

JOINT MISSION
REVISION OF THE CTF MEXICO INVESTMENT PLAN
MINISTRY OF FINANCE, MINISTRY OF ENERGY, MINISTRY OF ENVIRONMENT AND NATURAL RESOURCES,
INTER-AMERICAN DEVELOPMENT BANK, INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

AIDE-MEMOIRE

Mexico City, Mexico
January 30th to February 1st, 2013

I. BACKGROUND

- 1.1 The Clean Technology Fund (CTF) Investment Plan (IP) submitted by the Government of Mexico (GoM) was endorsed by the CTF Trust Fund Committee (TFC) on January 27, 2009. The CTF IP is a “business plan” of the Government of Mexico, agreed with the International Bank for Reconstruction and Development (IBRD), the Inter-American Development Bank (IDB) and the International Finance Corporation (IFC). It provides support for the achievement of the low-carbon objectives contained in the National Development Plan, the National Climate Change Strategy and the Special Climate Change Program. The focal point for the CTF in the GoM lies in the Ministry of Finance (Secretaría de Hacienda y Crédito Público, SHCP).
- 1.2 The CTF IP includes a number of projects or programs to be executed by the three Multilateral Development Banks (MDBs). The IP foresees USD 500 million of CTF resources, combined with additional resources from the MDBs, the GoM, the private sector, and other sources. A combined amount of USD 465.6 million of CTF resources has already been approved by the TFC for seven projects or programs to be executed by the MDBs. These projects or programs are now in different stages of preparation or execution.
- 1.3 In its May 2012 meeting, the CTF TFC agreed to establish a set of targets to monitor the delivery of CTF projects. The Committee established these targets to enhance CTF operations and strengthen pipeline management, while also promoting and encouraging the effective use of CTF resources. It also agreed to request a number of CTF countries to prepare an update or revision of their IPs and submit it to the TFC for discussion at its May 2013 meeting or before. The Administrative Unit of the Climate Investment Funds (CIF) informed the GoM of this decision on June 28, 2012.
- 1.4 IFC’s total allocation under the CTF Investment Plan for Mexico was USD 50 million; out of which 30M was for financing renewable energy projects, and 20M for energy efficiency financing. From IFC’s renewable energy allocation, 15M was used to finance the La Ventosa project that, together with IFC’s own resources, was able to mobilize and additional 173.6M in co-financing. The remaining from IFC’s renewable energy allocation was set aside to finance other wind energy projects. However, at this time, IFC doesn’t foresee short term investments in both the wind energy sector and the energy efficiency sector. Therefore, in order to accelerate the execution of CTF resources following the new targets to enhance CTF operations, IFC is making its 34.4M of unused CTF resources available to be allocated to other priority programs or projects as determined by the GoM. This decision was communicated to the GoM and other MDBs in December 2012.
- 1.5 After evaluating a number of options for the use of these resources, the GoM decided to move forward with a Geothermal Exploration Risk Mitigation Project to be executed by IDB.
- 1.6 The GoM invited the MDBs to participate in a Joint Mission in January 2013 to further discuss the process for preparing the IP revision.

II. MAIN RESULTS

- 2.1 A series of meetings were held with representatives of the GoM, IDB and IBRD. The GoM ministries involved were SHCP, the Ministry of Energy (Secretaría de Energía, SENER), the Ministry of the Environment and Natural Resources (Secretaría de Medio Ambiente y Recursos Naturales, SEMARNAT), the Energy Regulatory Commission (Comisión Reguladora de Energía, CRE), and the National Institute of Ecology and Climate Change (Instituto Nacional de Ecología y Cambio Climático, INECC).
- 2.2 During the meetings it was agreed that the IP revision document should include:
- A description of the status of the projects and programs that have already been approved by the TFC.
 - A discussion about the alignment of the CTF IP with the new government's development and climate change priorities, and an outline of the GoM's plans for preparing a second CTF IP.
 - A concept note of the proposed Geothermal Exploration Risk Mitigation Project.
 - A discussion on the steps taken to comply with the CTF results framework.
 - A description of the process for preparing the IP revision, including the engagement of relevant stakeholders.
- 2.3 The GoM stressed that the administration of President Peña Nieto has clearly established that renewable energy, energy efficiency, and sustainable transport actions, which deliver both development and climate change mitigation benefits, are among the GoM's priorities.
- 2.4 In order to seek further support to these priorities, and taking into account that progress to set up the Green Climate Fund has been slower than expected, the GoM informed its intention to submit a second CTF Investment Plan. Although the National Development Plan and the Sectoral Programs for the new administration have not been published, discussions will be held with the relevant ministries, with the collaboration of the MDBs, to identify projects that both comply with the CTF investment criteria and are aligned with the GoM's priorities and strategic directions. Since there is no time to have this 2nd IP ready for submission to the TFC before the May meeting, it was agreed to include in the IP revision document an outline of the 2nd IP. The GoM expects to have this document ready for submission during the summer.
- 2.5 The IDB team discussed with the GoM the proposed Geothermal Exploration Risk Mitigation Project. It was agreed that this project should encourage private investment in geothermal energy through financial and risk transfer mechanisms to reduce investment costs, mobilize private capital for projects and ensure a sustainable growth in the long term. It was further agreed that SENER, IDB and NAFIN, with the collaboration of the National Institute of Ecology and Climate Change (Instituto Nacional de Ecología y Cambio Climático, INECC) and the Regulatory Commission (Comisión Reguladora de Energía, CRE), will prepare a concept note on this project to be included in the IP revision. It was also noted that SENER is preparing a project to support research and development of renewable energies and energy efficient technologies, and that synergies should be sought.
- 2.6 The GoM and the MDBs discussed how best to comply with the recently approved [CTF results framework](#). It was agreed that the IDB will support the GoM with a consultancy aimed at designing the procedures for transferring the information on the results of CTF projects and programs to the relevant GoM institutions, aggregating data, and reporting IP-level results to the CIF Admin Unit. The IDB will prepare terms of reference for this consultancy and share them with

the other MDBs and with relevant GoM agencies. The IP revision will report on the progress made in this direction.

- 2.7 The GoM and the MDBs agreed to schedule a new Joint Mission before the May TFC meeting. It would include a meeting to engage relevant civil society, academia, and private sector stakeholders in the process, by informing them about the progress made with CTF-funded projects and programs, and to seek their input on the preparation of the 2nd CTF IP.
- 2.8 The GoM, with the support of the MDBs, will prepare the IP revision document. This document should be ready by late March, so that it can be submitted for discussion during the CTF TFC meeting scheduled for May 2-3, 2013.

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Note: The IFC regrets being unable to participate in the Mission, but relevant discussions on its intention to release its unused allocations were carried out before the mission date.