



ACHIEVING MEXICO'S CLIMATE AMBITION DESPITE INSTITUTIONAL WEAKNESS

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Highlights

- Public data systems, fiscal policy, and institutional accountability were identified as key factors hindering climate policy implementation.
- Access to digital public infrastructure, carbon tax policy, regulation, and standard enforcement that reflect climate priorities would likely improve both climate policy process and outcomes.
- Cross-sectoral policy design is needed to ensure economy-wide interaction with improved climate outcomes.

Introduction

Heavily impacted by climate change, Mexico remains committed to mitigating its impacts through a broad range of decarbonization policies.^{1,2} To decouple economic growth from greenhouse gas emissions and fluorinated gases, the carbon intensity of Mexico's main emitting sectors needs to decrease.³

While pre-existing research on climate policy adoption gaps and climate governance have generated valuable data points for climate policymakers tasked with economy-wide climate agenda integration and/or decarbonization, there is still a limited understanding of implementation gaps, defined here as the *discrepancy between intended and actual outcomes after policy adoption*. In this preliminary study, implementation gaps analysis (IGA) developed by the Climate Policy Lab (CPL) is applied to assess sources of implementation gaps in Mexico. The IGA framework includes four broad categories of policy implementation gaps: (1) *Governance and Institutional Capacity*, (2) *Political Economy and Interests*, (3) *Financial Constraints*, and (4) *Technical and Legal Constraints* (Appendix A).

Climate initiatives evaluated in this study were selected from the International Energy Agency⁴ and CPL⁵ policy databases based on the following criteria: “initiatives” include policies, programs, strategies, legislative acts, regulatory and planning instruments and other actions that are (i) currently in effect, have been recently enacted, or have recently ended; (ii)

Table 1: Selected Policies for Implementation Gap Analysis – Mexico

Sector	Policies
Economy-wide	2022 Nationally Determined Contribution (NDC)
	2025 Plan Mexico
	2019 National Development Plan (2019-2024)
	2020 Environment and Natural Resources Sector Program (PROMARNAT) (2020-2024) (AFOLU)
	2012 General Law on Climate Change (GCCL)
	2021 Special Climate Change Program (PECC) (2021-2024)
	2012 General Ecological Planning Program of the Territory (POETG)
	2020 Emissions Trading System (ETS) Pilot Program (SMCE)
	2020 National Emissions Registry (RENE)
	2020 National Strategy to Reduce Short-Lived Climate Pollutants
Energy	2016 Special Tax Law on Production and Services - Carbon Tax and Credits
	2024 Clean Energy Government Axis Plan
	2022 Program for Development of the National Electric System (PRODESEN)
	National Program for Sustainable Energy Use (PRONASE) (2020-2024)
Agriculture	2024 National Strategy for Electricity Sector 2024-2030 Mexico
	2020 Sectorial Agriculture and Rural Development Program (2020-2024)
Forestry	2020 National Forestry Program (2020-2024, PRONAFOR) (includes PES)
	Conservation for Sustainable Development Program (Programa de Conservación para el Desarrollo, PROCODES – program linked to PROMARNAT and CONANP's protected areas)
	2022 Compensation Guidelines of the Program for Land Use Change in Forest Land

are estimated to have considerable emissions impacts and (iii) effect the achievement of the country's NDC commitment (Table 1).

USE VALUE

This study provides insights about important gaps and bottlenecks identified in current processes of climate-related policy implementation in Mexico. As such, it can be used by policymakers to avoid or minimize policy incoherence across scales, sectors, and governance structures. In a broader sense, it can guide policymakers to identify and/or address structural barriers that hinder successful climate policy implementation, as part of the NDC process.

Initial Findings

Mexico's initial 2015 NDC included a *level of specificity* (i.e., cost of inaction versus cost of implementation) that provided a distinct opportunity to translate the articulated ambition into effective climate policies. The subsequent political cycle, however, was marked by an absence of federal climate leadership, which became reflected in a weaker 2020 NDC lacking *clear allocation of responsibilities, timelines, and resources*.

At the same time, however, 18 subnational governments have acted independently and approved 12 state level climate change laws,

some of which include a 2050 net zero target – a commitment that the federal government has yet to enshrine in national law. Progress is being made at the subnational level to mobilize regulations, strategies, resources, and action plans that could support NDC implementation.

Based on CPL's preliminary analysis, Mexico's implementation gaps converge around politically inconsistent planning, policy incoherence, and/or incentive misalignment that are co-related to weakened institutions and challenges in vertical and horizontal coordination. Breakdown in vertical coordination seems to be due in part to (i) missing infrastructure for data sharing and dissemination of actionable climate knowledge, but also (ii) unclear mandates to act across scales. Lack of data and actionable knowledge affects not only federal planning but also the ability of states and municipalities to act effectively.

