Mexico

Mexico New Housing Nationally Appropriate Mitigation Action

OBJECTIVE

The main objective of the Mexico New Housing project was to accelerate the uptake of energy-efficient and low-carbon building practices in the country's new housing sector, with a particular focus on affordable and social housing. The project aimed to reduce greenhouse gas emissions from residential buildings while demonstrating that higher energy performance standards could be achieved cost-effectively and at scale. A further objective was to strengthen institutional capacity and market confidence so that energy-efficient housing would continue beyond the project's lifetime..

COUNTRY

Mexico, 2014 – 2021

SECTOR AND APPROACH

Buildings; Information and Incentives

SOURCE

Mexico New Housing

DESCRIPTION

The project focused on new residential construction and targeted housing developers, especially SMEs, as well as financial intermediaries and public housing institutions. The project provided technical support to improve building design, construction practices and compliance with energy performance standards. At the same time, it offered financial support through credit lines and guarantees to encourage banks to lend to energy-efficient housing projects. Key stakeholders included national housing authorities, development banks, international development partners and private sector developers.

UNIQUE ASPECTS OF THE PROJECT

This project is a strong case study because it successfully combined technical assistance with targeted financial instruments to address both supply-side and demand-side barriers. Rather than focusing solely on regulation, it worked directly with developers, financial institutions and public authorities to de-risk investment in energy-efficient housing. The emphasis on low-income housing makes it particularly relevant to other policy makers seeking to align climate mitigation with social objectives. The project has been implemented with a solid market-based approach, by leveraging private capital and focusing on long-term market transformation rather than short-term subsidies.

Mexico Mexico New Housing Nationally Appropriate Mitigation Action

RESULTS

The project supported the construction of approximately 48 000 energy-efficient housing units, primarily developed by small and medium-sized enterprises (SMEs). These homes achieved average emissions reductions of around 20% compared with conventional housing, resulting in an estimated lifetime mitigation impact of approximately 446 000 tonnes of carbon dioxide equivalent. In addition to climate benefits, households experienced lower energy bills and improved thermal comfort. The project also mobilised over EUR 100 million in private finance through loans, guarantees and blended finance mechanisms, demonstrating that energy-efficient housing can be financially viable and attractive to lenders.

LESSONS LEARNED

Evaluations found that strong co-ordination between technical and financial components was essential to success. While the project demonstrated clear benefits, it also highlighted challenges in achieving full market transformation within a limited time frame. Greater stakeholder engagement at local level and more region-specific design standards could have enhanced impacts further. Overall, the project shows that sustained policy support is needed to embed energy efficiency as a mainstream practice in the housing sector.

ALIGNMENT WITH REGULATORY AND POLICY FRAMEWORKS

The project complemented existing Mexican housing and energy efficiency policies, including national building code and eco-technology programmes. Rather than introducing new regulations, it strengthened the implementation of existing frameworks and helped raise ambition within them. The project worked best in combination with broader housing finance and urban development policies, reinforcing national climate commitments under Mexico's Nationally Determined Contribution. Its alignment with public housing institutions ensured coherence with social housing objectives.

IMPLEMENTATION AND ENFORCEMENT

Implementation relied on a dual structure combining technical and financial co-operation. Technical assistance supported capacity building, guidelines and monitoring, while financial mechanisms channelled funds through local financial institutions. Monitoring and evaluation were embedded throughout the project, with regular reporting on housing units delivered, energy performance and emissions reductions. Independent evaluations assessed both quantitative impacts and market transformation effects, although enforcement relied largely on incentive-based mechanisms rather than sanctions.