



MEXICO

CLIMATE CHANGE FACT SHEET

Mexico is the second-largest greenhouse gas emitter in the Latin America and Caribbean region. The energy sector is the most significant contributor to the country's overall greenhouse gas (GHG) emissions, accounting for more than 70 percent of total emissions. The agriculture and livestock sector is an additional important source of emissions (14 percent). The forest sector in Mexico is a "net carbon sink," removing more greenhouse gases from the atmosphere than it emits. Nearly half of Mexico is covered by forest – a total of 88 million hectares.

Mexico's geography makes it vulnerable to extreme weather events, such as tropical cyclones and floods, that threaten the country's aging transportation, power, and water infrastructure. Mexico's economically important coastal tourism sector is also at risk from the effects of climate change. In rural areas where small-scale producers earn a large proportion of their income from agriculture, extreme temperatures and erratic rainfall drastically affect both crops and livestock.

GOVERNMENT OF MEXICO CLIMATE PRIORITIES

Over the last several years, the Government of Mexico has rolled back support and investment in renewable energy, prioritizing fossil fuel projects instead. In December 2020, the Government of Mexico submitted an updated Nationally Determined Contribution (NDC) to the Paris Agreement that retains the same targets submitted in 2015 but does include more measures for climate adaptation and natural climate solutions. Key goals under Mexico's NDC include:

- By 2030, reduce greenhouse gas emissions by 22 percent and black carbon emissions by 51 percent over a business-as-usual scenario.
- Reach a net-zero deforestation rate by 2030.
- Prevent and manage the negative impacts of climate change, especially among communities facing the most significant social inequalities.
- Promote sustainable and resilient food production systems.
- Conserve and restore biodiversity and ecosystem services.
- Protect strategic infrastructure from the effects of climate change.

USAID'S CLIMATE CHANGE PROGRAM: OBJECTIVES AND RESULTS

USAID supports the Government of Mexico's development and climate priorities through a series of programs and partnerships promoting energy efficiency and natural climate solutions.

ENERGY EFFICIENCY

Energy efficiency measures are often among the most cost-effective ways to reduce GHG emissions in Mexico. USAID is planning to support energy efficiency collaboration at the subnational level with counterparts in city and state governments and the private sector to reduce energy consumption and cost. USAID, in partnership with the U.S. Department of Energy Laboratory System, plans to partner with subnational groups on commercial and municipal building efficiency. USAID will also explore scaling up renewable energy technical assistance and technologies in partnership with U.S. and Mexican companies, as well as subnational governments.

NATURAL CLIMATE SOLUTIONS

USAID supports Mexico's goal to achieve net-zero deforestation by 2030 through initiatives that enhance transparency and use market-based solutions to reduce deforestation and land degradation. USAID's support includes partnering with the private sector and key communities to promote sustainable value chains and working with the Government of Mexico to improve forest management systems to reduce illegal logging.

RESULTS

- Mexico's programs to implement natural climate solutions reduced an estimated 500,000 tons of CO₂ equivalent in Fiscal Year 2020, the equivalent of taking around 100,000 passenger cars off the road for one year.
- USAID supports the development of the country's first-ever stock instrument to be listed on the Mexican stock exchange that will raise funds from institutional investors looking to decarbonize their portfolios by supporting sustainable value chains.
- Programs promoting natural climate solutions are leveraging \$14 million in private sector investment to reduce greenhouse gas emissions.
- The new Sustainable Landscapes Ventures activity aims to unlock \$30 million of additional mobilized funds toward natural climate solutions in targeted landscapes.

KEY PROGRAMS

- **Sustainable Landscapes Ventures (Conservation International Foundation):** \$10m (USAID; Anticipated funding, subject to availability of funds)/ \$2m (leveraged funds), 2020-2025. This activity will mobilize investment capital to enable smallholder farmers to implement solutions that reduce deforestation, forest degradation and grow local economies. Interventions will help targeted regions overcome financial barriers and catalyze commercial investments in sustainable supply chains that

preserve forests and improve livelihoods.

- **Alliance for Sustainable Landscape and Markets (Rainforest Alliance):** \$4.1m (USAID - anticipated funding, subject to availability of funds); \$4.7m (leveraged funds), 2018-2022. This activity aims to increase the profitability and competitiveness of community-led sustainable farm and forestry businesses by improving sustainable production practices in agroforestry and forestlands by assisting in developing partnerships with the public and private sectors for sustainable sourcing.
- **Sustainable Management of Community Lands II (Consejo Civil Mexicano para la Silvicultura Sostenible):** \$4.2m (USAID - anticipated funding, subject to availability of funds); \$4.2m (leveraged funds), 2018-2023. This activity supports improved management of community forests, increasing the economic viability of community-based forest enterprises, and reducing deforestation and forest degradation in the states of Campeche, Estado de Mexico, and Quintana Roo.
- **Applying the “LandScale Assessment Framework” in Mexico (Rainforest Alliance):** \$1.3m (USAID - anticipated funding, subject to availability of funds); \$1.25m (leveraged funds), 2019-2023. The purpose of the activity is to test the LandScale Assessment Framework’s effectiveness as a tool to catalyze multi-stakeholder planning and coordinated action in one landscape in Jalisco to reduce deforestation. The LandScale Assessment Framework provides a standardized approach for monitoring, verifying, and communicating sustainability status and trends at the landscape level and creating corresponding incentives for land-users and companies to adopt forest-friendly practices.
- **Improve Livelihoods through the Recognition of Standing Forest Value using Market Mechanisms (Pronatura Mexico):** \$4.1m (USAID - anticipated funding, subject to availability of funds); \$4.1m (leveraged funds), 2019-2024. By applying the Climate Action Reserve’s forest carbon protocol, the activity will certify 202,000 hectares in different states, including in Oaxaca, Aguascalientes, Veracruz, and the state of Mexico. Work is divided into three components: (1) generation of carbon credits, (2) public policy and market strengthening, and (3) organizational capacity strengthening.
- **Sustainable Landscapes and Forest Transparency Activity (U.S. Forest Service):** \$5.5m - anticipated funding, subject to availability of funds, 2019-2023. USAID, in partnership with the U.S. Forest Service, builds the capacity of the Government of Mexico in forest management and governance by implementing a robust and transparent national forest inventory and monitoring system to improve decision making and forest management, strengthening Mexico’s forest management system to improve the transparency and legality of raw materials and forest products, improve sustainable land management, and reduce illegal logging and improve sustainable natural resource management practices at the community level.