

Sustainable Housing in Mexico

Initial Situation

The residential, public and commercial buildings are responsible for approximately 15% of Mexico's total energy consumption (INEGI 2014). As the population grows by approximately 1.7 million per year, the number of Mexicans aspiring to better housing is increasing. An estimated 500,000 new residential units will need to be built every year over the next decade. In the absence of measures to increase energy efficiency, these new housing units alone would lead to additional greenhouse gas (GHG) emissions of approximately 25 MtCO₂e per year by 2020¹.

In 2012, the National Housing Commission CONAVI developed the world's first National Appropriate Mitigation Action (NAMA) in the sector to address this problem. The Mexican New Housing NAMA is based on the whole-house approach focusing on the total energy performance of a building and is a so-called 'Supported NAMA', meaning that it aims at acquiring international climate finance for its implementation.

Since the end of 2013 the implementation of this NAMA has been supported by the NAMA Facility consisting of the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB), the British Department for Business, Energy and Industrial Strategy (BEIS) as well as the Danish Ministry of Energy, Utilities and Climate (EFKM), and the European Commission. The Mexican NAMA Facility Project combines technical assistance to CONAVI, provided by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, with

financial incentives for NAMA housing allocated by the German Development Bank KfW in cooperation with the Mexican housing development bank SHF.

Project Approach

This NAMA Support Project combines technical assistance to CONAVI (technical cooperation component) as well as financial incentives and project-related technical support in cooperation with the Mexican development bank SHF (financial cooperation component) to path the way from the initial NAMA development towards a broad sector-wide implementation of sustainable housing.

The technical cooperation in particular is addressing:

1. The political framework and support mechanisms:
 - Strengthening of the NAMA as public policy support framework;
 - Harmonising the support mechanisms, efficiency and eligibility criteria for new sustainable houses in Mexico;
 - Systematisation of the Monitoring, Reporting and Verification (MRV).
2. The supply side for energy efficient houses:
 - Capacity building to medium and small housing developers;
 - Technology transfer and development of environmentally friendly technologies in Mexico;

¹ "Supported NAMA for Sustainable Housing in Mexico - Mitigation Actions and Financing Packages", 2012, p.2

The financial cooperation in particular is providing:

1. For financial intermediaries
 - Provision of guarantees for financial intermediaries at attractive premiums in order to facilitate developer's access to commercial financing.
2. For small and medium project developers
 - Financial incentives to partially compensate investment costs in eco technologies;
 - Specific advisory services to identify and prepare suitable projects and obtain funding.

The overarching goal of the NAMA Support Project is to contribute significantly to the transformation of the Mexican housing sector from the baseline situation, where energy efficiency considerations were largely absent, to a sustainable housing sector where effective energy efficiency technologies have penetrated the market.

Results and Lessons Learned

Mexico's national efforts and initiatives to foster energy efficiency and sustainability in the social housing sector, supported by the international community, created a strong conscience and commitment amongst the diverse public and private key actors of the sector. Today, Mexico is on track to gradually transform its social housing sector towards a low carbon sector, contributing significantly to its mitigation goals at national and international level.

Awareness and International Climate Negotiations, Policy and Financing:

The NAMA development and initial implementation helped Mexico to achieve a high level of visibility within the international climate community and strengthened its position as partner in the international climate negotiations.

Through the Housing NAMA, international co-financing has been mobilized, as shown, for example, by the extension of the ECO CASA Programme and the Mexican NAMA Support Project of the NAMA Facility.

Financing programmes:

New financing schemes, such as green bonds, and instruments for the private sector towards a low carbon economy are being explored.

In 2015 CONAVI established in its operational rules for its federal housing subsidy the prioritized financing to those housing developments that adhered to the NAMA standards. From June 2015 until December 2016, about 41,000 subsidies were awarded for NAMA housing units with 20% of emission reductions which have since been either evaluated, constructed or are in process of construction. The ECO CASA Programme, implemented by KfW and SHF with co-financing by CTF and IDB, offers bridge loans as financial incentives for project developers. As of December 2016 the ECO CASA Programme had financed 32,078 housing units of which 21,207 units have been built.

Mitigation Potential:

The implementation of the Mexican Housing NAMA so far resulted in almost 60,000 newly constructed NAMA housing units. The mitigation potential of these units is being estimated by 28.339 TCO₂e per year (ex-ante).

Capacity Development and Innovation:

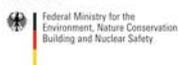
The building sector has more capabilities in energy efficiency in buildings, particularly in the housing sector. More than 1,200 people have been trained in energy simulations and sustainable housing. Mexico disposes of an energy and environmental qualification system for new and existing residential buildings, the Sisevive-Ecocasa, which is being operated by the NAMA financing programmes.

Awareness-raising:

Based on the necessities of public and private housing stakeholders, the Mexican NAMA Support Project developed a medium and long term strategy for the sensitization and training of private housing developers, public and private decision makers, local authorities and end users regarding energy efficiency and the implementation of the Housing NAMA.

NAMA Facility

On behalf of



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@iki_bmub

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