



Call for evidence: Information and data for the preparation of the 2020 Biennial Assessment and Overview of Climate Finance Flows

Mexico welcomes the call for evidence of the Standing Committee on Finance of the UNFCCC, and the opportunity to submit its inputs on financial information and data for the preparation of the 2020 Biennial Assessment and Overview of Climate Finance Flows (BA).

It is a priority to advance in the generation and/or improvement of policy frameworks to facilitate the mobilization of climate finance from different sources, the strengthening of capacities at different levels to access and manage climate finance, and the setting-up of accessible and understandable transparency and accountability frameworks, considering consistency and comparability.

Mexico is pleased to provide views on the following matters:

1. Methodological issues related to measuring, reporting, and verifying climate finance flows

1.1. Definitions and approaches used by governments to report provided, mobilized or received climate-related finance flows.

Although there is no international consensus on the concept of climate finance, the definition that the Government of Mexico has adopted (with the validation of various stakeholders) is:

“Climate finance can be from national or external sources, public or private, and is aimed at facilitating and implementing the National Climate Change Policy, and any measures that contribute to reducing emissions of greenhouse gases and compounds, supporting low-carbon development, preserving and increasing carbon sinks, reducing vulnerability, and increasing resilience of human and ecological systems to the impacts and negative externalities of climate change through adaptation measures, as well as to the development of policies, programs, projects, and actions on the subject.”¹

¹INECC (2020). *Propuesta metodológica de medición, reporte y verificación del financiamiento de las acciones de adaptación al cambio climático en México*. México. Ciudad de México, México: Instituto Nacional de Ecología y Cambio Climático





1.2. Methodologies to develop metrics and indicators used to report on climate-related finance impacts or outcomes, particularly by sectorial activity.

Mexico, together with multiple countries in Latin America and the Caribbean, has undertaken actions to develop an MRV system for climate finance flows. One notable example is the **MRV guidance on adaptation climate finance**, developed by the Mexican Government, that aims to lay the foundations on transparency among the multiple actors involved in national climate finance and adaptation². *Key stakeholders are currently validating this guidance.*

Additionally, several **mappings of climate finance** have been developed in Mexico in recent years. One of those identified national and international finance sources for adaptation, and served as the main input for the national climate adaptation finance architecture.

Mexico has gradually consolidated some key climate finance mechanisms, including national and sub-national funds, which are currently in their early stages of operation. Despite this progress, important gaps remain, particularly on access to adaptation funding. This was communicated to the Adaptation Committee in 2019.

Mexico believes there is a need for better understanding of the following:

- **Knowledge about climate finance taxonomy, flows and impacts** to identify gaps and priority areas and sectors, ensure the balance between adaptation and mitigation investments, and identify projects with multiplier effects.
- **Develop adaptation criteria** to ensure the selection of appropriate projects.
- **MRV implementation**, including the identification and measurement of subnational government contributions.

On this matter, Mexico has developed the following relevant reports:

https://www.gob.mx/cms/uploads/attachment/file/533189/5_Asesoria_para_la_elaboracion_de_una_propuesta_metodologica_de_MRV_del_financiamiento.pdf

²Ibíd.





- Recomendaciones de buenas prácticas de MRV y contabilidad para México:
<http://cambioclimatico.gob.mx:8080/xmlui/handle/publicaciones/51>
- Medición, reporte y verificación del financiamiento climático para adaptación en México:
<http://cambioclimatico.gob.mx:8080/xmlui/handle/publicaciones/331>

2. Data on climate-related finance flows

2.2 Information on climate finance flows received by developing countries.

The Mexican Government has conducted various studies on international financial flows, in response to multiple request and needs. The most relevant ones are presented herewith, together with a short summary and respective links to download them:

2.2.1. INECC. (2014). **Identificación y análisis de los flujos financieros internacionales para acciones de cambio climático en México. Informe final de actividades.** Instituto Nacional de Ecología y cambio Climático (INECC). México.

<https://www.gob.mx/cms/uploads/attachment/file/503393/INECC2014IdentificacionAnalisisFlujosFinancierosInternacionalesAccionesCCMexico.pdf>

One of the first public reports of its kind, this document assesses the national **financial needs** for the accomplishment of Mexico's Special Program on Climate Change (PECC) 2014-2018.

