

## Draft TC ABSTRACT

### I. Basic project data

- Country/Region: Mexico
- TC Name: **Preparation of the SHF Energy-Efficient Housing Program**
- TC Number: ME-T1202
- Team Leader/Members:
  - Claudio Alatorre (INE/ECC)-Team Lead
  - Gloria Visconti (INE/ECC)-Team Member
  - Gisela Campillo (INE/ECC)- Team Member
  - Ubaldo Inclan-Gallardo (INE/ECC)-Team Member
  - Ramon Guzman (ICF/CMF)- Team Member
  - Leticia Riquelme (ICF/CMF)- Team Member
  - Katharina Siegman (INE/CME)-Team Member
- Indicate if: Operational support
- If Operational Support, TC give number and name of Operation Supported by the TC: ME-L1121
- Reference to Request<sup>1</sup>: NA
- Date of TC Abstract: December 13th
- Beneficiary (countries or entities which are the recipient of the technical assistance): Sociedad Hipotecaria Federal (SHF), Mexico
- Executing Agency and contact name: Inter-American Development Bank. Contact: Claudio Alatorre calatorre@iadb.org
- IDB Funding Requested: USD265,000
- Local counterpart funding, if any:
- Disbursement period (which includes execution period):January 2012-December 2012
- Required start date: February 1<sup>st</sup>, 2012
- Types of consultants (firm or individual consultants): firm and individual consultants
- Prepared by Unit: INE/ECC
- Unit of Disbursement Responsibility : INE/ECC
- Included in Country Strategy (y/n) n; TC included in CPD (y/n): y
- GCI-9 Sector Priority: CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY

### II. Objective and Justification

This technical cooperation is included in the proposal "Mexico CTF-IDB Group Energy Efficiency Program, Part I" that was approved by the Trust-Fund Committee of the Clean Technology Fund (CTF) on May 2<sup>nd</sup>, 2011. It seeks to support the preparation of the second part of this program, to be submitted also to the CTF, tentatively in April 2012. This second part will be called "SHF Energy-Efficient Housing Program", and will be made up by a loan (ME-L1121) and a technical cooperation package (ME-T1201). The objective of this Technical Cooperation is to support the preparation, design and, depending on the resources available, the implementation of the SHF Energy-Efficient Housing Program.

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<sup>1</sup> A copy of the Letter of Request, Programming/Portfolio Review Mission Aide Memoire or Report requesting the TC should be submitted with the Abstract.

The general objective of the program is to enable SHF to support its clients, namely financial intermediaries, in the development of financing products and services to support a transformational shift towards a low-carbon housing market. As part of the program it is envisioned: (i) the reinforcement of the capacities of the housing industry and housing finance institutions for the financing and construction of energy-efficient housing, (ii) the creation of a certification system for energy-efficient housing (including the creation of a brand or seal), (iii) the dissemination of this brand among the industry players and the public, and d) the promotion of its use as a benchmark for growth of this type of housing. The Program will also disseminate to the public the advantages of energy-efficient homes and develop standards proposals for energy efficiency criteria. In its first phase, the program will target a group of companies invited by SHF, which have experience in planning and construction of energy efficient housing. In subsequent phases the process will be developed in a competitive manner.

The SHF Low Carbon Housing Program is aligned with the IDB’s Country Strategy with Mexico in two intervention areas:

- Housing, by increasing the availability of construction finance
- Climate Change, by strengthening federal and sub-national institutional capacities to implement climate change mitigation programs; and Reducing Greenhouse Gas (GHG) emissions.

**III. Description of activities**

The TC program will include the hiring of a consultant/consultancy firm based in Mexico City to support the program, the provision of Technical Assistance to housing developers in Mexico participating in the Program, and the execution of the necessary studies to ensure the adequate preparation of the Program, including the methodology to measure the emissions reductions, the definition of the minimum emission reductions to be required during the first phase of the Program, and the measurement of emission reductions for the initial projects.

Activity	Output
<p><b>1. Consultant firm/individual consultant based in Mexico to support SHF and IDB in the preparation and design of the Program</b></p>	<ul style="list-style-type: none"> <li>• Reports as needed</li> <li>• Inputs for the drafting of the IDB operational documents for the Program (loan and technical cooperation package)</li> </ul>
<p><b>2. Technical studies</b></p> <ul style="list-style-type: none"> <li>• Study to calculate the emission factor of water consumption (needed to account for emission reductions arising from water-saving technologies)</li> <li>• Assessment of the expected emission reductions of each of the developer’s proposed projects, using the approved methodology, in order to determine eligibility for the program</li> </ul>	<ul style="list-style-type: none"> <li>• Final study reports</li> </ul>
<p><b>3. Technical Assistance on the design of energy-efficient houses to Project Developers</b></p>	<ul style="list-style-type: none"> <li>• Technical assistance reports</li> </ul>

4. Reports and Studies to support SHF as needed	<ul style="list-style-type: none"> <li>Delivered reports and studies to ensure the implementation of the project by SHF</li> </ul>
5. Travel expenses for IDB staff and consultants	<ul style="list-style-type: none"> <li>Back-to-office reports</li> </ul>

#### IV. Budget

##### Indicative Budget

[additional level of detail required in budget will be elaborated to provide good guidance]

Activity	IDB/Fund Funding	Counterpart Funding	Total Funding
Mexico-based consultancy to support SHF	USD50,000	NA	USD50,000
Technical studies	USD50,000	NA	USD50,000
Technical Assistance to Project Developers	USD120,000	NA	USD120,000
Reports and Studies to support SHF as needed	USD25,000	NA	USD25,000
Travel expenses	USD20,000	NA	USD 20,000
<b>Total expenses</b>	<b>USD265,000</b>		<b>USD265,000</b>

#### V. Executing agency and execution structure (estimated length: about ½ page)

This activity will be bank-executed, as requested by the beneficiary.

#### VI. Project Risks and issues

The project does not entail any major implementation risks. The bank has identified a potential implementation risk regarding the possibility of a delay in the implementation that could harm the project due to the change in government in December 2012. The Bank and SHF are working extensively to ensure that the next administration takes office with the project already in execution.

As the project contents are highly technical, there is a risk of not obtaining good-quality results. In order to mitigate these risks, 2 peer reviewers will be assigned to each of the products of technical studies.

There are not social or environmental impacts likely to arise from the activities financed by this TC. On the contrary, the products are expected to generate the basis for reduced GHG emissions in low-income housing.

#### VII. Environmental and Social Classification

All TCs must have an ESG classification. This subheading should state the ESG classification of the TC as assigned by ESG.

The formal ESG classification has not been completed yet but neither social nor environmental impacts are envisioned, and the TC is expected to be classified as a category C Project.