

Measuring progress towards green growth in Mexico

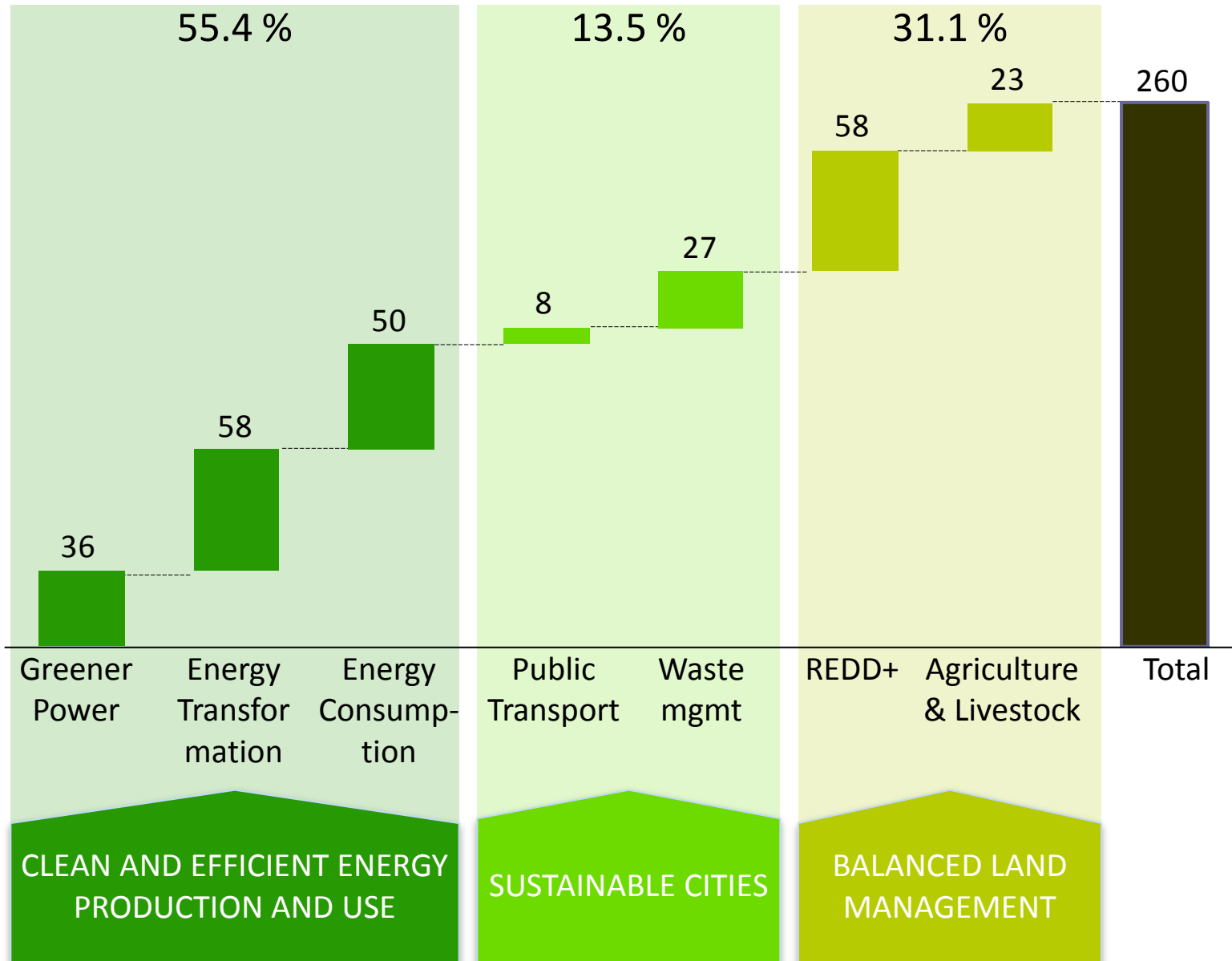
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A Green Growth path for Mexico

Mexico's green growth path is based on a series of key elements that define the following objectives:

- **Sustained and sustainable economic growth**
- **Boosting present and future competitiveness**
- **Sustainable natural capital management**
- **Cost-efficient GHG emission reduction**
- **Resource security (water, food and energy)**
- **Innovation and green technology adoption**
- **Creation of decent jobs**
- **Social inclusion and poverty reduction**

LEDS mitigation potential adds up 260 MtCO₂e by 2020, 55% on clean and efficient energy production and use



There has been considerable progress, and long term goals will further capture identified potential

