoto Protocol in 2000, Mexico has been committed to climate change issues. During this time, three different national strategies on climate change have been developed and, in 2009, Mexico adopted a Special Programme on Climate Change (Programa Especial de Cambio Climático – PECC). At the international level, Mexico has already prepared five National Communications that, together with their GHG inventories, have been presented to the UNFCCC.

In 2010, COP16 was held in Cancun. Regardless of its international implications, the relevance of this meeting was crucial for the domestic agenda in Mexico as it significantly raised awareness among all stakeholders in society.

The ensuing years saw significant developments in domestic policy in Mexico. In April 2012, the Congress unanimously approved the General Climate Change Law. This has been a milestone in institutional and political terms, as it sets a legal framework for comprehensive climate change management in Mexico, establishing the basis for the National Climate Change System (Sistema Nacional de Cambio Climático - SINACC), the Climate Change Strategy and the PECC.

Figure 1 provides a schematic overview of the different elements and building blocks of the National Climate Change System as set out in the General Climate Change Law. Different elements are described further in the following sections.



Source: SEMARNAT: Mexico's Climate Change Law and Policies

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### Activities

On October 1<sup>st</sup> 2012, the General Climate Change Law entered into force, which helped Mexico to develop a robust political and institutional framework for climate change. Its three main objectives were:

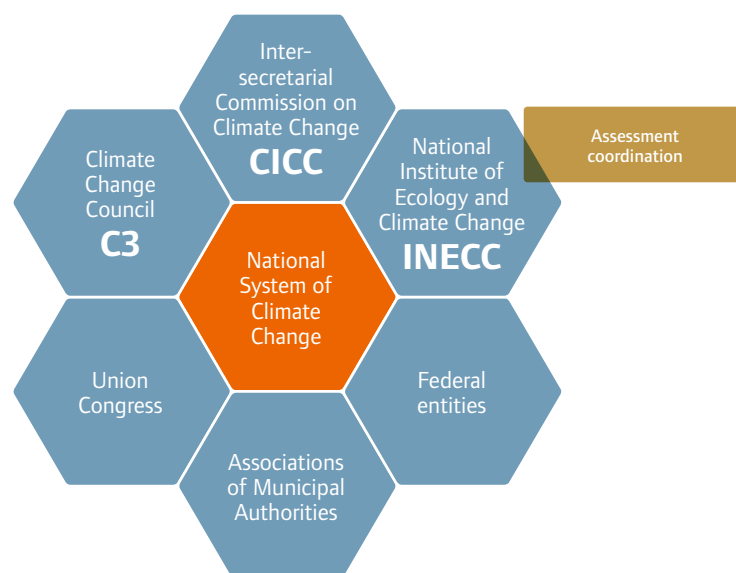
- » Low carbon development to achieve a competitive, sustainable and low carbon economy.
- » Resilience to reduce vulnerability of people and ecosystems to climate change effects.
- » Inclusive policy to ensure the coordination among all government levels, with transparency and participation of all sectors of society.

In terms of **institutional arrangements**, the law set a one-year term to install and operationalise the SINACC. It defines an institutional framework to guarantee a crosscutting accomplishment of the climate change actions in Mexico, and includes representatives of all governmental levels, private sector and civil society. The Secretariat for the Environment and Natural Resources (SEMARNAT) led the process that included the following steps:

- » Establishment of an Inter-secretarial Commission on Climate Change (CICC) as a permanent mechanism for the coordination across sectors at the federal level. It was officially installed in January 2013 and is integrated by 13 different secretariats.
- » Creation of a Climate Change Council (C3) as a permanent consultation organ, composed of renowned citizens from public, private, academic and civil society sectors. It was officially installed in May 2013.
- » Establishment of the National Institute of Ecology and Climate Change (INECC) as a research institute.

Figure 2 describes the institutional set up of the National System of Climate Change according to the General Climate Change Law.