As its main outcome, this paper provides a **database** that traces the amount of financing, the modality and origin of the resources, area and sub-area of application, the benefited sectors, and additional data. It was built with the information of 26 items on 166 projects provided by various international cooperation agencies, international financing organizations, civil society, and government agencies involved directly or indirectly in climate finance. The gathering and processing of information was conducted through standardized selection criteria, resulting in a useful tool for objective analysis of the distribution of climate finance flows.





The study demonstrates that the total international funding destined to climate change projects in Mexico **from 2006 to 2014** reached **\$109,311,076,566 Mexican pesos**. The resources were provided mainly by the cooperation agencies of 7 partner countries: France, Germany, Canada, Japan, Norway, the United Kingdom and the European Union, and by 4 international financial organizations, namely the World Bank, the Inter-American Development Bank, the Clean Technology Fund and the Global Environment Facility.

The study also highlights that **financial resources** allocated to **mitigation** projects greatly **outnumbered the ones destined to adaptation**, primarily targeting the energy, forestry and transportation sectors.

Geographically, the states of Oaxaca, Yucatán, Campeche, Quintana Roo, Chiapas and Jalisco registered a greater number of projects, while Colima, Morelos and Baja California Sur did not register any projects financed through international climate change funding.

2.2.2. INECC. (2016). Financiamiento de las acciones de mitigación en México: Evaluación de las experiencias y perspectivas del financiamiento de emisiones de Gases y Compuestos de Efecto Invernadero en México, orientado al cumplimiento de los compromisos Nacionalmente Determinados (CND) de México. Informe final. Instituto Nacional de Ecología y cambio Climático (INECC). México.

https://www.gob.mx/cms/uploads/attachment/file/199498/7_CGCV_2016_Finaciamento_a_las_acciones_de_mitigaci_n_en_M_xico_Informe_final_130317_1.pdf

This study, commissioned by INECC, identifies the main sources of national and international funding that could facilitate the accomplishment of Mexico's NDC.

The report concludes that, **between 2009 and 2017, Mexico received 8.9 billion USD** from foreign sources. This amount was calculated through the approved budgets for climate related projects of 20 sources (including multilateral development banks, cooperation agencies, international funds, and NGOs).

Moreover, it found that, from the total amount of funds, 44.6% were allocated to mitigation projects, 26.4% to projects with mitigation and adaptation components, 22.1% to adaptation, and 6.9% to crosscutting





issues. The largest donors by far were the World Bank and the Inter-American Development Bank (IDB), providing over 90% of the resources. Interestingly, the IDB was the largest provider of mitigation funds (66%), while the World Bank was the largest provider of adaptation funds (71%).

2.2.3. INECC-PNUD México. 2018. “Identificación y análisis del financiamiento para las acciones de mitigación y adaptación al cambio climático en México durante el periodo 2012-2017”. Proyecto 85488 “Sexta Comunicación Nacional de México ante la Convención marco de las Naciones Unidas sobre el Cambio Climático”, Roberto Cabral Bowling. México, pp. 67.

<http://cambioclimatico.gob.mx:8080/xmlui/handle/publicaciones/246>

Developed by INECC and UNDP, this report analyzes the findings of three civil society organizations (*Fundación Heinrich Böll Stiftung*, *Transparencia Mexicana*, and *Centro Mexicano de Derecho Ambiental - CEMDA*) on national and international sources of climate finance for Mexico, and compares them with previous governmental reports, and firsthand information from international organizations.

According to *Fundación Heinrich Böll Stiftung*, on its website Climate Funds Update³, **between 2012 and 2017, Mexico received 227.3 million USD** for mitigation and adaption projects. Up to 2018, 111.5 million USD had been spent.

A report on climate finance, launched by *Transparencia Mexicana* in 2018⁴, stated that **between 2015 and 2017, 5 billion USD were invested in Mexico by international public organizations**. This was calculated through the evaluation of 115 activities funded by 8 different sources. According to the report, the Mexican Government invested 6,850 million USD in climate action during the same time period.

Additional findings identified the IDB as the main source of funds (39.4%), followed by the World Bank (28.74%) and the French Development Agency (19.93%). The three sectors that received the most investment were forestry, renewable energy, and energy efficiency, while the least funded were agriculture and water.