GOVERNANCE AND INSTITUTIONAL CAPACITY

Inconsistencies between formal commitments made under the *Nationally Determined Contribution (NDC 2022)* and the operational capabilities of institutions responsible for executing the commitments are a barrier to progress. *INECC*, the national body responsible for greenhouse gas inventories, only publishes data every four years and with substantial delays, with implications for federal planning, and state and municipal climate action. Additionally, this lag limits the country's ability to track its progress while undermining the accountability of sectoral actors.

Compared to its previous 2014 version, the *Special Climate Change Program (PECC 2021–2024)* lacks mitigation quantification, policy impact modeling, and a dedicated budget. Furthermore, the program's role in institutional planning has been diminished and no longer functions as a core coordination tool across sectors or ministries. Similarly, coordination of national targets at the level of states and municipalities remains challenging. Reforms of the *General Law on Climate Change (LGCC)* resulted in weakening of climate institutions (e.g., *INECC* lost autonomy), and inter-ministerial coordination mechanisms overall became much

less effective. Breakdown in vertical coordination was considered by the interviewees a critical implementation barrier across the country.

On the upside, subnational climate ambition at the level of states (e.g., Yucatán, Baja California Sur, Quintana Roo, Jalisco and Campeche) illustrate how regional priorities (i.e., forestry in Yucatán or blue carbon in coastal areas) can shape climate action and unlock regulatory processes, strategies, resources, and action plans that can directly support NDC implementation.

POLITICAL ECONOMY AND INTERESTS: POLICY DESIGN, COMPETING GOALS, INDUSTRY LOBBY, INCENTIVE MISALIGNMENT

The recent *2019–2024 National Development Plan (PND)* has provided a policy framework that clearly manifested competing climate and development goals and incentive misalignment. The PND prioritized “energy sovereignty” (understood as “sovereignty of fossil fuels”) while allocating significant public investment toward further development of fossil fuel infrastructure (i.e., oil refining, gas expansion – all while reducing regulatory certainty for renewables).⁶ By implication, high-level development strategies that have maintained carbon-intensive trajectories have neutralized or rendered ineffective climate instruments like the *NDC* and *PECC*.

In a related way, regulatory and legal barriers to distributed solar energy prevail, where the current *Electricity Industry Law* disadvantages households and small-scale producers who face significant grid access and pricing disincentives. These disincentives, along with legal constraints deter private investment in distributed renewables and contradict the government's stated transition goals (*competing goals*).⁷

FINANCIAL CONSTRAINTS

A lack of alignment between the *NDC* and federal spending priorities was identified as a key barrier to a faster pace of decarbonization. This misalignment between the government's stated climate objectives and actual budgetary allocations is evident in the majority of climate-related funds being directed toward major

investments in natural gas infrastructure and large-scale construction projects whose emissions impacts are uncertain or potentially counterproductive. At the subnational level, where climate plans exist, they do not translate into enforceable programs with assigned resources. At the state level, only a few governments, such as those of Guanajuato and Jalisco, have successfully created dedicated budget lines for mitigation programs, while the majority of others lack the autonomy or coordination with the Ministry of Finance to do so.

A carbon tax was originally created under the **2016 Special Tax Law on Production and Services (IEPS)** to incentivize emissions reductions and fund climate-related projects. Despite being a nationally adopted policy, it lacks both coherence and integration into the wider mitigation framework (e.g., strategies for clean transport, energy transition, or urban planning). While purely fiscal in nature, it is disconnected from broader climate objectives and lacks compensatory mechanisms.

TECHNICAL AND LEGAL CONSTRAINTS

Plan México 2025, the government's principal long-term planning instrument, includes decarbonization scenarios and energy transition narratives,⁸ yet these are linked neither to specific *sectoral emissions targets*, nor to *legally binding mechanisms*. Even though the *Plan*'s scenarios assume a reduction in emissions, neither the policy tools nor investments that would make such reductions credible have been made explicit. As such, the *Plan* lacks operationalization instruments (budget, emissions caps, enforcement mechanisms) and cannot guide implementation nor be used for cross-sectoral monitoring.

Weak alignment between planning and implementation is evident in the General Law on Climate Change (LGCC), originally approved in 2012, and reformed several times since. In its inception, the progressive legislation provided mechanisms for long-term planning and institutional independence, but subsequent reforms have weakened the law to the point of removing reference to 2050 climate targets altogether.

Similarly, **PRODESEN**, the annual electricity system development program, previously generated transparent projections and scenario analysis.⁹ However, the current version no longer provides technical details such as generation capacity by technology type, making it impossible to assess whether the system is moving toward the NDC-compatible pathway.¹⁰ This *data vacuum* makes it impossible to monitor policy implementation progress and broader policy impacts.

Implications For Climate Ambition

Based on the analysis of interviewee accounts, for climate ambition to translate into measurable outcomes, the institutional architecture needs to be restored, and emissions planning should be depoliticized while linking its instruments to finance, transparency, accountability, and enforceable legal structure.

