

Implementation of the New Housing NAMA in Mexico

Country/Region

Mexico

NAMA Support Organisation

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Kreditanstalt für Wiederaufbau (KfW)



Implementing Partners

Ministry of Environment and Natural Resources (SEMARNAT), Ministry of Agrarian, Territorial and Urban Development (SEDATU), National Housing Commission (CONAVI), Sociedad Hipotecaria Federal (SHF)

Project Snapshot

The NAMA Support Project (NSP) aims to transform the Mexican housing sector, and particularly low-income housing, by promoting cost-effective energy-efficient building concepts and technologies, enhancing and harmonising support mechanisms, raising awareness among consumers, and increasing the capacities of project developers.

The residential building sector is responsible for an estimated 17% of Mexico's total energy consumption. This number is expected to increase, driven by a growing population (around 1.7 million people annually) and a rising number of Mexicans aspiring to better housing. In this context, it is estimated that 600,000 new residential units will be built annually over the next decade, leading to additional greenhouse gas (GHG) emissions of approximately 25mtCO₂e per year by 2020.

To tackle this problem, and in accordance with its commitments under COP 21, the Mexican government has developed an ambitious new climate and urban development agenda. It prioritises re-densification of inner-city districts as well as more compact, vertical building designs, and targets an overall reduction of GHG emissions by 50% by 2050 (compared to levels in 2000).

However, although progress is being made, Mexico still faces numerous barriers to affordable energy-efficient housing at scale. These include limited knowledge and experience in the area of energy-efficient construction, subsidised energy prices which disincentivise the market, costly technical equipment and building materials and a weak regulatory environment. The NSP seeks to address these challenges by enhancing the supply side of energy-efficient houses, increasing demand for such houses by demonstrating their economic benefits and fostering a relevant legal framework and support mechanisms.

To achieve this, the NSP promotes the uptake of basic efficiency standards in the entire new housing market in Mexico through:

1. Technical assistance to large public housing financiers and housing; and
2. Financial incentives and project-related technical support for small and medium-sized developers and financial intermediaries.

The financial component combines several elements. A loan guarantee to financial intermediaries provides attractive premiums to facilitate developers' access to commercial financing. Simultaneously, financial incentives for small and medium-sized developers partially compensate investment costs in eco-technologies and fund specific advisory services to identify, raise funds for and prepare suitable projects.



Sector

Energy efficiency



Beneficiaries

Over 100,000



NAMA Facility Funding

EUR 14.9m
(FC: 10.9m - TC: 4m)



Duration

2014 - 2021
(TC finalised in 2017)



Status

Implementation

Expected Outcomes

- At the start of the project the minimum target was a 20% reduction in GHG emissions (an equivalent of 4000,000 tCO₂e) by 2020. By 2017, this target had been surpassed with reductions exceeding 1,090,000 tCO₂e.
- Initial targets to leverage EUR 120 million in public financing and EUR 80 million in private financing have been exceeded with EUR 143 million and EUR 200m mobilised by 2020.
- The initial target of 43,000 direct beneficiaries has been exceeded with demonstrated benefits to over 194,000 urban residents by 2020.
- In terms of NSP housing units, the initial target of 11,000 units subsidized or mobilised by NAMA Facility has been surpassed, with 49,625 units reached by 2020.