³<https://climatefundsupdate.org/data-dashboard/>

⁴<https://www.tm.org.mx/origen-y-destino-del-financiamiento-climatico-en-mexico-una-ruta-por-trazar/>





Finally, a 2015 study by CEMDA found that **in 2014, Mexico received a little less than 700 million USD in international funding**. Of this amount, 75% was for mitigation projects, 9.5% for REDD+ efforts, 4% for combined measures, and 1.5% for adaptation.

Based on these findings, the Mexican Government conducted an assessment of the identified international funds. The final results were included, per source of funding, in the Sixth National Communication to the UNFCCC (pp. 565 – 570).⁵

2.2.4. INECC (2018). Oportunidades y barreras para aprovechar las fuentes de financiamiento internacional que favorezcan el alcance de los objetivos climáticos sectoriales de México. México.

https://www.gob.mx/cms/uploads/attachment/file/422301/Barreras_Oportunidades_Financiamiento_CGCV.pdf

In 2018, INECC worked on a report that showcases the opportunities and barriers for climate finance, to provide useful data to maximize the use of international funds. The report found that Mexico concentrates a significant amount of climate finance in the region, as the second largest recipient in Latin America. **During the period 2017-2018, it mobilized resources from multilateral, bilateral, and national sources amounting to \$9,167.44 million USD** through 120 projects funded by 26 different sources.

The resources came mainly from 10 sources: 2 multilateral mechanisms (GEF and IDB), 2 bilateral institutions or initiatives (IKI and KfW) and 6 national sources (PEF, BANOBRAS, BANORTE, NAFIN, FOTEASE and SHF⁶). This shows that Mexico's own national resource mobilization is on par with international financing.

Moreover, from the total amount of international climate funds received by Mexico from both multilateral and bilateral sources, 60% were allocated to crosscutting activities, 35% to mitigation and 5% to adaptation action.

Other relevant reports:

⁵<https://cambioclimatico.gob.mx/sexta-comunicacion/>





- Salazar Herrera, María Isabel, Climate Policy Analysis. Fundación Pensar A.C., Diagnosis of Mexico’s NDC to 2020, Mexico, Fundación Pensar A.C., 2019.
https://fundacionpensar.mx/wp-content/uploads/2019/06/Climate-Policy-Analysis_Final.pdf

Fundacion Pensar, with the support of the UK Pact Program, developed a report for the Ministry of Foreign Affairs in order to assess Mexico’s progress with regards to its NDC **between 2016 and 2018**. The study found that **\$4.2 billion USD had been invested** through international sources in 175 projects, most of them bilateral, from which 46% were related to mitigation, 33% to means of implementation, and 21% to adaptation.

2.3. Domestic climate finance flows, particularly national and subnational climate-related investments and expenditure

Since 2014, the Federation Expenses Budget (PEF) included a crosscutting annex (15) named “Resources for climate change mitigation”. Originally, it only contemplated mitigation measures; however, in 2015 it was renamed to annex (16) “Resources for mitigation and adaptation to the effects of climate change”, and it now includes all federal spending on climate action. The following table lists the yearly amounts that the Ministry of Finance and Public Credit(SHCP) has earmarked as climate finance in the national budget since 2014.

Year	Total amount considered⁷ (millions of MXN Pesos)
2014	\$10,120.8
2015	\$10,157.8
2016	\$12,789.3
2017	\$18,996.5
2018	\$24,295.8
2019	\$23,988.9
2020	\$41,930.6

Table 1: Yearly budgeted expenditure earmarked as climate finance by SHCP

Besides federal spending, the national development banks have played a significant role in mobilizing domestic climate finance, namely through the

⁷<https://www.ppef.hacienda.gob.mx/es/PPEF2020/anexos>





provision of credits and guarantees on mitigation and adaptation infrastructure projects. Likewise, multiple subnational actors, private sector and non-governmental organizations have invested on climate action, including through innovative public-private partnerships.

Other relevant reports:

- Evaluación Estratégica del Anexo Transversal del Presupuesto de Egresos de la Federación en materia de Cambio Climático: <http://cambioclimatico.gob.mx:8080/xmlui/handle/publicaciones/91>

2.4. Flows from public sector actors such as governments, funds, agencies, cities, local authorities, public banks, and/or private sector actors such as commercial banks, corporations, investors and insurance companies

In Mexico, all national public funds are managed by SHCP. However, these are distributed through different mechanisms that depend on the institutional arrangements and priorities of the different line Ministries. While the majority of the funds go directly into the Ministries' budgeted programs, certain special financial vehicles exist to manage resources allocated for specific purposes. For example, the National Fund for Climate Change is managed by the Ministry of Environment and Natural Resources (SEMARNAT), but distributed through a national development bank, *Nacional Financiera* (NAFIN). Subnational governments are also developing these kinds of instruments to facilitate the mobilization of climate finance from multiple sources. For example, Mexico City's Environmental Fund for Climate Change finances local climate action projects through resources that come from the state's expenses budget as well as private donations, international cooperation and revenue from the collection of certain earmarked services.

