

# CLIMATE INVESTMENT FUNDS

## CTF INVESTMENT PLAN

### Mexico

Mexico's Clean Technology Fund (CTF) Investment Plan (IP) provides support for low carbon objectives in Mexico's 2007–2012 national development plan, national climate change strategy and special climate change program.

The IP is a partnership among the Government of Mexico, World Bank (IBRD), Inter-American Development Bank (IADB) and the World Bank's International Finance Corporation (IFC).

The IP addresses programs in three sectors: urban transport, renewable energy, and energy efficiency. This reflects a combination of the government's ambitious strategies and sector implementation readiness, development banks' capacity and focus, and CTF priorities.



The programs in the IP involve technology available to Mexico today, but which face institutional, regulatory, or cost barriers which must be overcome for large-scale deployment.

In 2007, President Calderón announced the National Climate Change Strategy (*Estrategia Nacional de Cambio Climático – ENACC*), committing the country to place climate change at the

heart of its national development policy. In December 2008, Mexico announced that it would voluntarily reduce GHG emissions by 50% below 2002 levels by 2050. In August 2009, the Government committed itself to a detailed plan for emission reductions embedded in the *Special Program for Climate Change (Programa Especial de Cambio Climático, or PECC)* that provides an accounting of emissions by sector, creates a framework for monitoring improvements and establishes a blueprint for emission reduction initiatives, sector by sector

### Transport

Mexico's transport sector represents 18% of the country's greenhouse gas emissions and about 2% of the global transport sector's emissions, and is currently increasing at

### MEXICO CTF INVESTMENT PLAN

CTF financing: **\$500 million**

Co-financing: **\$5.7 billion**

### PROJECT APPROVALS

#### Energy Efficiency, Part I

CTF financing: **\$24 million**

Co-financing: **\$109.5 million**

Partner MDBs: **Inter-American Development Bank**

#### Efficient Lighting and Appliances

CTF financing: **\$50 million**

Co-financing: **\$600 million**

Partner MDBs: **World Bank**

#### Renewable Energy Program

CTF financing: **\$53 million**

Co-financing: **\$650 million**

Partner MDBs: **Inter-American Development Bank**

#### Urban Transport Transformation

CTF financing: **\$200 million**

Co-financing: **\$2.2 billion**

Partner MDBs: **World Bank**

#### Private Sector Wind Development

CTF financing: **\$16 million**

Co-financing: **\$156 million**

Partner MDBs: **International Finance Corporation**

September 2011

more than 2% a year. Growing urbanization, an increasing middle class and demand for goods and services in urban settings means growing motorization rates. The CTF IP will help accelerate the modal shift toward energy-efficient, low-carbon mass transport systems, to change the transport sector's carbon path, and thereby the overall footprint of the Mexican economy by 2050.

The IP will include development or accelerated expansion of Bus Rapid Transit systems, Rail Rapid Transit, promotion of low carbon bus technologies, and capacity building for key agencies involved in urban transport.

## Renewable Energy

Mexico is endowed with world-class renewable energy resources, which remain relatively untapped. The IP provides support for projects covering the most mature renewable technologies and associated infrastructure. The IP will build understanding to realize the estimated 72 Mt CO<sub>2</sub>e/year abatement potential from renewable energy in Mexico by 2030.

Projects in this sector include: establishing a financing facility in a local infrastructure bank; a comprehensive assessment of opportunities for carbon finance for renewable energy; support to local renewable energy research centers for demonstration of technologies designed to optimize local conditions; and leveraging IDB loan/guarantee support to the private sector to facilitate implementation of renewable energy projects, particularly in wind and solar.

## Energy Efficiency

Electricity demand in Mexico is expected to grow at 4.8% a year, with residential and commercial sectors accounting for around 20% of total energy end use.

To expand and stabilize its electricity supply in an environment of increasing electricity demand and volatile prices of natural gas and other petroleum fuels, the



Government has embarked on an aggressive program of energy efficiency.

The IP-funded project will promote an increased use of energy-efficient lighting and appliance technologies at the residential and municipal levels and will develop a sustainable and growing market for energy efficiency technologies and services.

## What is the CTF?

The Clean Technology Fund (CTF) is a multi-donor trust fund created in 2008 as part of the Climate Investment Funds (CIF) to provide scaled-up financing for the demonstration, deployment and transfer of low carbon technologies that have a significant potential for long-term greenhouse gas (GHG) emissions savings. CTF resources amount to approximately \$4.5 billion (based on exchange rates on the initial CIF pledging date of September 25, 2008) pledged by contributors (Australia, France, Germany, Japan, Spain, Sweden, United Kingdom, United States). The CTF supports a selected series of investment plans that meet the criteria of significant GHG emissions savings, demonstration potential at scale, development impact and implementation readiness.