

Submission by the High-Level Champions under the Sharm el-Sheikh Mitigation Ambition and Implementation Work Programme

30 April 2024

Context

1. The High-Level Champions (HLCs), H.E. Razan Al Mubarak of the COP 28 Presidency (United Arab Emirates) and Ms. Nigar Arpadarai of the COP 29 Presidency (Azerbaijan), welcome the opportunity to submit the tools and insights of non-Party stakeholders (NPS) relevant to the topic of the global dialogues in 2024 focusing on “*Cities: buildings and urban systems*”. The HLCs welcome the continued trust from Parties to support the effective participation of NPS in the global dialogues and investment-focused events under the Sharm el-Sheikh Mitigation Ambition and Implementation Work Programme, including by enhancing the participation of relevant experts and other NPS, as reflected in decision 4/CMA.5.
2. This submission complements the two HLCs submissions from February 2023 and May 2023. It also builds on the collaboration in 2023 in facilitating the participation of NPS in the global dialogue and supporting with the co-chairs of the work programme, in collaboration with the International Renewable Energy Agency and the NDC Partnership, to facilitate the engagement of a number project owners from the HLCs Regional Platforms for Climate Projects with Parties and investors at the second investment-focused event.
3. The HLCs remain fully committed to continue supporting the dialogues, events and the work programme as a whole, by consolidating the tools, expertise and solutions provided by NPS, including by stakeholders of the Marrakech Partnership for Global Climate Action (MP). This includes the 2030 Climate Solutions, a comprehensive and coherent climate action roadmap to accelerate climate action through specific real economy and on-the-ground solutions by 2030 that was launched at COP 28 by the HLCs and the MP as a contribution to the Global Stocktake, bringing together the existing frameworks and tools of the HLCs and the MP including the Climate Action Pathways, 2030 Breakthroughs, Breakthrough Agenda, Sharm El-Sheikh Adaptation Agenda and Race to Zero and Race to Resilience campaigns.

Opportunities, Actionable Solutions and Best Practices

4. **Decarbonizing cities can significantly and positively impact major sectors like concrete, steel, and road transport. Sustainable urban development can scale innovation and the adoption of greener practices in key industries critical to city functioning and infrastructure development.**
 - Major opportunities for cities to decarbonize include adoption of low-carbon construction materials, enhancing energy-efficient infrastructure, and incentivizing the transition to electric vehicles and the use of public and low/zero-emission transportation.
 - Commitments and actions from NPS can increase investment in low-carbon urban solutions, and facilitate technology transfer. Around 13,500 organizations from 130 countries are implementing net-zero emissions through the Race to Zero campaign (Race to Zero, 2023).
 - Key opportunities to decarbonise **built environment** by 2030 include:

- Clear and credible policy and regulatory roadmaps, including building codes, carbon metrics, and life cycle standards, provide the market certainty for NPS to invest in the opportunities of the transition.
- Leveraging governments purchasing power through setting public procurement policies so that suppliers are obliged to take credible climate action, particularly for public project and construction procurements. Advance purchase commitments from governments derisk industry investment and capacity building into key technologies and materials. Ongoing campaigns include the Green Public Procurement Campaign of the Clean Energy Ministerial Industrial Deep Decarbonisation Initiative (IDDI), SteelZero, ConcreteZero, and the First Movers Coalition (Aluminium, Steel, Cement and Concrete).
- Actionable solutions and best practices from the **built environment** sector include:
 - Twenty percent of all major real estate asset managers and owners, 48% of major architects and engineers, and 19% of major construction companies are implementing net-zero emissions through the Race to Zero campaign (Race to Zero, 2023). A total of 1,162 cities are taking action under the Race to Zero. Based on current targets, these cities could collectively reduce global emissions by 1.2 GtCO₂e annually in 2030 compared to a business-as-usual (BAU) trajectory.
 - Many Architecture, Engineering, and Construction (AEC) companies have committed to only owning and occupying net-zero carbon buildings by 2030. AEC organizations such as Arup, Ramboll, SOM are taking action to reduce the emissions of the buildings they design. For example, Daiwa House Industry in Japan is supporting 90% of its suppliers covering purchased goods and services to have science-based targets by 2026.
 - Others such as Sunway REIT, a Malaysian Real Estate Investor, have introduced an internal carbon price, and Lendlease - a global construction firm - made an unparalleled commitment to reach “Absolute Zero” by 2040 across scopes 1, 2 and 3.
- Key opportunities to decarbonise **urban mobility** by 2030 include:
 - Agreeing a timeline by which all new road vehicle sales should be zero-emission, with interim targets taking into account each country’s level of economic development and ability to scale up infrastructure, are key policy enablers to decarbonise the urban mobility sector (2030 Climate Solutions, 2023).
 - Increasing investment in charging infrastructure, e-mobility technology, and a sustainable electricity grid (2030 Climate Solutions, 2023).
 - Providing support to design and implement a Sustainable Urban Mobility Plans (SUMPs) for all cities with more than 500,000 inhabitants.
- Actionable solutions and best practices from **urban mobility** include:
 - By reducing car reliance, enhancing active and public transport, electrifying buses, and ensuring equitable access, cities are decarbonising urban mobility systems.
 - Cities are taking action to radically increase active mobility and public transport, including through compact land use in new developments and adjustments in existing cities to facilitate this target.