National development banks play a pivotal role in mobilizing climate finance, providing seed capital and backing private investments. The main providers of climate finance in Mexico are:

- *Nacional Financiera* (NAFIN)
- National Bank of Public Works and Services (BANOBRAS)
- Federal Mortgage Society (SHF)

While public funds are the largest and most stable sources of funding, there are other sources that despite being more variable, contribute





significantly to the overall climate finance of the country. These include private banks (the most important facilitators of climate finance being BANORTE Financial Group, CitiBanamex and BBVA), as well as companies and chambers of commerce that contribute to climate finance through innovative mechanisms such as trust funds (e.g. the Electric Energy Savings Trust Fund – FIDE) and public-private partnerships.

With regards to fiscal instruments, Mexico has a carbon tax since 2014 that applies to the carbon content of fossil fuels (oil products, coal, coke and coal products across all sectors), including when used to generate electricity. The original price was set at \$US 3.5 / tCO₂e. Natural gas is zero-rated under the tax.

Other innovative sources of funding are expected to be available in the near future. Of particular importance is the National Emissions Trading System, whose pilot phase was launched in January 2020, and will eventually generate significant revenue that can be used to finance climate projects.

2.5. Sector-specific finance flows

A study conducted by INECC in 2018 on the opportunities and barriers for accessing international finance to comply with Mexico's climate targets, which included sectoral analysis per financial instrument, provided the following findings.

2.5.1. Energy

During 2017 and 2018, the energy sector was the second sector with the largest amount of investments in the country. Out of the 26 financing mechanisms that were analyzed, only 7 allocated resources in this sector during this period, amounting to 1,320.92 million USD. Most resources came from national sources such as NAFIN (775.05 million USD) and BANORTE (479 million USD).

The sector received climate finance essentially through two types of credits: bank credits (58 percent) and simple credits (37 percent), as well as loans from the private sector (3 percent). It is worth mentioning that most of the private investment in this sector has been directed to the development of large-scale renewable energy infrastructure projects (over 50 MW).





2.5.2. Transportation

This sector ranks as the fourth recipient of resources from the 26 analyzed financial mechanisms, since only 5 of them provided funds for projects in this sector, amounting to \$211.71 million USD during 2017 and 2018. These were mostly allocated by KfW and NAFIN (112.71 million USD and 91.42 million USD, respectively).

The transportation sector receives climate finance mainly through concessional loans (53 percent), which typically allow longer repayment periods and lower interest rates. The sector also benefits from credits (43 percent), grants (3.12 percent) and technical cooperation (0.45 percent).

Regarding the projects, this sector has prioritized the creation of transportation programs, public transport systems, infrastructure for electric mobility, use of clean fuels in buses, and replacement of vehicles of internal combustion with electric cars, mostly for the public cab fleet.

2.5.3 Industry

The industrial sector is rarely benefited by the climate finance mechanisms analyzed in this document, since only the SEMARNAT-CONACYT Sectoral Fund allocated resources for projects in this sector, amounting to \$34,900 USD.

2.5.4. Housing

The residential and commercial sectors rank third as recipients of climate finance flows. Only 6 of the 26 analyzed financing mechanisms allocated resources to these sectors, for a total of \$413.67 million USD. The residential sector received resources mainly from KfW, while in the commercial sector NAFIN was the main provider through the Eco Credit program.

2.5.6. Crosscutting projects

Crosscutting projects (with impacts on both mitigation and adaptation, sometimes impacting more than one sector) receive 78% of available funding. These include:

- Sustainable consumption and production
- Capacity building
- Land management





- Institutional arrangements and transparency
- Tourism

2.6. Flows related to adaptation and climate-resilient infrastructure

As it was noted in section 2.2, the volume of adaptation finance flowing from international sources is considerably smaller than the volume allocated for mitigation. Nonetheless, in terms of public spending, Mexico has two instruments to address natural disasters: a preventive one, the Fund for the Prevention of Natural Disasters (FOPREDEN), and a reactive one, the Fund for Natural Disasters (FONDEN).