1 CLEAN AND EFFICIENT ENERGY PRODUCTION AND USE

Long Term Plan

- 35% energy from clean technologies
- -18% energy consumption by 2024
- Efficient appliances, 50M incandescent bulbs to CFLs
- ~6M cumulative green mortgage coverage by 2020

Short Term Achievements

- Regulatory framework for independent green power generation
- 24% energy from clean tech, 2,000+ MW wind capacity
- 24+ energy efficiency standards, Over 30M CFLs exchanged
- Over 800k green mortgages in 2012

2 SUSTAINABLE CITIES

- Integrated waste management in 50 cities
- Integrated public transport in 18 cities by 2017 to reduce motorization
- Upgrade urban planning
- Create markets for recycled materials

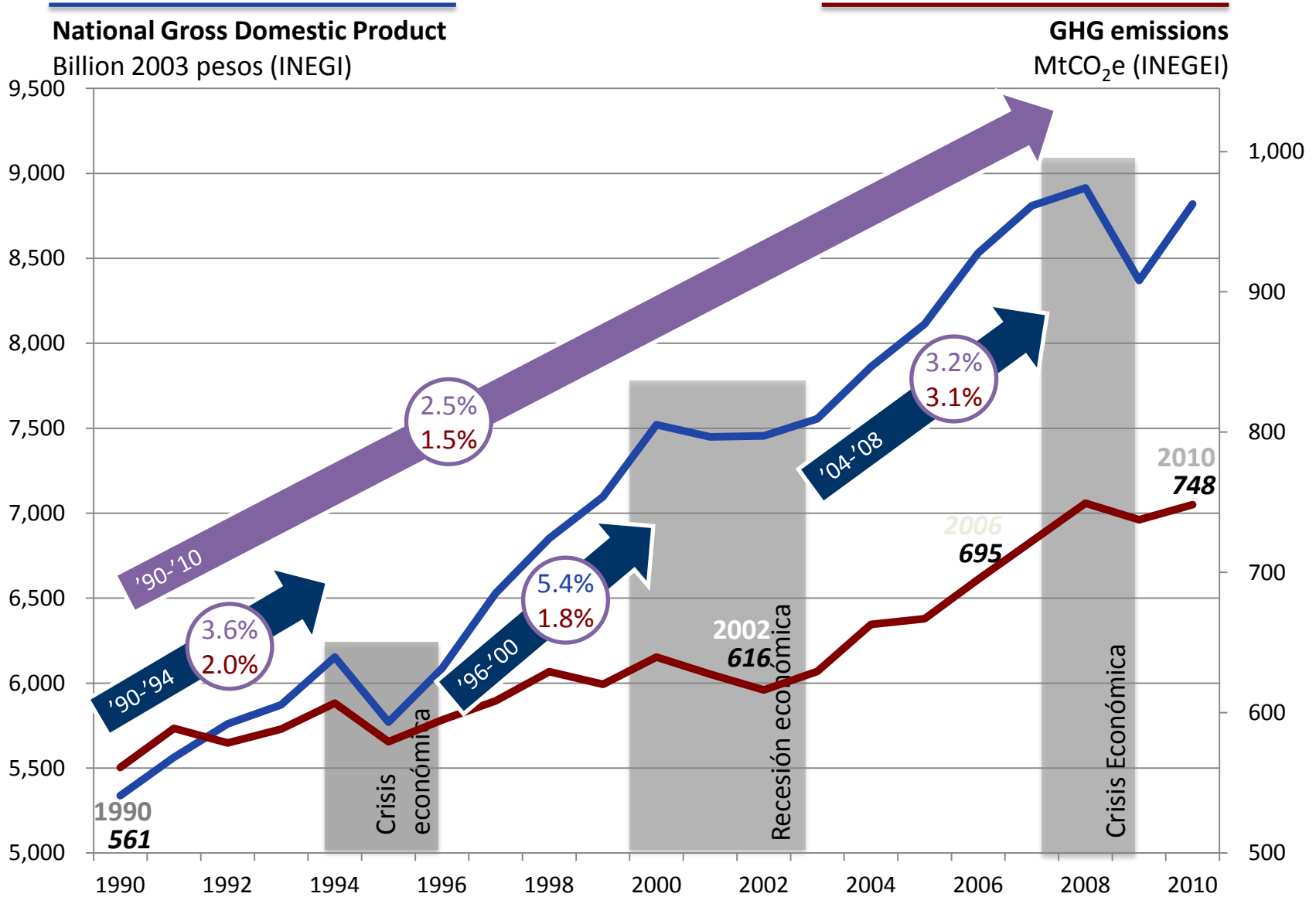
- -39% unmanaged waste
- 5+ BRT lines in Mexico City, Guadalajara and Leon
- Portfolio of 30+ specific transport projects in highly populated cities