- Cities like [Brussels](#) are implementing measures such as city-wide speed limits and creating extensive pedestrian zones, which is accelerating the modal shift toward public transport and active mobility.

5. City-level mitigation co-benefits can support a just, equitable transition, through promoting sustainable development.

- Developmental benefits of city-level mitigation actions include health benefits from lowered air pollution, energy access for under-served populations, enhanced climate resilience, and economic benefits such as green jobs and cost-saving benefits. Areas of mitigation actions in urban contexts include waste management, deployment of nature-based solutions, urban planning, cooling, urban mobility, and informal settlements.
- Key opportunities, actionable solutions and best practices from **waste management** include:
 - Enhancing waste management and recovery in urban settlements, especially across the informal waste sector, can help reduce black carbon and methane emissions as well as reduce air, water, and land pollution and contamination, thereby increasing human health and wellbeing, and reducing biodiversity loss (UNEP, 2022).
 - Subnational leaders and communities are central to waste management and should add the necessary measures, such as conserving all resources by means of responsible production, consumption, reuse and recovery of products, packaging, and materials without burning or discharges to land, water or air that threaten the environment or human health. Several efforts and opportunities are already being taken to accelerate this front:
 - Climate Action Pathway for Human Settlements, 2030 Breakthroughs on Open Waste Burning and Sharm El-Sheikh Adaptation Agenda, provide a platform for international collaboration towards zero-waste cities.
 - C40 Cities' Pathway Towards Zero Waste is a city-level strategy that supports over 10 cities from Africa and Latin America to improve waste management practices and reduce waste and resulting methane emissions.
- Key opportunities, actionable solutions and best practices from the **nature** perspective include:
 - Nature-based solutions (NBS) in urban areas have numerous environmental, social and economic benefits, from reducing carbon emissions, to increasing resilience, improving air quality and wellbeing of urban dwellers (IUCN, 2020). The concept of "Nature-Based Solutions for Cities" is gaining momentum, emphasizing the use of natural processes to address urban environmental challenges. Key opportunities include:
 - Integrating nature into cities' climate and urban policies and plans and setting clear goals for green and blue spaces (2030 Climate Solutions, 2023).
 - Cities to report progress on the CitiesWithNature Action Platform. The platform, recognized by the Convention on Biological Diversity (CBD), accelerates bold action for nature by enabling cities to make commitments and share their achievements.
 - Increasing investment in nature and ecosystem restoration, involving innovative financing and private sector partnerships (2030 Climate Solutions, 2023)..
 - Many collaborative efforts were launched recently to foster the emergence of nature-positive cities, such as the "Playbook for Nature Positive Infrastructure Development," a joint effort by WWF, FIDIC, and others, focusing on integrating natural elements into infrastructure projects. Another example is the "Urban Nature Program," a

collaboration between UNEP, the World Bank, and ICLEI, aims to embed nature-based solutions in urban planning.

- Actionable solutions and best practices from **built environment, infrastructure, and urban mobility** include:
 - Using urban planning to minimize resource (materials and energy and water) use whilst meeting the needs and improving health and wellbeing of communities. For example, cities and local governments can include district energy planning into urban planning and neighborhood design.
 - Implementing passive cooling measures - insulation, natural shading, ventilation and reflective surfaces, as well as higher efficiency standards across products and homes, can deliver expected total life-cycle cost savings of USD 22 trillion by 2050 (USD 17 trillion in power costs savings and USD 5 trillion in power generation investments), and enhancing climate resilience (UNEP, 2023).
 - Cities and local governments can advance urban (re)development and investments in new infrastructure, linked with integrated urban planning, transit-oriented development and a more compact urban form that supports public transport, cycling and walking.
 - In terms of informal settlements, although mitigation is usually sidelined by the resilience and adaptation aspect, there is still an opportunity to pursue solutions which provide synergies with climate mitigation, such as through limiting greenhouse gas emissions in the process of upgrading settlements through housing design and material use, and improving livelihoods, security, sanitation and health through enhanced waste management and improved access to clean and affordable water and energy (UN-Habitat, 2018). An example of ongoing efforts on this front is Slum Dwellers International, a global network of slum dwellers in roughly 20 countries across Africa, Asia and Latin America whose activities include co-designing and implementing climate-friendly slum upgrading and housing projects, etc.
- 6. Cities in emerging markets present significant private investment opportunities, especially across green buildings, electric vehicles, climate-smart water, renewable energy, and waste management.**
- Through the Regional Platforms for Climate Projects (RPCP), the HLCs are advancing a global pipeline of implementable, financeable, and investable projects for emerging markets and developing economies, with USD 1.9 billion already raised across 19 climate projects, demonstrating that high-quality investable projects are plentiful in these places.
 - The HLCs would be delighted to share their expertise and learnings from RPCP to support the global dialogues and investment-focused events in 2024. This could include examples of deals that have successfully raised funds.
 - As one of the learnings from the RPCP work in 2023, the HLCs have developed a practical Financing Factsheet to support project proponents at an early stage to collate information typically required by capital providers to assess their interest in a project.
 - The RPCP work has demonstrated that regional priorities are known, that there are a myriad of funding requirements across the various development stages or life cycle of projects, and that when financiers and project proponents are willing to engage positively, supported by governments, the well-known barriers can be overcome.
- 7. As hubs of trade and communication, cities are well-positioned to accrue strengthened means of implementation through international, multi-stakeholder cooperation.**

