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Examples of benefits assessment of low emissions development

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Some approaches that Mexico has taken for assessing and communicating LEDS benefits

- Research
 - Modelling with ThreeME
- Communication at Project level
 - Low Emissions Capacity Building Program (LECBP-México).
- Assessment at Policy Level
 - Assessment of Climate Change Policy

Transiting to a low carbon economy in Mexico: an application of the ThreeME 2014-2050

- ThreeME framework, a Multi sectoral Macroeconomic Model based on the Keynesian theory. It is designed to address dynamics of global economic activity, energy system and carbon emissions.
- Originally funded by the French Environment and Energy Management Agency (ADEME) to estimate the macroeconomic of prospective scenarios for energy transition.
- Research collaboration involving the National Institute of Ecology and Climate Change (INECC), the French Economic Observatory (OFCE) and the French Agency for Development.
- It is a general equilibrium model (CGEM) to analyze the effects of the transfer of activities from one sector to another and feedback between supply and demand.
- It was adjusted to Mexican reality to simulate medium and long term impacts of proposed and future energy and fiscal policy. It combines a macroeconomic modeling (top-down) and a technical modelling of energy consumption (bottom-up).

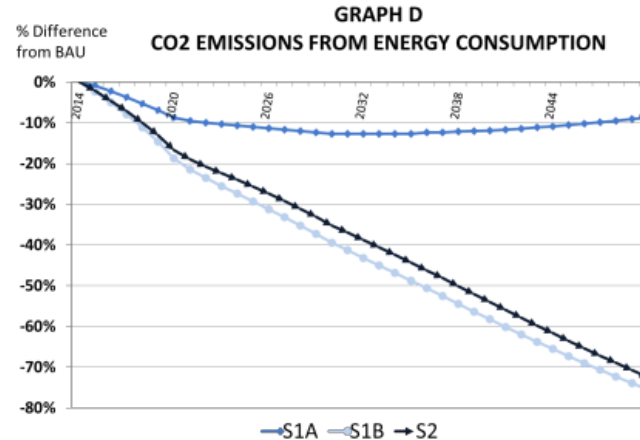
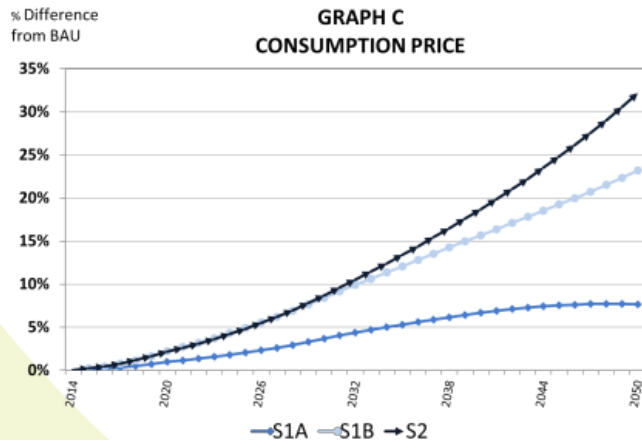
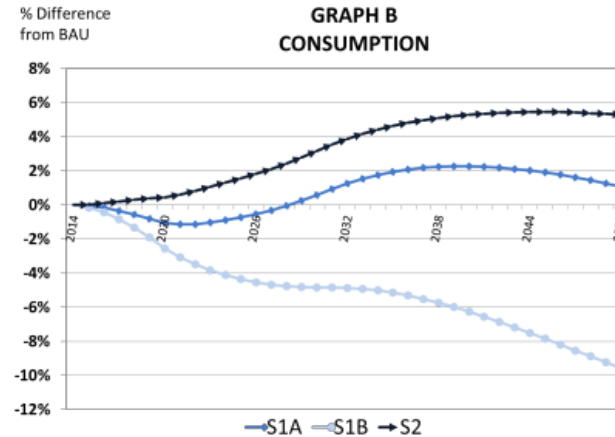
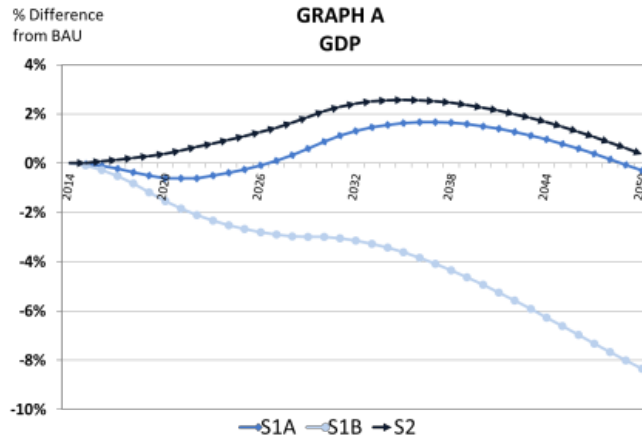
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ThreeMe for México. 2014-2050

