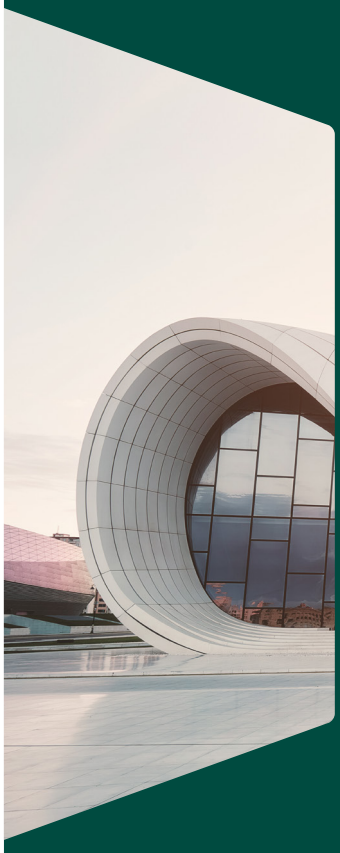
WORLD GREEN BUILDING COUNCIL

Be bold on buildings at COP29

Briefing paper outlining successful outcomes for COP29 negotiations from a building sector perspective

October 2024



Executive summary

The built environment is not on track to halve emissions by 2030 and reach net zero by 2050 (GlobalABC, 2024). Buildings account for nearly 40% of global energy related emissions and half of all extracted materials (GlobalABC, 2024), but we do not have enough policy ambition to address the urgency of climate change.

Despite this, the sector holds immense potential for climate action, offering over 40% of solutions needed to double energy intensity improvements by 2030 (IEA, 2023). We have an opportunity right now to scale market-ready, viable solutions through mobilising our global community.

At COP29 in Baku next month, the World Green Building Council (WorldGBC) asks Parties to commit to actions in the below four areas:

- **Enhance ambition with NDCs:** NDC (Nationally Determined Contributions) commitments fall far short of what is needed to limit global temperature rise to 1.5°C, with current commitments on track for 2.6–3.1°C of warming (UNEP, 2024). At present, only 3 of 195 NDCs incorporate a building code aligned to net zero operational emissions (GlobalABC, 2024). We encourage all Parties to come forward with 1.5°C aligned NDCs. This includes integrating building codes and sub-national policies within NDCs, and the development of national decarbonisation roadmaps for the built environment.
- **Enable action through climate finance:** Parties take into account the mitigation and adaptation potential of our built environments in the new climate finance goal (NCQG) and reform the financial infrastructure for more impactful and equitable climate finance. Parties should provide appropriate financial means to the Loss and Damage Fund to support vulnerable communities, and leverage the development and implementation of green taxonomies. We urge Parties to pledge a threefold increase in energy efficiency investments for buildings.
- **Strengthen resilience with adaptation planning:** We call for Parties to commit to making greater efforts to integrate resilience and adaptation into existing building sector policies and programmes.
- **Increase commitment to the Buildings Breakthrough:** We encourage an increased number of Parties to commit to the Buildings Breakthrough as a platform for collaboration between national governments and stakeholders to accelerate action and optimise the role of buildings in closing the gaps identified in the Global Stocktake.

> ***"The built environment is not on track to halve emissions by 2030 and reach net zero by 2050.***

Each year of delays allows buildings to be constructed that are not aligned with the Paris Agreement. Right now is the time to act, and ensure that COP29 outcomes are enabling us to transition the built environment onto a 1.5°C aligned decarbonisation trajectory.

This document summarises the key positions on sustainable building policies from WorldGBC and the global Green Building Council (GBC) network.

1.0 Background on COP

1.1 COP28 outcomes

The UN Climate Change Summit COP28 took place in November 2023 in the United Arab Emirates, and culminated with several key outcomes which are pertinent to the built environment:

- In the agreed "The UAE Consensus", 198 nations agreed to "transition away from fossil fuels". The Consensus also included new specific targets to triple renewables and double the rate of energy efficiency by 2030. This represents an unequivocal mandate to decarbonise the building and construction sector. This will be a key trigger driving investment and action on energy efficiency in buildings with the potential to yield huge emission savings.
- The conclusion of the world's first Global Stocktake pointed towards a need for much greater action and ambition in Nationally Determined Contributions (NDCs) (national climate action plans under the Paris Agreement) which are due to be revised by early 2025 ahead of COP30. Parties were asked to strengthen the 2030 targets via ambitious, economy-wide emission reduction targets, covering all greenhouse gases and sectors. This cannot be achieved without the building sector, which represents almost 40% of global energy related carbon emissions (GlobalABC, 2024).
- On adaptation, a "framework" was developed to guide nations in their efforts to protect people and the environment on the impacts of climate change.

