

## Ministry of Environment and Natural Resources of Mexico Special Climate Change Program

Performance audit: 10-0-16100-07-0073

### **Objective**

Supervise the fulfillment of the objectives and targets related to the Special Climate Change Program.

### **Scope**

Selected universe: 0.0 thousands of pesos

Audited sample: 0.0 thousands of pesos

Representativeness of the sample: %

The scope of the audit was determined by the thematic content of the review, which examines aspects of effectiveness, economy and efficiency.

For effectiveness, impacts and commitments were assessed for mitigation of greenhouse gases (GHG), established in the PECC 2009-2012, and the contribution of CDM projects for GHG mitigation.

In the economy section, the Gross Domestic Product (GDP) trend and the emissions of Carbon Dioxide (CO<sub>2</sub>) for the period 1980-2010 was revised, as well as the value per ton of CO<sub>2</sub> emitted.

To analyze efficiency, the actions of the Ministry of Environment and Natural Resources were revised, as President and Technical Secretary of the Inter-ministerial Climate Change Commission (ICCC), in terms of the actions implemented in the 2009-2012 Special Climate Change Program framework (PECC); the follow-up to the agreements of the ICAC and its working groups; as well as the coordination actions with the agencies and entities of the Federal Public Administration (APF), through the implementation of Technical Visits to 19 units and entities of the APF<sup>1/</sup> responsible for the tracking and fulfillment of 2009-2012 PECC goals, and the Clean Development Mechanism (CDM) projects approved in 2010.

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<sup>1</sup> Entities: Secretaría de Hacienda y Crédito Público (SHCP); Secretaría de Gobernación (SEGOB); Secretaría de Desarrollo Social (SEDESOL); Secretaría de Economía (SE); Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (SAGARPA); Secretaría de Comunicaciones y Transporte (SCT); Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT) y, Secretaría de Energía (SENER). Entities: Nacional Financiera, S.N.C (NAFIN); Comisión Nacional Forestal (CONAFOR); Comisión Nacional de Áreas Naturales Protegidas (CONANP); Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria (SENASICA); Petróleos Mexicanos (PEMEX); Comisión Federal de Electricidad (CFE); Comisión Reguladora de Energía (CRE); Fideicomiso para el Ahorro de Energía Eléctrica (FIDE); Comisión Nacional para el Conocimiento y Uso de la Biodiversidad (CONABIO); Comisión Nacional del Agua (CONAGUA) y, el Instituto del Fondo Nacional de la Vivienda para los Trabajadores (INFONAVIT)

## **Background**

Climate change<sup>2</sup> comes from the intensive use of the atmosphere as a recipient of Greenhouse Gases emissions (GHG). The problem is that volumes of GHG, especially of carbon dioxide (CO<sub>2</sub>)<sup>3</sup>, issued during the last 150 years of industrialization, exceed the biosphere capacity capture and the result is the constant increase of the concentrations of these gases, which obstruct the energy emission into outer space and increase the natural process of "greenhouse effect"<sup>4</sup>.

In 1979, during the First World Climate Conference (CMC) climate change was defined as a global and potentially serious problem for humanity. The result of the scientific evidence on major climatic changes by the concentration of gases in the atmosphere and the development of several conferences on the climate, attracted international interest on the subject, so, in 1988 of the United Nations Environment Program (UNEP) and the World Meteorological Organization (WMO) established the Intergovernmental Panel on Climate Change (IPCC) to generate scientific and technological assessment on climate change.

In its first Assessment Report, the IPCC recognized that the pattern of global warming could not be explained only by natural causes and that the human factor was determinant, which confirmed the effects of anthropogenic<sup>5</sup> activity in climate.

In 1992, at the Earth Summit in Rio de Janeiro, the United Nations Framework Convention on Climate Change (UNFCCC), which was adopted and ratified by Mexico in 1993, took effect in 1994, and to date it has been confirmed by more than 194 countries. In accordance with article 2 of the Convention, its aim is to: "achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such level should be achieved within a time frame sufficient to allow ecosystems to adapt naturally to climate change, in order to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner."

In order to strengthen quantitative commitments that limit the volume of greenhouse gas emissions of developed countries, in 1997, the Conference of the Parties (COP-3) adopted the Kyoto Protocol, which was signed by Mexico in June 1998, and ratified in April of 2000 based on the approval of the Mexican Senate, and published in the Federation's Official Gazette on November 24 2000, effective since February 16, 2005.