Between 2012 and 2017, 110 million USD were invested in FOPREDEN to build the resilience of the population with higher exposure to disturbing natural phenomena. These funds were destined to activities such as the evaluation of the national civil protection system, automatization of maps for early warnings of cold and north fronts, development of hazard estimation systems and flood risk maps, reinforcement of the sea monitoring networks and the national tsunami warning system, elaboration of the Atlas on State-Level Risk and integration of these instruments into the National Risk Atlas.

2.7. Flows related to use of financial instruments such as grants, loans, equity, bonds, guarantees, insurance, and subsidies

Based on the reports presented in section 2.2, the main financial instruments used in Mexico are:⁸

- Direct Grants (58 percent)
- Green Bonds (11 percent)
- Credits (9.6 percent)
- Others (1.15 percent)
 - Technical cooperation
 - Private-sector Loans
 - Concessional loans

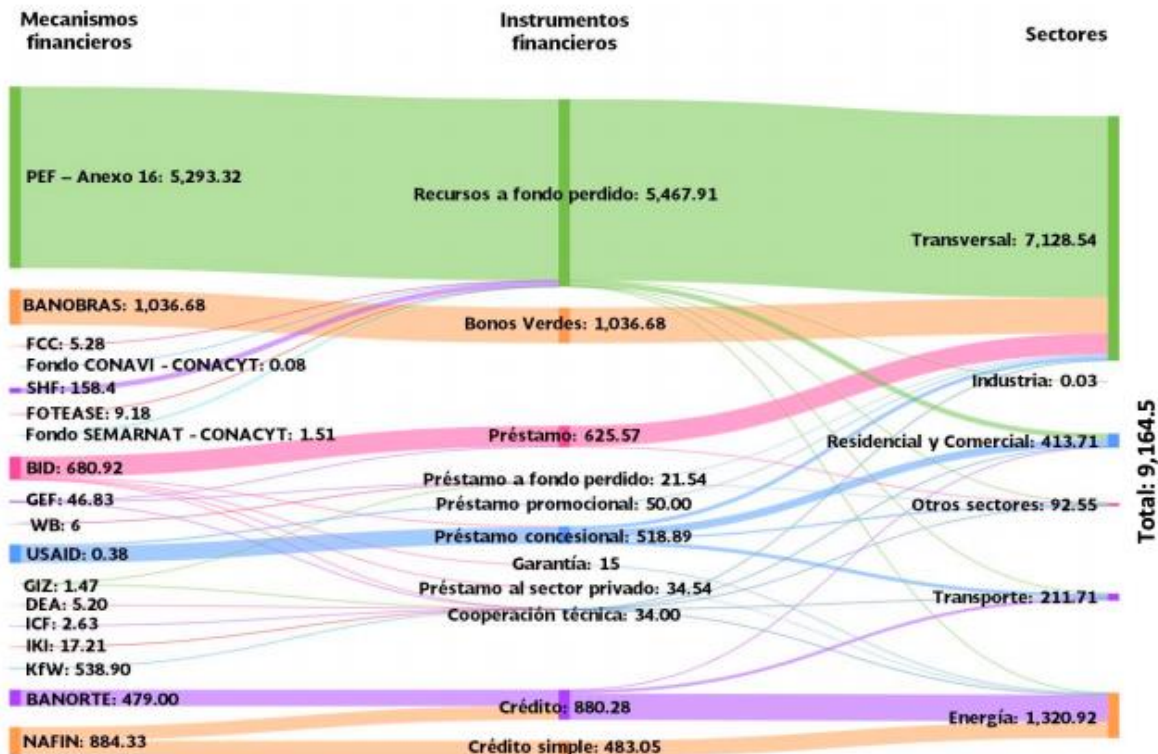
⁸The percentages correspond to the total climate spending between 2017 and 2018 per financial instrument as reported in the 2018 report “Oportunidades y barreras para aprovechar las fuentes de financiamiento internacional que favorezcan el alcance de los objetivos climáticos sectoriales de México”





- Guarantees
- Non-concessional loans

The following graph shows the distribution of funds by financial mechanism, instrument, and sector.