3 BALANCED LAND MANAGEMENT

- 0% forestry net emissions by 2020
- Increase current 5M HA sustainable grazing target
- Inter-sectorial planning and incentive alignment to reduce tensions over the use of land

- -50% deforestation in 10 years
- National Water Agenda
- REDD+ vision and rural sustainable development platforms formed

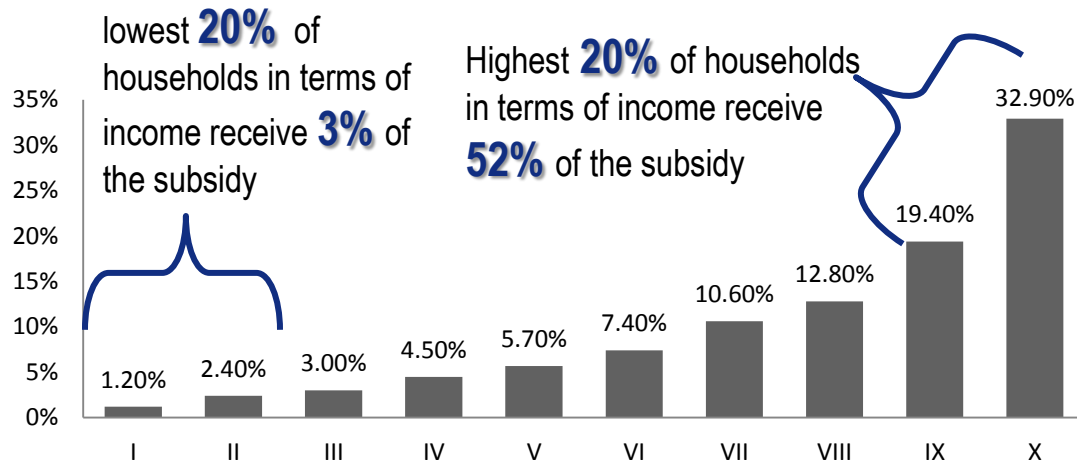
Decoupling is one of the objectives: during 1990-2010 decoupling between economic growth and emissions is not clearly observed.



Source: INEGI – BIE (GDP data), INEGI (emissions data)

Gasoline subsidy: gradual elimination of inefficient subsidies

Regressive subsidy



Inefficient subsidy

- Delays technology adoption
- Creates negative externalities (global and local pollution)
- High opportunity cost (social programs)
- Generates pressures in the state of public finance