1.2 About COP29

COP29 will take place in Baku, Azerbaijan from 11–22 November 2024. It marks the midpoint of the 'Troika' of presidencies which was announced at COP28 which brings together the leaders of COP28 – the United Arab Emirates – with the leaders of COP29 and COP30 – Azerbaijan and Brazil – to drive ambitious collective action to deliver on the 'Roadmap to 1.5ºC'.

The Troika was mandated in The UAE Consensus to "stimulate ambition in the next round of NDCs, with a view to enhancing action and implementation over this critical decade and keeping 1.5ºC within reach."

The Azerbaijani Presidency has launched a vision to "enhance ambition" and "enable action". Key topics of the COP29 negotiations include:

- New Collective Quantified Goals on climate finance (NCQG)
- ambitious NDCs
- National Adaptation Plans (NAPS)
- Article 6 (carbon markets)[1]
- climate finance (including the Loss and Damage Fund)

The COP29 programme is relevant to the built environment sector on various days, in particular on 20 November which has a theme of Urbanisation/Transport/Tourism.

COP29
Baku
Azerbaijan

[1] Finalising and operationalising Article 6 of the Paris Agreement. This is in relation to Carbon Markets and permits countries to transfer carbon credits to other countries to meet needs.

2.0 Status of buildings and climate

The building sector's progress towards the Paris Agreement goals is being tracked through the Global Status Report for Buildings and Construction as well as the Breakthrough Agenda Report (BAR) 2024 buildings chapter and the Global Stocktake Synthesis Report (GST).

Whilst it is true that there are challenges in the sector, it is also true that these can be overcome if the global community is mobilised to scale solutions that we know exist and are viable.

2.1 The challenge

The building sector is currently not on track to halve its emissions by 2030 and to be net zero by 2050

- Buildings are responsible for almost 40% of global energy related carbon emissions and 50% of all extracted materials (GlobalABC, 2024). The share of emissions from cities – of which buildings are a significant part – is estimated to be 67–72% of global emissions (IPCC, 2022).
- Building sector emissions are growing at an average of 1% per year since 2015 whilst energy efficiency investments fell 7% between 2022–2023 (Breakthrough Agenda Report, 2024).
- A projected 26% increase in the global population to 9.7 billion by 2050 means that improved efficiency and decarbonisation measures will be offset by global growth in floor area.
- Building operational emissions were 40% above the International Energy Agency's Net Zero Scenario in 2022 (GlobalABC, 2024).
- Developed countries – where most of the buildings needed by 2030 are already built – must increase their deep energy retrofits to achieve real reductions in emissions (IPCC, 2018).

> ***"Building sector emissions are growing at an average of 1% per year since 2015 whilst energy efficiency investments fell 7% between 2022–2023.***

The building sector is insufficiently resilient to the impacts of climate change

- Building resilience must be improved to protect people from heatwaves, droughts, coastal flooding and sea level rise, cyclones and strong winds, and cold. (UNEP, 2021).
- According to World Bank estimates (2019), investing in more resilient infrastructure could also save humanity $4.2 trillion from climate change damages.

2.2 The opportunity

We can deliver better policies and NDCs

- Buildings provide over 40% of solutions needed to double energy intensity improvements by 2030 to keep 1.5°C alive. Achieving this requires rapid scaling of existing programmes and policies (IEA, 2023).
- To align with the Net Zero Emission scenario, the energy intensity of buildings must fall by at least 30% between 2024–2030 (Breakthrough Agenda Report, 2024).
- Electrification of buildings is key to delivering a decarbonised built environment and buildings regulations must unlock flexibility by considering how to include mandatory requirements for sufficient space and how to accommodate installations of heat pumps, electric vehicle charging stations, solar PV systems and battery storage (IEA, 2024).
- In 2022, 26% of countries had mandatory energy codes for both residential and non-residential buildings. In Africa, where 70% of the building stock expected to exist in 2040 is yet to be built, only five countries have a mandatory building code. It is estimated that 82% of the population to be added by 2030 will be living in countries without any building energy codes or only voluntary codes (GlobalABC, 2024).
- In countries where building codes do exist, only 30% of these have been revised since 2015 (GlobalABC, 2024), showing a potential gap in codes needed to address the scale of the climate emergency.
- As the global population is ever increasing, we need more buildings to accommodate this growth. By 2050 our building stock is expected to grow by 60% (GlobalABC, 2024).