Fuente: Elaboración propia con datos de: (BID, 2018d), (IKI, 2018), (GEF, 2018c), (WB, 2018b), (DEA, 2018a), (USAID, 2018a), (Cámara de Diputados, 2016), (Cámara de Diputados, 2017), (CONACYT, 2018c), (CONACYT, 2018d), (SEMARNAT, 2017), (SENER, 2018b), (BANOBRAS, 2017b), (BANOBRAS, 2018b), (NAFIN, 2017), (Infante, 2018) y (BANORTE, 2017).

Table 2: Financial mechanism by instrument and sector (millions of USD)⁹

Mexico has substantial experience in the allocation of green bonds from both public and private sources, as well as through subnational governments. Furthermore, the Ministry of Finance recently issued a four-year catastrophe bond (cat bond) for 425 million USD, including coverage against extreme hurricanes. Additionally, the Ministry of Finance also

⁹Other sectors include biodiversity and forest management, solid waste, agriculture, and rural development.





published its SDG Sovereign Bond Framework¹⁰ to support national actions towards the accomplishment of the 2030 Agenda.

3. Assessment of the effectiveness of climate finance flows, including drivers, impact results, meeting needs, and access

3.1 Information and evidence on the impact and results of climate finance spending, including but not limited to that of the dedicated multilateral climate funds, development finance institutions and bilateral finance arrangements.

Mexico has developed studies along with international organizations such as the World Bank. A relevant case study can be consulted in the document “Can Environmental Cash Transfers Reduce Deforestation and Improve Social Outcomes? A Regression Discontinuity Analysis of Mexico’s National Program (2011–2014)”, available at: <http://documents.worldbank.org/curated/en/694951547752004287/pdf/WPS8707.pdf>

3.4. Evaluations of the effectiveness of adaptation finance, measures to increase climate resilience in infrastructure and communities, and financial instruments to address loss and damage

INECC recently concluded a methodological proposal for Measurement, Report and Verification of climate finance for adaptation. The proposed MRV tool will help provide a better understanding of the scale, distribution, needs and use of public and private as well as national and international resources. It is expected to reinforce the process for informed decision-making and planning on adaptation policy.¹¹

Related to Loss and Damage, please refer to section 2.6 and 2.7 on the FOPREDEN and Catastrophic bonds. Another relevant best practice is the **coral reef insurance** developed by the National Commission for Natural Protected Areas (CONANP), The Nature Conservancy (TNC), and the State

¹⁰https://www.finanzaspublicas.hacienda.gob.mx/work/models/Finanzas_Publicas/docs/ori/Espanol/SDG/UMS-SDG_Sustainable_Bond_Framework.pdf

¹¹INECC (2020). Propuesta metodológica de medición, reporte y verificación del financiamiento de las acciones de adaptación al cambio climático en México. México. Ciudad de México, México: Instituto Nacional de Ecología y Cambio Climático (https://www.gob.mx/cms/uploads/attachment/file/533189/5_Asesoria_para_la_elaboracion_de_una_propuesta_metodologica_de_MRV_del_financiamiento.pdf)





Government of Quintana Roo. The insurance is paid through a trust fund, managed by TNC. The funds come from tax-based contributions from the tourism sector and are used to implement coral restoration and conservation projects. The insurance is activated whenever a level 4 hurricane hits the coast of Quintana Roo.

Other relevant reports:

- *Medición, reporte y verificación del financiamiento climático para la adaptación en México:*
<http://cambioclimatico.gob.mx:8080/xmlui/handle/publicaciones/331>

3.5 Case studies, examples and evaluations of gender mainstreaming and impact measurement by climate finance providers

Three main studies are relevant:

- “Closing the gender gap in natural resource management programs in Mexico”, available at:
https://www.profor.info/sites/profor.info/files/%5Bespanol%5D%20Mexico_Forestry_Report_Final2019_0.pdf
- “Enhancing effectiveness of forest landscape programs through gender-responsive actions”, available at:
http://www.cifor.org/publications/pdf_files/brief/GLFBrief/7003-GLFBrief.pdf
- “Taking Action on Gender Gaps in Forest Landscapes”, available at:
<http://documents.worldbank.org/curated/en/554261552676007025/pdf/135341-PROFORGenderGapsActionsFinalWeb.pdf>

3.6. Information on effectiveness of forest finance, financial instruments to protect forests and/or address deforestation drivers





Besides the study mentioned in section 3.4, INECC has also developed a study on the cost and benefits of forest development programs,¹² as well as one on the creation of green jobs in forestry.¹³

3.8. Financial instruments on addressing the potential increased cost of finance due to the integration of climate change risk

INECC – with the support of UNDP Mexico and the Canadian Environmental Ministry – has collected robust evidence on the potential costs and economic impacts of climate change at national, regional, and subnational levels, as well as by sector (tourism and health).

