Paris Collaborative on Green Budgeting

Ministry of Finance and Public Credit, Mexico
Linking instruments
Mexico’s International Commitments

Aichi Biodiversity Targets
- Biodiversity

2030 Agenda (SDG’s)
- Multidimensional:
  - Poverty
  - Environment
  - Peace
  - Prosperity

Paris Agreement
- Climate Change:
  - Mitigation
  - Adaptation

Paris Collaborative on Green Budgeting
- Green fiscal policy:
  - Climate
  - Environmental goals

Specific Goals
Environment
National context
1. Climate change (adaptation and mitigation) cross-cutting budget since 2013.


Environmental strategy: Integration of four environmental goals into budgeting process

1. Mitigation of climate change
2. Adaptation to climate change
3. Protection of biodiversity
4. Water and air quality
### Prototype Green Budget Statement, OECD

#### A. Greenhouse Gas (GHG) emissions

<table>
<thead>
<tr>
<th>Million tonnes of CO₂ Equivalent (MtCO₂E)</th>
<th>2018</th>
<th>2019</th>
<th>2025</th>
<th>2030</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget allocation</strong></td>
<td>£1.877</td>
<td>£1.721</td>
<td>£1.67</td>
<td>£2.92</td>
<td>£2.40</td>
</tr>
<tr>
<td>Pre-budget projection</td>
<td>127.5</td>
<td>131.5</td>
<td>132.4</td>
<td>133.3</td>
<td>150.0</td>
</tr>
</tbody>
</table>

#### Post-Budget forecasts

|                     | 127.5  | 131.6  | 129.6  | 131.1  | 191.0  |

#### Contribution SectorsImpact (+/-)

- **Sector Contribution Budget programs**
- **Budget allocation**
- **Impact (+/-)**

#### Mexico’s Green Budget Statement components

- **Four Goals**
- **Sectors related to each goal**
- **Contribution environmental units** (commitments)
- **Impact by goal**
  - Positive: (direct/indirect)
  - Negative
- **Fiscal Policy: tax system**

### Summary

<table>
<thead>
<tr>
<th>National Pathway for CO₂ Emissions</th>
<th>127.5</th>
<th>131.5</th>
<th>132.4</th>
<th>133.3</th>
<th>150.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevant budget allocations (£ millions, cumulative)</td>
<td>£1.877</td>
<td>£1.721</td>
<td>£1.67</td>
<td>£2.92</td>
<td>£2.40</td>
</tr>
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<td>127.5</td>
<td>131.5</td>
<td>132.4</td>
<td>133.3</td>
<td>150.0</td>
</tr>
<tr>
<td>Impact on GHG emissions (set.)</td>
<td>0.1</td>
<td>0.9</td>
<td>-1.8</td>
<td>-5.4</td>
<td>-7.6</td>
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<tr>
<td>I - Electricity and Heat Production</td>
<td>-0.4</td>
<td>-1.3</td>
<td>-2.4</td>
<td>-2.5</td>
<td>-1.9</td>
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<tr>
<td>II - Built Environment</td>
<td>0.3</td>
<td>0.2</td>
<td>-2.2</td>
<td>-6.2</td>
<td>-9.3</td>
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<tr>
<td>III - Transport</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV - Industry Specific Emissions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>V - Agriculture, Forestry &amp; Land use</td>
<td>-0.7</td>
<td>-1.6</td>
<td>-3.2</td>
<td>-4.6</td>
<td>-5.2</td>
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<tr>
<td>VI - Other Programmes</td>
<td>1.3</td>
<td>0.2</td>
<td>-0.8</td>
<td>-1.5</td>
<td>-1.8</td>
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</table>

### III. TRANSPORT

<table>
<thead>
<tr>
<th>Sector emissions</th>
<th>22.0</th>
<th>20.0</th>
<th>20.0</th>
<th>20.0</th>
<th>20.0</th>
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</thead>
<tbody>
<tr>
<td>Pre-budget projection</td>
<td></td>
<td></td>
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<tr>
<td>a Completion of integrated light rail network</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
<td>-0.3</td>
<td>-0.3</td>
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<tr>
<td>b Electrification of the Northern Line</td>
<td>0.1</td>
<td>0.1</td>
<td>-0.1</td>
<td>-0.1</td>
<td>-0.1</td>
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<tr>
<td>c Investment in cycling infrastructure</td>
<td>0.1</td>
<td>0.2</td>
<td>0.6</td>
<td>-0.8</td>
<td>-1.0</td>
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<tr>
<td>d Grant scheme for electric vehicles</td>
<td>0.1</td>
<td>0.1</td>
<td>-0.6</td>
<td>-3.0</td>
<td>-4.0</td>
</tr>
<tr>
<td>e Other measures</td>
<td>0.1</td>
<td>-0.6</td>
<td>-0.3</td>
<td>-1.0</td>
<td>-1.2</td>
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<tr>
<td>sub-total</td>
<td>0.3</td>
<td>1.0</td>
<td>-2.2</td>
<td>-4.2</td>
<td>-5.5</td>
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</tbody>
</table>

- **Post-Budget forecasts**
- **For future action**
Analysis of the environmental goals budget programs 2018

Identify Activities and budget allocations

Group Budget allocations and fiscal instruments according to its goals

Indicators related to objectives
Overall Strategy

Stakeholders

Ministry of Finance

Expenditure and Revenues Underministries

Ecological and Climate Change National Institute

National Statistics Office

Planning, spending and evaluation areas of Ministries
Identify contribution

Analysis of EG & BP Alignment

1. Environmental Goals (EG)

Identification

2. Budgetary Program (BP)

Identification

Contribution of Budget

3. Budget Quantification (BQ)
Budgetary Program Alignment

Environmental Transversal Strategy

Four Goals
- Mitigation of climate change
- Adaptation to climate change
- Protection of biodiversity
- Water and air quality

Classification of environmental protection activities (CEPA)

Nine Categories
1. Protection of ambient air and climate
2. Wastewater management
3. Waste management
4. Protection and remediation of soil, groundwater and surface water
5. Noise and vibration abatement (excluding workplace protection)
6. Protection of biodiversity and landscapes
7. Protection against radiation (excluding external safety)
8. Research and development
9. Other environmental protection activities

Budgetary Programmatic Structure

Accounting Harmonization
- Administrative classification: Who spends?
- Economic classification: What it is spend on?
- Functional classification: What it is spend for?

Contributions
- Identify
- Sector
- Program
- Unit
- Activities
Indicators related to new Cross-Cutting Climate Change budget

- Evaluate changes in a given year.
- Report how the budget; converge (positive or negative), with environmental goals.
- Relevant benchmarks for each of the four environmental goals.
- Allows international comparisons.
Indicators related to new Cross-Cutting Climate Change budget

- Nationally Determined Contribution
- Linked to the SDGs indicators
- Green Growth, OECD indicators

12 selected indicators
Mexico’s Environmental Strategy

Environmental Goals

- Mitigation of climate change
- Adaptation to climate change
- Protection of biodiversity
- Water and air quality

Contributions

- Analysis Environmental Goals
- Environmental units

Budget Programs:
- direct contribution
- hint contribution
- externality

International commitments

- Resilience
- Quality

Fiscal Policy: Tax system

- Indicator
- NDC

Sectors

- Environmental Goals
- Contributions
- Benchmarks

Transversal strategy
Transparencia Presupuestaria
@TPresupuestaria

www.transpareciapresupuestaria.gob.mx