- International, multi-stakeholder cooperation can foster the exchange of technological expertise and resources, supporting developing countries to implement climate solutions aligned with science-based 2030 pathways. Commitments and actions from NPS are supporting this exchange.
- Key opportunities to strengthen means of implementation for the **built environment** sector by 2030 include:
 - The Buildings Breakthrough provides a shared collaboration platform for international collaboration with the backing of 28 countries. The platform will advance collaboration priorities towards the headline goal of “near-zero and resilient buildings being the new normal by 2030”.
 - The Market Transformation Action Agenda brings together over 100 companies and organizations to scale opportunities faster and maximize positive impact of corporate action to decarbonise the built environment sector. Actions taken under this initiative, such as achieving an open, shared data for carbon emissions across entire life cycles, and creating a scaling decarbonisation solution through financing and innovation, is strengthening technology transfer and increasing investments across countries.
- Key opportunities to strengthen means of implementation for **urban mobility** by 2030 include:
 - The 2030 Breakthroughs on Road Transport and the 2030 Climate Solutions on Avoid & Shift and on Transport Affordability and Accessibility provide a platform for international collaboration with the backing of 36 countries to make zero-emission vehicles accessible, affordable, and sustainable in all regions by 2030.
 - The Collective for Clean Transport Finance promotes a trilateral process among governments, private investors, and corporates for sectorial de-risking and demand for Zero Emission Buses and Trucks to scale adoption and reduce costs.
 - The Public Transport & Active Mobility NDC Template, championed by MP stakeholders, are crucial for sharing knowledge, scaling up a shift in infrastructure and services, enhancing land use planning and capacity building for more ambitious NDCs in the 2025 cycle.

Challenges and Barriers

8. A significant urge is required to meaningfully improve the scale, quality and pace of investment and finance for mitigation projects, particularly in developing countries. Mobilizing finance - particularly private finance, requires the development of project pipelines that prospective financiers can coalesce around and support (Regional Platforms for Climate Projects, 2023).
9. A supportive, predictable, enabling and regulatory environment is needed that engages domestic financial institutions, innovative finance tools, and robust technical assistance programmes that can help support and develop the capacity of project owners and countries to implement their national priorities. Project proponents should engage early with the private sector, and share important information such as sources and amounts of capital invested, capital requirements, target gearing, contractual structures, and detailed project timelines and climate impacts (Regional Platforms for Climate Projects, 2023).

10. Despite the attractive opportunities for urban climate investments, there is a significant shortfall in funding. Specific barriers include limited fiscal decentralization and revenue uncertainty, which limits the ability to rely on local renewables for repayment, limited municipal-level institutional capacity, which limits the ability of municipalities to source, prepare, and implement projects.
11. Strengthened multi-level governance can unlock finance for local climate projects. This can be achieved through the effective allocation of roles, capacity and resources across national and sub-national government entities. The Coalition for High Ambition Multilevel Partnerships (CHAMP) aims to strengthen multi-level governance to support enhanced NDCs.
12. A current challenge to decarbonizing construction is the 'green premium', i.e., the higher cost associated with the production of low-carbon and near-zero emission concrete/cement, steel, and other construction materials, compared to carbon-intensive production methods.

Incentives and National Policy Approaches for Action and Support

13. With the next round of NDCs due in the first quarter of 2025, 2024 is a crucial year to take forward the signals from the first global stocktake outcome (decision 1/CMA.5), and translate them into effective domestic policies and measures.
14. NDCs can be a powerful catalyst for investment when complemented by credible transition plans and policy roadmaps. Adopting an inclusive, whole-of-society and multi-level approach to the design of NDCs can help inform target setting across various sectors and, in turn, what policy options and enabling environments can drive even further action and support the implementation of these plans.
15. Non-Party stakeholders should be viewed as key delivery partners for NDCs, highlighting the opportunities and solutions that countries may wish to consider that address the gaps and challenges for enhancing ambition and accelerating implementation. As highlighted in the Race to Zero's 5th P (Persuade) Handbook, NPS are already working with governments to strengthen national climate plans in line with science and act as a powerful lever for governments to mobilise and expedite the delivery of inclusive and effective climate action at a local, regional and national level.

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