Has Mexico's climate aid really slowed carbon emissions?

www.ipsnews.net

4 May 2011

Amidst the creation of a new 'Green Climate Fund' for developing countries, questions are being raised on the climate finance Mexico has already received.

While Mexico recently played host to a meeting for the creation of a Green Climate Fund, doubts have been raised over whether the millions of dollars in financing the country has already received in recent years have been effectively implemented to combat global warming and its consequences.

Over the last decade, the Mexican government has received significant sums in loans from multilateral institutions such as the Inter-American Development Bank (IDB) and World Bank and the governments of Norway and Germany for climate change-related initiatives. Yet there has been no assessment of the environmental outcomes achieved through this increase in external debt.

Targets for the reduction of greenhouse gas emissions were among the goals, "since they depend on international funds. While this funding is important, it shouldn't be decisive for Mexico to reach the targets. Mexico has resources, but it uses them very incoherently," activist Sandra Guzmán of the non-governmental Mexican Centre for Environmental Law told UN journalism project Tierramérica.

Since 2009, the IDB has disbursed more than 400 million dollars for climate change-related initiatives. Between 1996 and last year, it funded 13 environmental projects involving a total of 377.4 million dollars in financing. In fact, Mexico is the leading recipient of IDB funds.

For its part, since 1999, the World Bank has provided 672 million dollars for 43 projects aimed at developing the low-carbon economy, energy efficiency, renewable energies, sustainable transportation and the improvement of air quality.

"We have had problems monitoring the use of these funds, because not all of the information is available to the public. There is no process for identifying the outcomes of these projects. We want to know where these resources ended up," Andrés Pirazzoli, an attorney from the Interamerican Association for Environmental Defense (AIDA), told Tierramérica.

Every year, Mexico releases around 709 million tons of carbon dioxide - one of the greenhouse gases responsible for global warming - into the atmosphere. The government of conservative President Felipe Calderón has set a voluntary target to reduce carbon dioxide emissions by 50 million tons annually up until 2012.

Mexico is highly vulnerable to manifestations of climate change such as severe droughts, torrential rains and flooding. Calderón insists that Mexico needs international resources to undertake adaptation and mitigation measures.

At the conclusion of the 16th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 16), held in the southeastern Mexican city of Cancún in December 2010, an agreement was reached to establish a Green Climate Fund, with a commitment from rich countries to deliver 30 billion dollars in financing by 2012 and 100 billion annually by 2020.

The money will be allocated to poor countries to help them adapt to the impacts of climate change and develop low-carbon economies. The World Bank will administer the Fund for the first three years in accordance with the standards of the Convention.

The Conference of Parties also agreed to establish a Transitional Committee composed of 40 members - 15 from developed countries and 25 from developing countries - which would be responsible for designing the Fund. This Transitional Committee will eventually be replaced by a permanent board comprising 24 members, equally distributed between rich and poor countries, which will be responsible for governing and overseeing the use of the Fund's assets.

The first meeting of the Transitional Committee was held in Mexico City on Apr. 28 and 29.

"Reforms are needed in the way the ultimate use, impact and outcomes of financing are monitored. This is not currently being done," Mariana González, a transparency and accountability specialist at the Fundar Centre for Analysis and Research, told Tierramérica.

One of the obstacles in Mexico is the lack of a precise accounting of where government financing ends up. For example, in the 2011 budget, the only funds identified are those allocated to the Climate Change Mitigation and Adaptation Programme and Special Climate Change Programme, representing 46 million dollars and close to one million dollars, respectively.

These programmes are overseen by the Ministry of Environment and Natural Resources. The Ministries of Energy and Agriculture are not mentioned in connection with initiatives like these, despite being closely linked to climate change policies.

"What is missing is an explanation of how the new instruments are being implemented. Mexico needs to implement measures to reduce vulnerabilities. There is no system to ensure transparency around the use of resources, and our fear is that the same thing will happen with the new Green Climate Fund," commented Guzmán.

In a report entitled "Financing change without changing the climate", published Nov. 11, 2010, 10 non-governmental organisations assessed the correspondence between international financing and Mexican federal and sectoral programmes to confront climate change.

They found numerous inconsistencies, such as the high expenditure on nuclear energy and the construction of hydroelectric dams, considered rather inappropriate for curbing the effects of global warming.

The federal government's nuclear energy sector has a budget of around 46 million dollars, greater than that of other sectors.

Projects are currently being negotiated with the IDB in the areas of energy efficiency, involving 100 million dollars in financing; the development of local wind power technology,

involving 23.6 million dollars; and for the sustainable development of states and municipalities, with an allocation of 310 million dollars.

"There is a risk that the same thing will happen with the climate fund. What possibilities will citizens have to know where these funds end up? Or to know if they have been effectively allocated, in a way that actually solves the problem of climate change?" stressed Pirazzoli.

Mexico's external debt currently stands at around 182 billion dollars, according to the Mexican Central Bank, one of the heaviest debt burdens in the region.