Figure 2: Institutional Structure of the General Law of Climate Change



Source: SEMARNAT (2013): National Climate Change Strategy. 10-20-40 Vision

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At the policy planning level and framed within the Law, Mexico has developed the following policies and instruments:

- » A [National Strategy on Climate Change \(SINACC\)](#) (2013), which sets the vision towards the next 40 years, with milestones for the next ten and 20 years (Vision 10-20-40). Emission reduction targets are set at 30% by 2020 below the baseline and at 50% by 2050 - compared to emissions registered in 2000. Accomplishing these objectives would result in an emissions reduction of 320 MtCO<sub>2</sub>e by 2050 (SEMARNAT, 2013).
- » The [Special Climate Change Programme \(PECC\)](#) 2014-2018 (2014) which is aligned to the National Development Plan (PND), the cross-sectorial programmes from the federal government and the sectorial programmes from Mexico's federal secretariats that participate in the Inter-secretarial Commission on Climate Change. The PECC outlines five overarching objectives, 26 strategies and 199 lines of action, of which 81 focus on mitigation across all sectors of the economy.
- » Based on the finance component of the General Climate Change Law, the [Climate Change Fund](#) was established. The Fund is meant to channel national and international funds (without going through the Finance Ministry) and reassign funds towards adaptation and mitigation actions in the country. Up to 2015, this Fund had received 100 million pesos (USD \$65,000).

In addition and based on the components of the Law, two [specific instruments](#) were developed to support the implementation of the policy:

- » [National Emissions Registry](#) (2014): The registry entered into force in October 2014; the first reporting period lasts from 15 August 2015 to 15 December 2015. Entities emitting more than 25,000 tCO<sub>2</sub>e/y are obliged to report annually and have their reports verified every three years. The reporting sectors are: energy, industry, transport, agriculture, waste, commerce, and services. The specific greenhouse gases or compounds to report are: carbon dioxide, methane, nitrous oxide, black carbon, sulfur hexafluoride, nitrogen trifluoride, halogenated ethers, halocarbons, mixtures of these GHGs and any additional GHGs identified by the IPCC and designated by SEMARNAT.
- » [Carbon tax](#) (2013): The carbon tax covers fossil fuel sales and imports by manufacturers, producers, and importers. It is not a tax on the full carbon content of fuels, but rather on the additional amount of emissions that are generated if oil and coal is used instead of natural gas. The tax rate is capped at 3% of the sales price of the fuel. Companies liable to pay the tax may choose to pay it with credits from CDM projects in Mexico, equivalent to the value of the credits at the time of paying the tax (World Bank, 2014). The tax was defined under the Law on the Special Tax on Production and Services and entered into force in January 2014.

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**Institutions involved**

- » [The Secretariat of Environment and Natural Resources \(SEMARNAT\)](#): In charge of coordination the national climate change policies and of developing, together with other federal secretariats, mitigation and adaptation activities.
- » [The National Institute of Ecology and Climate Change \(INECC\)](#): Created as part of the General Climate Change Law (on the basis of the existing National Institute of Ecology), INECC is in charge of generating and integrating the technical and scientific knowledge and strengthening human resources and capacities for the formulation, implementation and evaluation of public policies for mitigation and adaptation to climate change.
- » [Inter-secretarial Commission on Climate Change](#): Reinstalled by the General Climate Change Law, this Commission integrates 14 Ministries involved in mitigation and adaptation policy and actions.

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### Cooperation with

Various agencies support the development and implementation of specific elements of the Mexican climate policy, including:

- » Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB), e.g. support of
- » the process by the Mexican–German Climate Change Alliance;
- » Low Emission Capacity Building (LECB) Programme implemented by the United Nations Development Programme (UNDP) on behalf of the European Commission, the BMUB, The Australian Department of Climate Change and Energy Efficiency and AusAID;
- » Danish Energy Agency;
- » Spanish Agency for Cooperation;
- » British Government;
- » USAID.

### Finance

There is a specific annex to the [national budget](#) that is assigned to climate change actions.

In addition, to support specific components of the Mexican climate policy, international organisations such as the World Bank, through its Partnership for Market Readiness (PMR), the Inter-American Development Bank (IADB) and, in the near future, the Green Climate Fund (GCF) offer [international cooperation](#).

### Impact of activities

- » **Legitimacy and validity:** Counting on a solid institutional arrangement consisting of a multi-stakeholder and multi-level organisation like the Inter-secretarial Commission on Climate Change, complemented by the Climate Change Council, gives validity and adds legitimacy to any climate change process in the country. For example, the process of definition and approval of the INDC for the country was framed along the already existing Strategy and Programme. The consultation process was fast and well organised, based on the existing institutional arrangement, including participative workshops and a nation-wide survey.
- » **Energy sector reform:** The Law establishes that, by 2020, a system of incentives to promote the generation of electricity through renewable energy sources must have been established. As a target for 2024, at least 35% of electricity generation must come from clean sources. By the end of 2013, the government enacted a series of energy reforms to open up the energy sector to new players and ideas, planning to gradually remove subsidies for oil products and electricity tariffs (IRENA, 2015). The reform also includes the establishment of a Clean Energy Certificate trading scheme in order to promote sustainable energy and the use of renewable sources.
- » The inclusion of [Short Lived Climate Pollutants](#) as part of the targeted emissions reductions – both in the climate change strategy as well as the INDC – is expected to lead to significant co-benefits associated with the improvement of local air quality and a decrease in adverse health impacts.

