

Project information

Energy efficiency – Mexico

Creating more “green” social housing with energy-efficient houses

The real estate sector in Mexico is facing enormous challenges, with approximately 500,000 new homes built every year as a result of the high population growth rate. This results in uncontrolled urban expansion. The real estate sector accounts for around 17 % of the country’s energy requirements.

In view of this situation, the Mexican government, in consultation with KfW Development Bank and the Inter-American Development Bank, has designed a programme to construct energy-efficient social housing called “EcoCasa”. On average, an EcoCasa house uses 20 % less energy than a comparable standard house.

Context

The demand for living space considerably outstrips supply. The housing deficit stands at nearly 9 million homes, and the trend is increasing because the country’s population continues to grow.

This means that 35 million Mexicans do not currently have access to adequate housing – an average Mexican household comprises just under four people.

At the same time, Mexico is among the ambitious emerging economies. Its energy consumption has long been constantly increasing. Private households account for around 17 % of this, and their energy consumption is expected to see a 37 % increase by 2030.

The national government is aware of this problem. When it passed the General Law on Climate Change in 2012, Mexico became one of the first emerging economies to set voluntary targets for reducing CO₂ emissions.

Subject to appropriate support from industrialised countries, the law stipulates a 30 % reduction in greenhouse gas emissions by 2020 and a 50 % reduction by 2050, relative to their level at the turn of the century. This is very important for Mexico as the country is highly vulnerable to the effects of climate change.

The EcoCasa programme, which the government launched in 2013 after a long period of preliminary work and which is also supported by the Gesellschaft für Internationale Zusammenarbeit (GIZ) is a major contributor to achieving these ambitious targets.

On behalf of the German Federal Government (Federal Ministry for Economic Cooperation and Development (BMZ) and Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB)), the European Commission and the UK Department for Business, Energy and Industrial Strategy (BEIS), KfW is supporting the programme in order to meet the climate and environmental goals, as well as to reduce the housing deficit and thus sustainably improve the quality of life of Mexico’s population.

Project approach

The EcoCasa programme is being implemented by the Mexican development bank Sociedad Hipotecaria Federal (SHF) and has total funds of around USD 400 million. Building on experience in Germany, various efficiency standards are being established with EcoCasa, underpinned by low interest rate loans and grants for building contractors.

Project title	EcoCasa programme
Commissioned by	Federal Ministry for Economic Cooperation and Development (BMZ) Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) Latin American Investment Facility (LAIF) NAMA Facility (BMUB/DECC)
Country/region	Mexico
Project partners	Mex. development bank Sociedad Hipotecaria Federal (SHF) Inter-American Development Bank (IDB/CTF)



These compensate for the additional costs of energy-efficient technology, meaning that the buyer or tenant can purchase or rent the energy-efficient property at a competitive price that is comparable to that of a standard property.



Sustainable neighbourhood in Hidalgo, Mexico. Source: KfW photo archive, photographer: Ingrid Hahn.

This helps to establish as-yet largely unknown energy-efficient technologies, which also benefit residents financially by reducing expenditures on electricity, water and gas.

In addition to the German contribution of around USD 250 million, the Inter-American Development Bank has contributed around USD 100 million. The NAMA facility is providing further grants to finance individual pilot houses that are even more efficient and which incentivise small project developers to enter the energy-efficient construction market.

The EU is also contributing further grants to the project. Cooperation between various international institutions is at the core of this programme's success.



On average, an EcoCasa house uses 20 % less energy than a comparable standard house. Source: KfW photo archive / Klaus Veigel

Impact

To date, EcoCasa has financed around 61,000 houses for over 237,000 Mexicans in all of the country's four climate zones.

EcoCasa not only saves around one million tonnes of CO₂ over the lifetime of the buildings; it also improves the living conditions of many low-income families by providing higher-quality accommodation. In addition to EcoCasa, funds were also provided for the construction of 30 highly efficient passive houses.

In the long term, the programme will help to establish new, environmentally-friendly standards in construction and lending which the national real estate market will use, to an increasingly greater degree, as future benchmarks.

It has also received international recognition: in 2013 the United Nations Climate Change Secretariat (UNFCCC) declared EcoCasa a flagship project in international climate action. Former UN Secretary General Ban Ki-moon said at the time that projects such as EcoCasa showed that "sustainable change is possible".

EcoCasa also received awards from other international institutions such as Ashdon, ALIDE (Latin American Association of Development Financing Institutions) and KfW.

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