The results of these studies show that an increase in average temperature of 1.0°C could reduce the growth of national per capita GDP between -0.77 (panel methodology) and -1.76 (time series methodology) percent.

- Estimación de los costos económicos de cambio climático para México a nivel estatal y de país bajo distintos escenarios de cambio climático:
<http://cambioclimatico.gob.mx:8080/xmlui/handle/publicaciones/301>
- Elaboración de estimaciones regionales de los costos de cambio climático para México, a partir del análisis de escenarios de cambio climático y las metas señaladas en INDC de México:
<http://cambioclimatico.gob.mx:8080/xmlui/handle/publicaciones/297>
- Evaluación de los efectos del cambio climático en el crecimiento económico de México:
<http://cambioclimatico.gob.mx:8080/xmlui/handle/publicaciones/300>
- Evaluación de los efectos económicos del cambio climático en el sector salud de México:

¹²https://www.gob.mx/cms/uploads/attachment/file/199516/1_CGCV_2016_Beneficios_y_costos_de_desarrollo_forestal_CDMEX.pdf

¹³https://www.gob.mx/cms/uploads/attachment/file/199525/4_CGCV_2016_Empleos_Verdes_CDMEX.pdf





<http://cambioclimatico.gob.mx:8080/xmlui/handle/publicaciones/298>

- Evaluación de los efectos económicos del cambio climático en el sector turismo en México: <http://cambioclimatico.gob.mx:8080/xmlui/handle/publicaciones/299>
- Impactos y costos económicos del cambio climático en la CDMX: <http://cambioclimatico.gob.mx:8080/xmlui/handle/publicaciones/67>

4. Information relevant to making finance flows consistent with a pathway towards low greenhouse gas emissions and climate- resilient development (Article 2, paragraph 1(c) of the Paris Agreement)

4.3. Information on ongoing activities related to managing investment portfolios, regulatory frameworks, disclosures and integration of climate risk in investments

- The Global Green Growth Institute (GGGI) is supporting two national development banks in Mexico (BANOBRAS and NAFIN) to become Direct Accredited Entities to access GCF resources. This includes developing and testing their ESMS (Environmental and Social Management System) as well as developing a pipeline of projects to be submitted to the GCF and other climate and sustainability international funds.
- The National Bank for International Trade (BANCOMEXT) has already developed its ESMS and has additionally developed a guideline to include social considerations into large renewable energy projects.
- The Instituted Trust Fund on Agriculture (FIRA) is also developing an ESMS, supported by international cooperation (such as the BIOFIN initiative) and has also issued green bonds in Mexico.
- The Mexican Banks Association (ABM) is starting to work on a taxonomy on green finance to increase investments in green projects aligned to Mexico's climate change priorities.





- The National Commission on the Retirement Savings System (CONSAR) has recently adopted ESG factors into the analysis and investment strategy of the equity components.
- The Central Bank (BANXICO) has joined the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), which seeks to build a green financial system and increase the financial sector's efforts to meet the Paris Agreement's climate goals.
- SHCP, supported by GGGI through the GCF Readiness Programme, is developing a Green Finance Roadmap for Mexico. The roadmap aims to articulate ongoing efforts and to enhance capacity building and regulation on ESG, a green finance taxonomy, and disclosure of financial flows in the financial system and the public sector.
- SHCP, with support of the GCF, will work on a climate finance baseline during 2020.
- SEMARNAT is currently mapping climate finance resources in the environmental sector.

4.5 Systems and tools for integrating climate change considerations into investment strategies and decision-making processes in the mainstream investment, lending and insurance sectors

While there have not been systematic efforts to develop or use a specific device, the Mexican government acknowledges the importance of enhancing localization tools, such as the National Vulnerability Atlas¹⁴, as key risk assessments instruments. To integrate these considerations into investment strategies, as well as lending and insurance, support is required to facilitate a dialogue between the environmental and the financial sector.

¹⁴<https://atlasvulnerabilidad.inecc.gob.mx/>