### Why is it good practice

The national law and policy is a [country-driven](#) process, linked to existing processes, national sector based strategies and measures targeting priority sectors and referencing social, environmental and economic (development) goals.

There is [commitment and leadership](#) at the highest political level, with the former Mexican president, Felipe Calderon, being a key driver in the development of the General Climate Change Law. The President officially chairs the CICC.

[Coordination](#) across different key secretariats and stakeholders at different governmental levels are institutionalised in the form of the National System on Climate Change. Clear mandates and [dedicated resources](#) are available at the leading entities (SEMARNAT and INECC).

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Dynamic and sustainable process, including a mandated and institutionalised mechanism for periodic review and update. Both SEMARNAT and INECC assume specific roles regarding the planning, implementation, follow-up and evaluation of the policy. An evaluation process needs to be conducted every two years and the results must be made publicly available.

Success factors	<ul style="list-style-type: none"> <li>» <b>High-level political commitment:</b> Climate change has been an important issue for national political leaders. Calderon's commitment to climate change has been the main driving force, pushing the approval of the General Climate Change Law.</li> <li>» <b>Development of short-term goals for institutional arrangements, planning documents and instruments:</b> The Law establishes clear short-term goals. For example, it states that a) the Strategy had to be ready by the first semester of 2013, b) that the existing Plan remains in force until November 2012, and c) that the constitution of the Climate Fund must be completed within six months of the publication of the Law. This allowed the quick creation of the institutional framework with clarity regarding the roles of each institutional body.</li> <li>» <b>Public awareness:</b> The COP16 in Cancun (2010) had the effect of increasing awareness on climate change issues at all levels of Mexican society, from local and state governments to civil society. The fact that this happened at the same time as the electoral campaign was crucial for the proposal of the General Climate Change Law and for reaching a general political consensus on this Law.</li> </ul>
Overcoming barriers/ challenges	<p>What were the main barriers/challenges to delivery? How were these barriers/challenges overcome?</p>
Financial	<p>Although the national budget has an explicit line for climate change projects, a lack of awareness at a sectoral level limits the request for budget and constrains the ambition of the actions proposed in the PECC (because sectoral actors limit their action to their available budget).</p> <p>Outreach activities from SEMARNAT towards sectors raised awareness regarding the national budget availability.</p> <p>Additionally, the evaluation process to be held by INECC every two years should allow a re-visitation of the action lines.</p>
Capacities	<p>Lack of capacity and human resources for accomplishing the preparation of the Strategy and Programme, as well the implementation of the Registry within the time budget specified in the law.</p> <p>Targeted capacity building programmes in the relevant government institutions</p>
Planning	<p>Having ambitious, long-term targets planned (Vision 10-20-40) - without a clear roadmap to follow - added an extra challenge for the implementation process.</p> <p>The development of the INDC allowed for the analysis and identification of the steps to follow for the implementation and achievement of the proposed targets.</p>
Lessons learned	<ul style="list-style-type: none"> <li>» Detailed roadmaps and verifiable intermediate targets to achieve the final targets being included in the strategies and plans are crucial both to follow up during the implementation phase but also to keep a clear monitoring, reporting and verification system.</li> <li>» Provide sufficient resources and capacities to the team in charge of the planning phase in order to get more technical content and achieve more robust results in the implementation phase.</li> <li>» Involve all levels of government in the process, including high level political leaders to technical staff in the relevant national and subnational institutions</li> <li>» Consider innovative funding instruments, such as taxes and market-based mechanisms to support climate policy activities.</li> </ul>

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How to replicate this practice	<ul style="list-style-type: none"><li>» The implementation of a climate change law provides certainty and ensures the longevity of the initiatives. It is also useful to create the institutional setting.</li><li>» The climate change strategy should include clear roadmaps and intermediate verifiable targets in order to guide implementation.</li></ul>
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