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<sup>2</sup> Human and natural systems adjustment against new or changing environment. It means the adjustments in natural or human systems in response to projected or real climatic stimuli, or their effects, which moderates the damage or takes advantage of the beneficial opportunities. Several types of adaption can be distinguished, including preventive and reactive, public and private, autonomous and planned.

<sup>3</sup> Greenhouse gases are those that absorb infrared radiation emitted by the earth's surface and atmosphere, these trap heat inside the troposphere system.

<sup>4</sup> *Programa Sectorial de Medio Ambiente y Recursos Naturales, 2007-2012.*

<sup>5</sup> Changes in climate generated by human activities

In the Kyoto Protocol, countries included in annex I<sup>6</sup> pledged to reduce their emissions by 5.2% below the cast volumes, for the period 2008-2012.

In 2005, the Emissions Trading authorized the annex I Parties to commercialize among them a fraction of their respective emission allowance determined by the limits set in the Protocol. After the entry into force of the Kyoto Protocol on February 16 2005, this mechanism received an impulse supported in the European market of emission permits. In the same year clean development mechanism (CDM) was implemented, to comply, at lower a cost, GHG reduction commitments.

In the international commitments framework, on January 23, 2004 the Mexican Committee for Greenhouse Gases Emissions and Capture Reduction Projects was established, which, on April 25, 2005, became a working group when the Inter-ministerial Climate Change Commission was constituted (ICCC), which purpose is to coordinate the actions of the agencies and entities of the Federal Public Administration Projects, related to the formulation and implementation of national policies for the prevention and mitigation of GHG emissions, adapting to the effects of climate change and, in general, promoting the development of programs and strategies for climate action concerning the fulfillment of the commitments made by Mexico in the Framework Convention"<sup>7</sup>.

In November 2006, the ICAC published the document "Towards a Climate Action National Strategy" (HENAC), and taking the document as basis, formulated the "National Climate Change Strategy" (ENACC); on May 25 2007, the Federal Government decreed that, based on the ENACC and under the 2007-2012 National Development Plan, the 2009-2012 Special Climate Change Program was developed (PECC)<sup>8</sup>; which was conceived as a the instrument of cross-cutting policy of the Federal Government that shows the Mexico's interest to solve the problem of climate change, with national binding goals and targets on mitigation and adaptation to restrain climate change.

In the 2009-2012 PECC strategies, 105 Objectives and 294 Goals were established the goal was to reduce in a 50.0% GHG emissions by 2050, in relation to the goals of 2000, to stabilize their concentrations in the atmosphere. The set of 2009-2012 PECC'S goals and objectives reflects the commitment of 10 State Ministries with their administrative organs and parastatal entities to address, coordinately, the challenges of mitigation of GHG emissions and the adaption to the expected impacts of climate change, to ensure the well-being and viability of

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<sup>6</sup> Germany, Australia, Austria, Belarus, Belgium, Bulgaria, Canada, Croatia, European Community, Denmark, Slovakia, Slovenia, Spain, United States, Estonia, Russia, Finland, France, Greece, Hungary, Ireland, Iceland, Italy, Japan, Latvia, Lithuania, Liechtenstein, Luxembourg, Monaco, Netherlands, Poland, Portugal, United Kingdom of Great Britain and Northern Ireland, Czech Republic, Romania, Sweden, Switzerland, Turkey and Ukraine.

<sup>7</sup> First Article of the Agreement, that established the Inter - rministerial Climate Change Commission permanently

<sup>8</sup> On August 28, 2008 was published the Special Climate Change Program in the Official Gazette of the Federation as its approval decree

Mexico's society and natural systems, and achieve sustainable economic development.

### **Results**

By 2010, the ICAC registered that bodies and entities of the Federal Public Administration met in 80.0% the goal established in the 2009-2012 PECC on mitigation, reducing 24.0 MtCO<sub>2</sub>e from the 30.0 MtCO<sub>2</sub>e provided. The 24 MtCO<sub>2</sub>e mitigated signified a step forward from the 47.1% compared to the stated goal in the 2009-2012 PECC of 51.0 MtCO<sub>2</sub>e to 2012.

Also, to advance in the climate change adaption, with the revision of a sample of 20 (13.9%) from 144 goals established in the PECC 2009-2012, it was verified that the actions performed by the APF were oriented to identify and reduce the vulnerability before the effects of climate change. From 20 revised goals, it was verified that federal authorities, in 10 cases (50.0%), comply with them between 100.0% and 113.5%; 5 (25.0%) recorded a partial compliance, and in the other 5 (25.0%) it was not possible to determine their progress, since annual targets were not established.