Scenario	Policy	Redistribution of carbon taxes
S1A	Removing energy subsidies	No
S1B	Removing energy subsidies + implementing carbon taxes	No
S2	Removing energy subsidies + implementing carbon taxes	Yes
S3	Removing energy subsidies + implementing carbon taxes + changes in energy matrix	Yes

Some results from Macroeconomic simulation (Redistribution versus Non-redistribution)



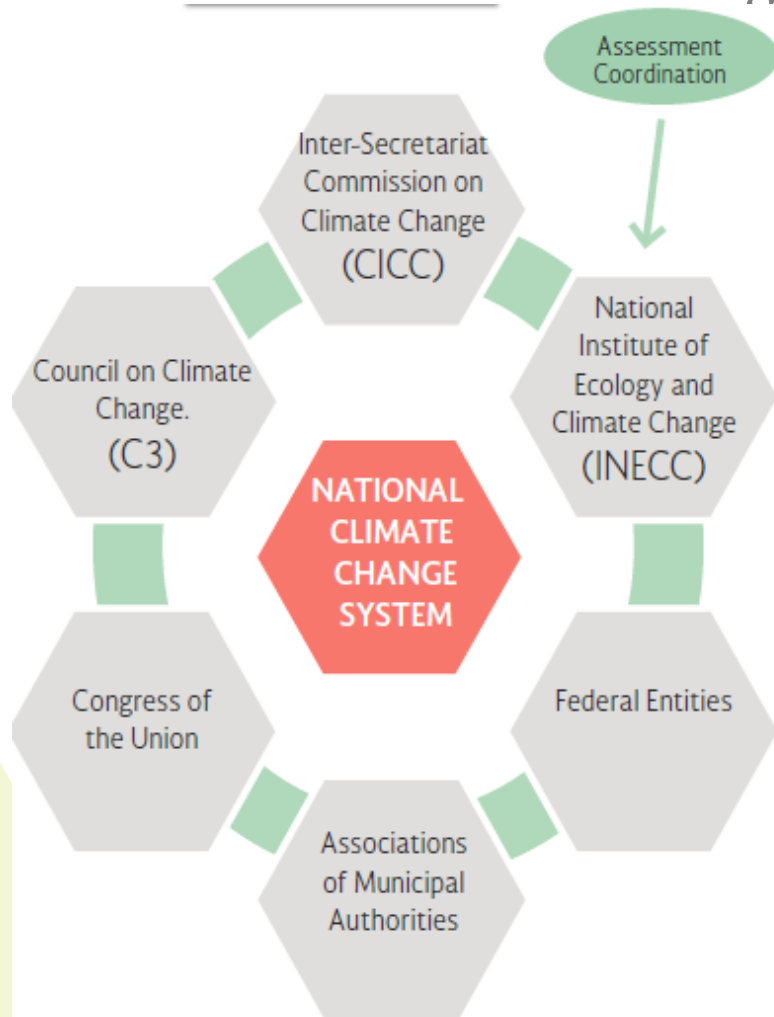
At the scenario with redistribution (S2), the distribution of carbon tax revenues and subsidies can reconcile environmental and economic objectives: the effect on GDP and consumption is positive.

- **BETTER UNDERSTANDING OF SECTORIAL EMISSIONS**
 - Handbook and workshops on MRV tools (GHG Protocol, IPCC methodologies).
 - Capacities building for private sector to help the implementation of on-line tool for National Emissions Registry.
- **IDENTIFYING MITIGATION OPPORTUNITIES**
 - Quantifying the economic saving of adoption of industrial cogeneration.
- **DEVELOP LOW CARBON DEVELOPMENT STRATEGY**
 - Sign of agreements with the industry to develop the document which contain the elements for LEDS.

Lessons learned to communicate LEDS benefits

- Achieving interest in the development of the Strategy
 - Communicate first the actions with economic benefits.
 - Relying on legal obligations (GHG National Emissions Registry) and analysis of opportunities and threats.
 - Diversify options to internalize environmental costs (carbon market, emissions taxes, tariffs or import barriers).
- Increasing green investment through:
 - incentives to reduce emissions and encourage profitable projects that reduce emissions (preferential financing and regulatory facilities, clean or certified emission reduction).

Assessment of Climate Change Policy



Challenges:

- Defining what will be evaluated among all the aspects of climate change policy.
- MRV and assessment methodologies.
- Communicate progress and delays related to national commitments.
- Incorporate feedback and recommendations into climate change policy.

**Climate Change
Policy Assessment
Office**



**National Institute
of Ecology and
Climate Change**



**6 Social Advisers
(academic, scientific, and
private sector)**



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Thank you

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