> ***"To align with the Net Zero Emission scenario, the energy intensity of buildings must fall by at least 30% between 2024–2030.***

NDCs can help close the gap

- Current NDC commitments fall far short of what is needed to limit global temperature rise to 1.5°C, with current commitments on track for 2.6-3.1°C of warming (UNEP, 2024).
- Despite the fact that 161 of 195 countries reference buildings as part of their NDCs, only 19 provide 'extensive' detail (GlobalABC, 2024).
- Since 2022, 48 updates to NDCs have been made, but only 11 increased the level of coverage of buildings relative to previous NDC submissions (GlobalABC, 2024).
- Currently, only 3 NDCs incorporate a building code aligned to net zero operational emissions (GlobalABC, 2024).

There is time to reduce the financial risk of inaction

- Built environments account for two-thirds of our global real assets (McKinsey, 2020), posing serious risks to our global economy. Some buildings can already be considered "stranded assets" where the retrofit of a building for resilience or to meet emissions requirements is too costly compared to the building's value.
- The insurance industry is already facing major losses from climate change – natural catastrophe events have led to a 3.6 times increase in insured losses and a 2 times increase in uninsured losses over the last 30 years (Capgemini, 2022).
- Global insurance losses from natural catastrophes have exceeded $100 billion annually in the last few years (Swiss Re, 2023).
- Building codes help reduce losses from weather-related catastrophes (Swiss Re, 2023).
- At COP29, a new climate finance goal, known as the new collective quantified goal (NCQG), will be adopted. It is largely informed by NDCs, in which buildings are often overlooked.
- The NCQG offers an opportunity to tackle many of the financial barriers blocking the transition to sustainable built environments – and to reduce the cost of inaction.

> ***"Some buildings can already be considered "stranded assets" where the retrofit of a building for resilience or to meet emissions requirements is too costly compared to the building's value.***

3.0 How buildings can deliver at COP29

Our sector is in a strong position to deliver resilient development that integrates mitigation and adaptation measures, whilst also addressing other pressing societal issues, including energy security, resilience, health, equity, circularity, water and biodiversity.

We're calling for Parties at COP29 to be bold on buildings in four ways:

- **Enhance ambition with NDCs**
- **Enable action through climate finance**
- **Strengthen resilience with adaptation planning**
- **Increase commitment to the Buildings Breakthrough**

Successful outcomes from a building sector perspective for key topics of COP29 negotiations are listed below.

COP29 Theme	Description of outcomes needed from the building sector
Enhance ambition with NDCs	All Parties are encouraged to come forward with 1.5ºC aligned NDCs. Governments must recognise that a 1.5ºC aligned NDC is not possible without much more ambitious and targeted action for buildings in the next round of updates in 2025. Parties commit to the integration of building codes, sub-national policy and commitments within their NDC, supported by enhanced multi-level governance between Parties and sub-nationals to strengthen policy signals for buildings. This should be delivered via the development of national decarbonisation roadmaps for the built environment. Parties are transparent in signalling goals and timelines for building policy and enable private sector input and support for ambition.

Enable action through climate finance	Parties take into account the mitigation and adaptation potential of our built environments in the new climate finance goal, known as the New Collective Quantified Goal (NCQG), and reform the financial infrastructure to disburse climate finance into the building and construction sector. Parties support reform of global financial institutions for more just, equitable and effective debt lending and borrowing (e.g. supporting the Bridgetown Initiative 3.0). Parties provide appropriate financial means for the Loss and Damage Fund to become fully operational and effectively support vulnerable communities. Parties complement their NDCs with quantified investment needs and financing strategies, i.e. implementation plans. Parties commit to improving transparency and international comparability of standards and codes to enable sustainable finance flows into the building sector. Parties leverage the development and implementation of green taxonomies as a tool to direct finance towards improving building performance in line with NDC goals, and consider other green finance mechanisms (e.g. following the CCFLA Financial Instruments Toolkit). Parties pledge to increase public spending and policy measures to increase energy efficiency investments in buildings threefold.
Strengthen resilience with adaptation planning	Promote creation of National Adaptation Plans (NAPs) by 2025 that include specific references to buildings and the built environment. Parties recognise the role of buildings and the built environment in anticipating, adapting and responding to climate impacts including heatwaves, cold waves, droughts, coastal flooding and sea level rise, cyclones and strong winds. Adaptation must be planned, financed and implemented at a scale that matches the worsening climate crisis. Parties commit to making greater efforts to integrate resilience and adaptation into existing policies and programs, including within the building sector. Parties agree to prioritise the use of nature-based solutions to help tackle the twin crises of biodiversity decline and ecosystem collapse.
Increase commitment to the Buildings Breakthrough	An increased number of Parties commit to the Buildings Breakthrough as a platform for collaboration between national governments and stakeholders to accelerate action and optimise the role of buildings in closing the gaps identified in the Global Stocktake. Parties encourage and enable the private sector, including commercial and not-for-profit entities, to participate in meaningful ways to achieve the collaboration goal of the Breakthrough.

