

## Energy Efficiency – Mexico

### „Green“ Social Housing

Approximately 500,000 new homes are built every year in Mexico, as a result of the country’s high population growth rates. This poses an enormous challenge to the Mexican housing sector and also results in uncontrollable urban expansion and increased energy demands in the housing sector, which represent 17% of the country’s total energy demand. In order to address these challenges, the Mexican government launched EcoCasa, in collaboration with KfW Development Bank and the Inter-American Development Bank. This program, aimed at constructing energy-efficient housing, needs 20% less energy than regular houses.

### Context

The need for living space in Mexico by far exceeds supply; currently, the housing deficit is estimated at nearly 9 million homes. And the trend is increasing as the country’s population continues to grow at steady rates. Taking into account that the average Mexican house accommodates almost 4 people, it is estimated that 35 million Mexicans do not have access to adequate housing. At the same time Mexico belongs to the group of emerging economies with constant growing energy consumption. Currently, the energy demand of the housing sector represents 17% of the total national consumption, and is expected to increase to 37% by 2030.

Well aware of its increasing emissions, the country is passed a climate change law in 2012 and was one of the first emerging economies to set voluntary targets for reduction of emissions, which are crucial given its high vulnerability to climate change. With this new legal framework, Mexico expects to decrease its greenhouse

gases emissions by 30% in 2020 and by 50% in 2050, with respect to its year 2000 levels, conditioned to receiving adequate support from industrialized countries.

In order to reach these targets, the Mexican government launched the EcoCasa program in 2013, after long preliminary work supported by partners including GIZ (German Corporation for International Cooperation), and KfW Development Bank.

On behalf of the German federal government (including

<b>Project name</b>	EcoCasa Program
<b>Commissioned by</b>	German Federal Ministry for Economic Cooperation and Development (BMZ)
<b>Country/Region</b>	Mexico
<b>Associates</b>	<ul style="list-style-type: none"> <li>▪ Sociedad Hipotecaria Federal</li> <li>▪ German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB)</li> <li>▪ Inter-American Development Bank (IADB) / CTF</li> <li>▪ Latin American Investment Facility (LAIF), European Union NAMA Facility (BMUB / DECC)</li> </ul>





Sustainable neighborhood in Hidalgo, Mexico.  
Source: KfW Group, photographer: Ingrid Hahn

the Ministry of Economic Cooperation and Development and the Ministry for the Environment, Nature Conservation, Building and Nuclear Safety) and in cooperation with the European Union and the British Department for Business, Energy and Industrial Strategy (BEIS), KfW Development Bank supports EcoCasa. It does so in order to help Mexico fulfill its ambitious climate targets while contributing to reduce the country's housing deficit and improving the quality of life of its population.

### Approach

EcoCasa, with a funding level of USD 300 million, is implemented by the Mexican development bank specialised in housing, Sociedad Hipotecaria Federal. Based on the experience of Germany, efficiency standards are created and combined with credits at low interest rates, compensating the additional costs of green technologies. In this way, buyers and renters can buy or rent energy-efficient buildings at a competitive price that is comparable to that of a standard house. This mainstreams energy-efficient technologies, while bringing households financial benefits due to the lower payments of utilities such as electricity, water, and gas.

Cooperation between different international institutions is at the core of the success of this program. Funding from EcoCasa started with two contributions: USD 150 million from Germany and USD 100 million from the Inter-American Development Bank. Other funding

comes from the European Union and the NAMA Facility, focused on promoting highly efficient passive houses and introducing smaller housing developers to energy-efficient construction. Up to USD 210 million are expected to allow the expansion of the program in the future.

### Impact

Up to now 36,000 houses have been financed, benefiting more than 100,000 people that live in all four climatic zones of the country. EcoCasa houses save around one million tons of CO<sub>2</sub> during their life-cycle while contributing to a higher quality of life for mostly low-income families, due to a better indoor environment. The program contributes to establish sound environmental standards for the construction of new houses, as well as a lending scheme that is attractive for the real estate industry.

EcoCasa has received international acknowledgement, in 2017, it was awarded the Energy Globe Award. In 2013, the United Nations Framework Convention on Climate Change (UNFCCC), declared it a lighthouse project in international climate protection. Former UN Secretary General, Mr. Ban Ki-moon, stated that projects like EcoCasa showed that sustainable change was possible. The program has also received awards from international institutions such as Ashdon, ALIDE (Latin American Association of Development Financing Institutions), and KfW.



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