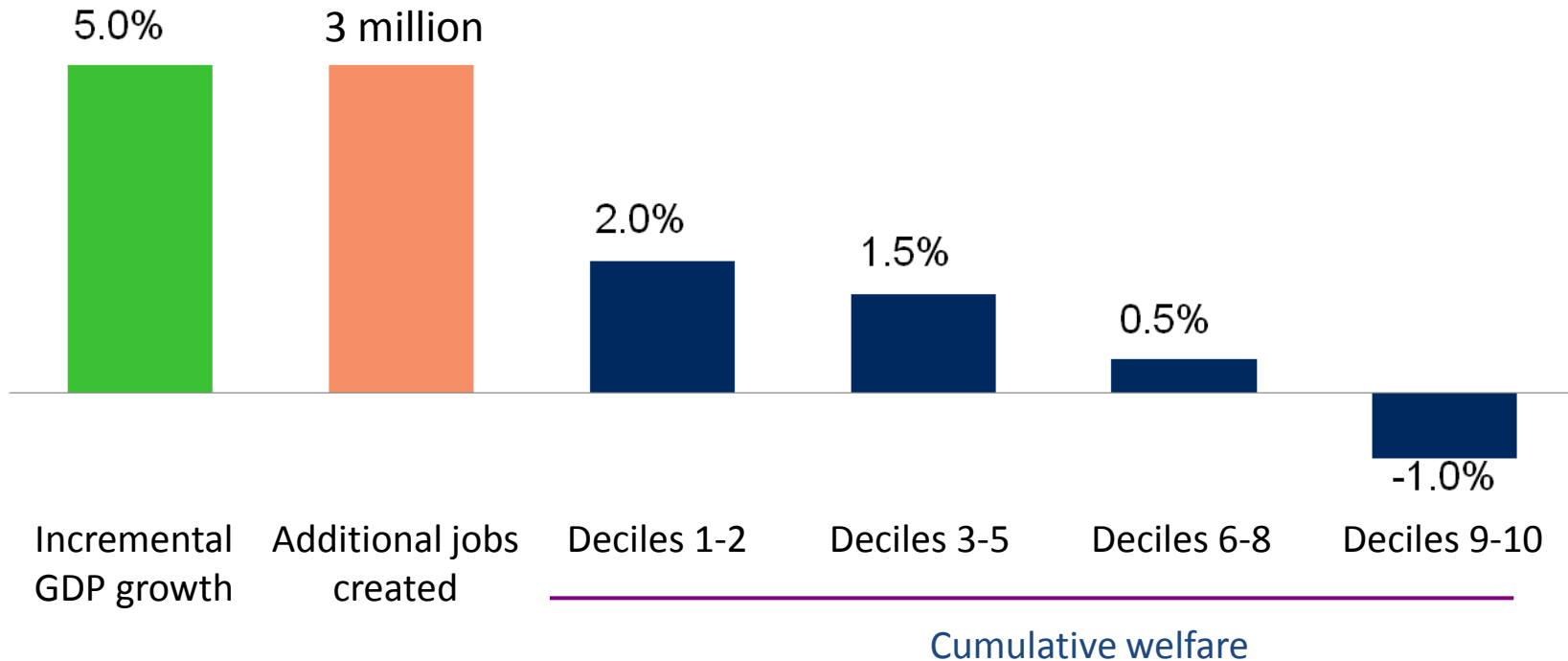
Gradual elimination of the subsidy

During the 2007-2011 period, between **67 and 145 million CO2eq tons*** were avoided due to monthly price increases (these figures represent 2 scenarios of low and high elasticity of demand)

*Source: DGIPEA, Instituto Nacional de Ecología y Cambio Climático

The implementation of LEDS is having significant impact on economic growth, jobs creation and poverty alleviation

Economic and social impact vs. BAU*, 2030



- The positive macroeconomic impact is derived from negative cost mitigation options
- Incurring in projects with positive mitigation costs has high impact on mitigation but does not have negative macroeconomic impact
- There is general growth in all sectors other than oil and natural gas
- Production and consumer sectors relating to energy show slower growth
- In terms of income distribution, the changes are largely progressive

Mexico's Green Economy Study

Structure:

- Macroeconomic and social analysis
- Macro-environmental analysis
- Sector studies
- Macroeconomic modeling: fiscal policy evaluation and its macroeconomic effects .
- Conclusions and policy recommendations

Objectives:

- Identifying opportunities to move towards a green economy
- Show macroeconomic and environmental trends for each sector
- Evaluate alternative scenarios to promote a green economy

Sectors: agriculture and livestock, energy, construction, industry , tourism, natural capital, mining and transport

- Current performance assesment
- Identification of economic and regulatory instruments, the potential of public and private investment, and green jobs
- Analysis of iintersectoral relationships and policy measures (fiscal, macro and sectoral) in order to achieve a green transition

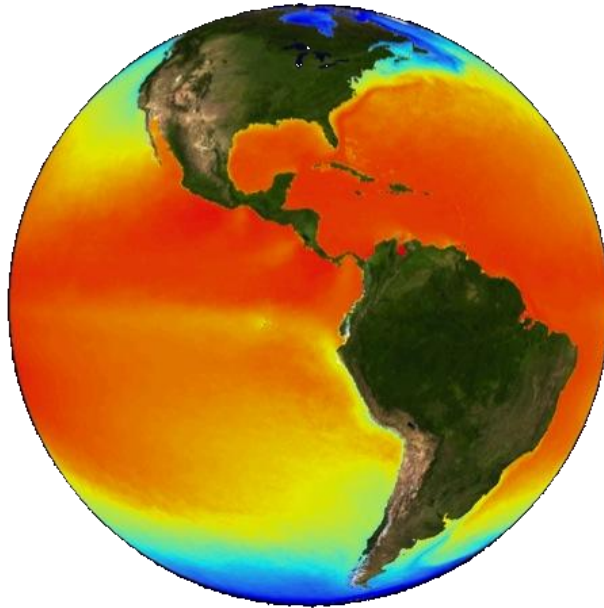
Future Green Growth Agenda

Green Growth as a reference framework and cross-cutting theme for the National Development Plan 2013-2018.

The Mexican government has established the **Inter-ministerial Climate Change Commission** and has defined 4 actions towards **inclusive Green Growth**:

1. Moving towards a low-carbon economy
2. Reconsidering the country's water management.
3. Stopping biodiversity loss.
4. Improving waste management.

Design and implementation of policy measures aligned between different sectors to support green growth.



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