The preliminary results of CPL's implementation gap analysis suggest that existing climate policies need to be checked for compatibility across sectors or scales. Long-term vision documents like *Plan México* or the *NDC* should be supported by binding mechanisms and cross-sectoral enforcement. Accountability and transparency that have been eroded should be enhanced, and implementation responsibilities clearly assigned, with necessary resources allocated. Multi-level institutional re-staffing by country climate experts and policy practitioners would address the existing implementation gaps in specific ways: (i) strengthening of institutions, (ii) provisioning of timely, transparent and broadly disseminated data, and (iii) integrating finance systems to align planning with execution – all of which are needed to advance progress in climate policy implementation. This holds true for recent climate policy adoption successes at the subnational level, where similar concerns apply – will the climate plans that have been adopted by individual states translate into enforceable programs, with resources allocated over the long[er] term? ●

Endnotes

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Appendix

TYPOLOGY OF IMPLEMENTATION GAPS

CATEGORIES	DEFINITION	EXAMPLES
Group 1: Governance and Institutional Capacity		
Vertical coordination (multilevel governance)	Alignment across national, regional, and local levels of government in climate policy objectives and implementation.	Misalignment in climate policy implementation, timeline, or targets between federal and state levels.
Horizontal coordination	Alignment among ministries and agencies at the same level of government in climate policy objectives and implementation.	Fragmented efforts and conflicting actions (e.g., competitions between ministries for resources).
International pressures/factors	International and external legal and financial/political dynamics that act as barriers.	Donor-driven conditionality (e.g., IMF or WB's conditions on aids that might restrict policy implementation); WTO rules on export subsidies.
Institutional capacity	Organizational structures, norms, rules, and human resources that enable policy delivery.	Limited expertise, bureaucratic inefficiencies, poor coordination, poor communications.
Group 2: Political Economy and Interests		
Political will	Commitment by political actors to support climate policy decisions and their outcomes.	Delay of policies due to vested interests in fossil fuels, partisan divides, changes in electoral cycles, lack of (or incoherent) incentives.
Competing goals	Tensions between climate objectives or other economic, political, or development objectives.	Trade-offs between emissions reduction and industrial expansion.
Stakeholder engagement/coordination	A systematic process of identifying and interacting with individuals, groups, or organizations that have a stake in a policy or project.	Public consultation held but stakeholder inputs are not integrated; local groups being excluded from decision-making.
Consumer behavior	Behavioral resistance or unintended reactions to climate policies.	Rebound effects from fuel-efficient cars leading to increased vehicle use.
Industry lobbying / resistance	Strategic actions by industries to delay, weaken, or reshape climate policies that challenge their interests.	Coal industry lobbying against early retirement of coal plants or carbon taxes.
Incentive misalignment	Conflicting incentives across climate and non-climate policies that undermine intended outcomes.	Subsidies for fossil fuels, or market-based incentives that contradict carbon pricing mechanisms.
Group 3: Financial Constraints		
Public investment/finance	Provision of public finance during each stage of policy implementation.	Unavailability of funds required for a project scheduled for implementation from 2015 to 2020 during the 2019–20 financial year due to a shock to the source of revenue that paid for the implementation of the policy.
Private investment/finance	Availability of and access to private finance that is required for the implementation of a policy.	Unavailability of sufficient private capital due to a poor estimation by the government of the level of risk that banks were willing to take on.

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TYPOLGY OF IMPLEMENTATION GAPS

Group 4: Technical and Legal Constraints

Technology	Availability and maturity of low-carbon technologies needed.	Mismatch between policy's technological needs and the existing technological infrastructure.
Data, communications, and information	Availability of flow of data and information, availability of information technology and monitoring systems, and the effectiveness of communication between actors.	Emissions data not being collected; lack of reporting to policymakers after the implementation of policies; lack of MRV systems.
Policy design	The initial phase of the policy process which includes identification of actors, instruments, setting of targets, allocation of responsibilities, and establishment of implementation frameworks.	Exclusion of relevant actors; ambiguous targets; unclear division of responsibilities among implementing agencies.
Legal mechanisms	Legal mechanisms available to address issues related to policy non-compliance, enforcement, or disputes.	Insufficient legal tools or mechanisms to enforce policy decisions or when the existing laws are not equipped to address compliance issues.
Human talent	Skilled personnel and institutional leadership to drive innovation and implementation.	Limitations in knowledge, skills, innovation or entrepreneurship in the general population.

FOR ACADEMIC CITATION:

Hampl, N., & Alegre, D. (2025, November). *Achieving Mexico's Climate Ambition Despite Institutional Weakness* (Policy Brief). Climate Policy Lab, The Fletcher School at Tufts University.

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ACKNOWLEDGEMENTS:

This policy brief was developed in collaboration with the Iniciativa Climática de México (ICM). Additionally, Climate Policy Lab extends sincere thanks to all interview respondents for generously sharing their time, insights, and expertise.

FUNDING FOR THIS RESEARCH:

Research for this policy brief was supported by Sequoia Climate Foundation, the William and Flora Hewlett Foundation, and Rockefeller Brothers Fund. Any errors or misrepresentations are the sole responsibility of the authors.

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