

## Executive Summary - AT-CC

Evaluation serves as a tool to strengthen the National Climate Change Policy (*Política Nacional de Cambio Climático* - PNCC) by providing information on the efficiency and impact of public interventions implemented by the three spheres of government, thus contributing to mitigate greenhouse gases and compounds emissions, and transiting towards a low-carbon economy, as well as reducing vulnerability and improving capacities of the society, ecosystems and productive systems to better address the adverse effects of climate change.

Strengthening climate change policy also leverages to the safeguard of the human right to a healthy environment, and other environmental rights protected by the Mexican Constitution, and by international agreements signed by our country. It also supports consolidation of national and global climate governance, as it helps to fulfill the necessary conditions to meet our commitments embodied in the Nationally Determined Contribution stemming from the Paris Agreement.

The General Law on Climate Change (*Ley General de Cambio Climático* - **LGCC**) mandates the assessment of adaptation and mitigation objectives. It also establishes the Coordination of Evaluation (Coordinación de Evaluación – CE) with a mandate to perform evaluations biannually. This, in accordance with the *Guidelines and Specific Criteria for the Evaluation* of the PNCC. The Coordination of Evaluation incorporated the evaluation of the federal budget allocated in the Climate Change Annex (*Anexo transversal en materia de cambio climático* AT-CC), as well as the Special Program on Climate Change 2014-2018 (*Programa Especial de Cambio Climático* - PECC) in its work plan for 2015 - 2018. These are the first-ever evaluations on climate change policy implemented in Mexico under the authority of LGCC.

According to the Federal Expenditure Budget (*Presupuesto de Egresos de la Federación* - PEF), federal public resources for mitigation and adaptation to the effects of climate change have to be spent in a manner that allows monitoring, evaluation and dissemination of their impact in accordance with the National Development Plan (PND) and its derived policy. AT-CC evaluation is strategic, as it encompasses the design, integration processes and implementation of AT-CC. It seeks to identify the extent to which this annex contributes to the attainment of PNCC

objectives. CE identified that allocation of budgetary resources for climate actions in line with national priorities is a necessary condition to achieve the objectives of Climate Change Policy.

The results of this evaluation reveal that the design, integration and implementation processes of AT-CC are not implemented under a cross-sectorial planning and coordination scheme. Nor were specific climate change budget planning guidelines provided for those responsible for integrating and monitoring budgetary programs included in the annex.

The National Climate Change System (Sistema Nacional de Cambio Climático or Sinacc) and the Intersecretarial Commission on Climate Change (Comisión Intersecretarial de Cambio Climático or CICC) are coordination bodies with the authority to establish guidance and coordination supporting the cross-cutting and comprehensive nature of the federal budget for attainment of PNCC objectives. Notwithstanding, no evidence was found that such authority was exercised. The evaluation also reveals that the Congress, as a party of Sinacc, is responsible for the approval of the Income Law and the Federal Expenditure Budget (Chamber of Deputies), and has a key role to play in order to ensure that the budgetary programs of AT-CC incorporate and respond to appropriate mitigation and adaptation criteria.

In reviewing the available evidence, it was not possible to determine whether the budgetary resources allocated in AT-CC budget lines and programs over a five-year period, from 2013 to 2017, have been directed to mitigation or adaptation actions relevant to climate change.

The evaluation of AT-CC demonstrates that different federal evaluation systems operate in Mexico at a federal level, including the Performance Evaluation System (*Sistema de Evaluación del Desempeño* - SED) and the Social Development Policy Evaluation, but in these, no elements were identified to assert whether sectorial programs and actions are pertinent to foster the attainment of the objectives of the National Policy on Climate Change.

On the other hand, since public financing is a necessary condition for achieving the goals of climate change policy, it is imperative to establish linkage and congruence between the AT-CC and the PECC. Likewise, in order to ensure that the objectives of the National Policy on Climate

Change are met in the budget expenditure, it is essential to improve the monitoring and reporting system with regards to the impact of public financing.

