



To pay for the projects that will help it reach its near-term goals, Mexico has taken out loans, looked to end unsustainable practices in oil extraction and encouraged companies to keep track of their carbon footprints.

In July, the World Bank loaned Mexico, Latin America's No. 2 economy, \$350 million to expand public transport.

By 2012, the government says state-run oil company Pemex [PEMX.UL] will stop burning off gases released in oil production, a major part of the 54.9 million tonnes of greenhouse gases the company emitted in 2008.

Pemex has also turned to the carbon trading market -- a scheme that lets polluting companies trade emissions credits -- to provide key funds for new projects.

CleanTech Fund, a private equity group that invests in green projects estimates Latin America could generate up to \$42 billion per year by 2020 from carbon trading.

The government is also looking to the private sector driving Mexico's economy to take the lead cutting pollution.

Some 30 businesses and organizations in Mexico, including beverage giant Coca-Cola FEMSA (FMSAUBD.MX: [Quote](#)) and top retailer Wal-Mart de Mexico (WALMEXV.MX: [Quote](#)), have signed up to voluntarily monitor their emissions.

Entrepreneurs also are tapping heaps of garbage to generate power in Cancun, and Cemex (CMXCPO.MX: [Quote](#)), the world's No. 3 cement maker, is turning to wind energy to meet its power needs in the southern state of Oaxaca.

But creative private-sector climate initiatives face financial obstacles. Mexican banks consider the projects high risk and some companies say the government could do more.

"There is still a long way to go to secure debt financing for these projects," said Ernesto Hanhausen, CleanTech Fund's managing director, which helped secure funding for the electricity generation project at Cancun's landfill.

(Editing by Paul Simao)

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