Regarding the operation of the ICAC, the Technical Secretariat of the Commission had no authority to perform functions of an administrative unit, for not being found in the Internal Regulation of SEMARNAT, nor in its General Organization Manual, which also affected its budgetary situation; regarding the seven working groups , one (14.3%) the COMEGEI, was established in the agreement on creation of the ICAC; five (71.4%): GT-ADAPT, GT-PECC, GT-REDD, GT-MITIG and MT-PRIV, the Act that constituted them was not formalized, by not having the relevant signatures ; and one more (14.3%), referring to the GT-INT, joined by request of the SEMARNAT to the Ministry of Foreign Affairs without the date of the audit being constituted by the agreement issued by the plenary of the Commission.

In 2010, it was verified the ICAC did not elaborate the general working program that will organize their actions to coordinate the 2009-2012 PECC; and also, their seven working groups neither established annual plans of activities with goals nor defined priorities.

In order to coordinate the actions of the 2009-2012 PECC, in 2010 the SEMARNAT, as Technical Secretariat of the CICC, fulfilled in 50.0% the goal of the "Coordinated meetings" indicator, by performing one of two scheduled meetings; and the COMEGEI hold 8 (66.7%) of the 12 meetings foreseen by the regulation. To give follow-up to the goals of the 2009-2012 PECC, SEMARNAT designed and implemented the Information System of the Transversality Agenda - Special Climate Change (SIAT-PECC), which during the on-site review to the system that the SAO took place on August 31, 2011, it was verified that from the 294 goals established in the 2009-2012 PECC, 52.4% (154) were recorded in completely, 38.1% (112) did not recorded progress in the goals of the program settings, and 9.5% (28) showed partial progress in its records .

In 2010, SEMARNAT benefits in the Program Budget P005 "Special Climate Change Program" 12,394.1 thousands pesos, which meant the 15.0% of the 82,514.9 thousands of dollars approved in the 2010 Federation's Disbursements budget and 100.0% of the amended budget. Of the 12,394.1 thousand dollars, 76.6% (9,500.0 thousand pesos) was allocated to the execution of projects and environmental actions in Sonora, according to the amended budget; 6.5% (800.0 thousand pesos), for the creation of the Climate Change and Energy Office of Chiapas, according to the annex 34 of the Federation Expenditure Budget Decree for 2010 Fiscal year; and 16.9% (2,094.1 thousands of pesos), for the operation of the ICAC which represented 2.5% of the original budget (82,514.9 thousand pesos), without the Secretariat confirming the programming of actions that are implemented with this budget.

### ***Social consequences***

The lack of formality of the working groups of the Inter - ministerial Climate Change Commission and the administrative recognition of the Technical Secretariat, as well as the inadequacy of resources allocated to the instrumentation of the Special Climate Change Program, limit the work of coordination that this Commission develops to ensure the program's compliance, which, by August 31, 2011, reflected that of the 294 goals established in the 2009-2012 PECC, 52.4% (154) was set up in the system for its follow-up, the 9.5% (28) recorded a partial breakthrough, and 38.1% (112) was not yet included in the system. Notwithstanding, the administrative weaknesses of the ICAC, towards the coordination actions, managed to comply with the commitments made in the Kyoto Protocol since the bodies and entities of the Federal Public Administration comply in 80.0% the goal of mitigation set for 2010, by reducing 24.0 MtCO<sub>2</sub>e of the 30.0 MtCO<sub>2</sub>e foreseen, which represented an advance of 47.1% compared to the 51.0 MtCO<sub>2</sub>e planned to mitigate by 2012, which contributed to reduce the affectation to the atmosphere caused by the greenhouse effect caused by human activities.

### ***Summary of observations and actions***

15 Note (s) were determined, generated: 23 recommendation(s) to the Performance.

The recommendations are aimed at improving the performance of the Ministry of Environment and Natural Resources, which is to define, through the Inter - ministerial Climate Change Commission (ICCC), the programmes of the Commission and its groups to formalize the operation and agreements of the Commission and its working groups; to regulate the functioning of the Directorate General of Climate Change policies and make the SIAT-PECC operation compulsory.

### ***Opinion: with exception***

The Superior Audit Office of Mexico believes that, the Ministry of Environment and Natural Resources, through the Inter - ministerial Climate Change Commission (ICCC), fulfilled the objective of coordinating the actions of the 2009-2012 Special Climate Change Program (PECC 2009-2012).