In light of the results of the evaluation of the AT-CC, the recommendations made in this report are aimed at promoting more efficient and effective coordination for the design, implementation and follow-up of public expenditure to be applied to mitigation and adaptation to climate change, incorporating the participation of the entities to which this mandate corresponds, such as Sinacc and CICC, as well as academia, and the social and private sectors. The recommendations formulated by this Evaluation Coordination are the following:

- It is recommended that CICC, based on its authority, agree on the establishment of a working group on the AT-CC with a mandate to devise the criteria for mitigation and adaptation to climate change to be considered in the integration, implementation and follow-up of AT-CC, starting with the Federal Expenditure Budget of 2018. It is recommended to consider the definition of PNCC approved by that Commission, as well as the specific conditions and preconditions identified in the theory of change theory for its elaboration.
- It is recommended that CICC direct the aforementioned working group to utilize methodologies and techniques such as impact analysis, cost-benefit estimation methodologies and efficiency forecasts of policy measures, with the aim of establishing priorities in the definition of sectorial expenditure, incorporating mitigation and adaptation criteria, as well international commitments during the execution of the AT-CC and the PECC taking in to account the best available scientific information and knowledge.
- The SHCP is recommended to publish, update and strengthen a process for elaboration of the guidelines to be applied by agencies and entities in the formulation of preliminary draft budgets, incorporating mitigation and adaptation criteria to be applied in the design, integration and follow-up of the AT-CC in its platform for budgetary transparency.

- It is recommended that the CICC direct the working group on AT-CC to build capacities among public servants in both, substantive and administrative units engaged in the definition of budgetary programs to be included in AT-CC, so that they are familiar with and able to apply the guidelines and climate change mitigation and adaptation criteria.
- The CICC is recommended to initiate work on the integration, implementation and follow-up of those resources included in the AT-CC seeking to identify public expenditure contributing to PNCC allocated by sector.
- It is recommended that the CICC's Technical Secretariat coordinate the necessary actions to intertwine the current and subsequent AT-CC of the PEF and the PECC, and thereby ensure that PECC's lines of action are allocated with the necessary resources for their implementation, starting with PEF 2018.
- It is recommended that the CICC's Technical Secretariat, in collaboration with the SHCP, identify opportunities to include indicators in the budgetary programs' performance indicators matrixes, seeking to measure their contribution, monitoring and evaluation from the climate change standpoint.
- The SHCP is recommended, in coordination with Coneval and within the scope of its authority, to include in the annual evaluation program evaluations of budgetary programs included in the AT-CC that are strategic in terms of climate change seeking to assess its design, consistency, results and impact.
- Sinacc is recommended to strengthen the implementation of its coordination bases in order to enhance the efforts of the Congress of the Union, the CICC, the Climate Change Council (C3), the National Institute of Ecology and Climate Change (INECC) and the state and municipal authorities in the fulfillment of its purpose with respect to the consistency and complementarity of the sectorial budget considered in the AT-CC, incorporating the PNCC objectives and Mexico's international commitments in climate change.

- It is recommended that the CICC agree that each of the ministries participating in AT-CC, report allocated resources and how these were spent in the implementation of current and subsequent PECC action lines at the end of each fiscal year. It is also recommended that such information be published in the Climate Change Information System (SICC).
- It is recommended that the CICC convene social and private sector organizations to express their views and proposals to identify funding priorities for adaptation and mitigation to climate change.
- It is recommended that in, the cycle of discussion and approval of public expenditure, Congress consider strategically the sufficiency of resources and climate change criteria in the approval of the budgetary programs comprising the AT-CC.

This assessment allows us to affirm that climate change, as a dynamic, multifactorial, transversal, complex and development-related phenomenon, requires strong and consolidated institutions to understand it and address it effectively. In this sense, strengthening and institutionalization of the recently created Coordination of Evaluation is an uncompleted task.

The Mexican State must honor its international commitments, increasing its political will in the fight against climate change, streamlining climate change criteria in the process of integration sectorial budgeting in AT-CC, and concentrating budget allocations in key national and sectoral cross-cutting initiatives. To do this, it is necessary to continue strengthening a multi-annual and multisectorial vision that, in a systematic way, estimates the costs and benefits of climate change actions and allows a for a timely anticipation of its impacts.