4.0 The role of WorldGBC and the Green Building Council network

WorldGBC and the Green Building Council global network are driving the systemic change that will put the sector on the correct path and help property and construction markets around the planet reach positive tipping points towards decarbonisation and resilience.

We are continuing to build momentum to deliver on our 2030 climate action goals by working to:

Reduce

- Reduce the energy intensity of buildings by 35%.
- Secure regenerative, resource-efficient and waste-free infrastructure.
- Address whole life carbon emissions of existing and new buildings. Specifically, reduce operational emissions by 50%, and reduce embodied carbon emissions by 40%.

Electrify

- Shift to buildings powered by electricity, which is from renewable sources, for a zero-carbon future.

Adapt

- Change our actions today to enable the built environment to be resilient, healthy, equitable and inclusive.

To support the implementation of the Paris Agreement and the delivery of these goals, our network has delivered and is supporting a number of initiatives that are mobilising change and delivering impact.

- **Buildings Breakthrough:** WorldGBC is leading on the Buildings Breakthrough[2] Priority Action 1, which focuses on 'Standards and Certification'. We are working alongside the Global Alliance for Buildings and Construction (GlobalABC) to deliver outcomes through a working group consisting of key international organisations, including our network, and countries to develop and build consensus on definitions, principles and guidelines for the delivery of near zero emission and resilient buildings.
- **Building to COP Coalition:** WorldGBC has worked in partnership with the UN Climate Change High-Level Champions, GlobalABC and other leading NGOs to establish the Building to COP Coalition. The coalition has helped ensure the built environment has been high on the agenda of COP negotiators and policymakers for the past three years. This in turn helped catalyse the launch of the Buildings Breakthrough and the first ever Buildings and Climate Global Forum in Paris in March 2024 where 70 governments signed the Declaration de Chaillot.

[2] 27 countries have signed up to the Buildings Breakthrough alongside the European Commission.

- **NDC Scorecard for Sustainable Buildings:** By early 2025, countries are expected to improve the ambition and effectiveness of their NDCs. We are creating an NDC Scorecard for Sustainable Buildings with five pilot countries in different regions of the world, alongside the GBC network, with the goal of continuing to create an enabling policy environment. The scorecard can be used by governments and non-state actors to support the evaluation and strengthening of national-level policy on the built environment and help clearly identify policy gaps before the next round of updates.
- **Policy change on buildings in the EU:** We are advancing the delivery of policy change on buildings in the EU by aligning multiple stakeholders to call for an ambitious policy that drives the reduction of both operational and embodied emissions. The recent EPBD updates (Energy Performance of Buildings Directive) incorporate key aspects that we have called for, including Whole Life Carbon reporting and targets to be required for all new buildings from 2030. In addition, our BuildingLife project has produced 12 national roadmaps and an EU Policy Whole Life Carbon Roadmap, closely aligned with major EU policies and frameworks, developed through extensive collaboration with stakeholders from sectors including construction, politics, and finance, to help the European Union accelerate total decarbonisation of buildings and construction by 2050.
- **Global Policy Principles for a Sustainable Built Environment:** We developed the Global Policy Principles to support policymakers around the world to adopt a holistic approach to built environment sustainability with seven focus areas: carbon, resilience, circularity, water, biodiversity, health, equity and access.
- **Zero Carbon and Climate Resilience Readiness Framework:** The Framework is a WorldGBC regional project that provides the first steps towards decarbonising the built environment and achieving energy efficient and resilient buildings. The Framework has been developed alongside Green Building Councils (GBCs) in our global network to provide locally-relevant solutions.
- **National government engagement:** Individual GBCs in our network are engaged with their respective national governments and, in many cases, regional and local governments to support strong policies for building decarbonisation. This engagement includes working with jurisdictions to identify policies that meet their needs; initiating new policies; drafting legislation and amendments; testifying at hearings; posting articles on policy topics; facilitating local business support; and supporting strong funding and incentives that support decarbonised and resilient buildings.

WORLD GREEN BUILDING COUNCIL

About WorldGBC

The World Green Building Council is the largest and most influential action network accelerating the sustainable and just transition of the built environment.

We represent a global community of over 75 Green Building Councils, 60 partners, and over 46,000 private sector members around the world.

Together, we drive local action and create the global momentum that's necessary for all people and our planet to thrive. We do this in alignment with the ambitions of the Paris Agreement and the UN Sustainable Development Goals.

This means building the right policy environments, the right financing environments and the right social and cultural environments to deliver more resilient and sustainable built environments.

Our network has the knowledge, expertise and organisational structure to translate climate ambition into policy implementation. We work with governments all over the world to keep building the transition together so all can enjoy resilient and decarbonised buildings for a healthy planet and a better future for all.

Find out more: worldgbc.org