

Habitat for Humanity's policy priorities and recommendations for COP28

Habitat for Humanity recognizes that addressing the growing adequate housing gap for billions of people around the world can and must be tackled in ways that meaningfully address climate change mitigation and adaptation efforts. In dealing with this challenge, priority must be given to people living in slums and informal settlements facing multiple vulnerabilities. Habitat for Humanity is committed to addressing these interconnected challenges because it sees how families living in informal settlements are often the most affected by the increasing frequency and intensity of climate events, despite contributing the least to carbon emissions.

Per the 2023 report from the Intergovernmental Panel on Climate Change, or IPCC, human-induced climate change is already affecting every region across the globe, leading to widespread adverse impacts and related loss and damage to nature and people. Recognizing this complexity, the IPCC calls for upscaling existing mitigation and adaptation options across systems “prioritizing finance to reduce climate risk for low-income and marginalized residents including people living in informal settlements.”¹ It also urges the acceleration of equitable mitigation and adaptation actions in ways that support sustainable development.

This year's Conference of Parties, the United Nations' Climate Change Conference, or COP28, will include the first global stocktake of the legally binding Paris Agreement on Climate Change. The balance of the global stocktake is distressing, considering that the implementation of adaptation actions that prioritize vulnerable communities stands at less than one percent². Notably, the IPCC's 2023 report recognizes that in urban settings “observed impacts are concentrated amongst economically and socially marginalized urban residents, e.g., those living in informal settlements”³ and confirms that maladaptation in informal settlements reinforces existing vulnerabilities.

Habitat for Humanity calls on U.N. agencies, multilateral financing institutions and governments, to recognize the centrality of adequate housing in achieving both carbon mitigation for a net-zero future and improved climate adaptation in human settlements to ensure meaningful resilience. **Habitat for Humanity is urging stakeholders to incorporate adequate housing into responses for climate action in three ways, ensuring people affected most by climate change are at the center of efforts:**

1. **Adaptation for the most vulnerable:** Governments at all levels must prioritize adaptation actions that directly address the needs of the most vulnerable communities, especially those living in informal settlements, while protecting ecosystems.
2. **Mitigation that is affordable:** Mitigation efforts in the housing sector must ensure affordability and accessibility particularly in rapidly urbanizing cities around the world.
3. **Transformation of informal settlements:** Leverage the transformation of informal settlements as a strategy for achieving high-impact climate actions with adaptation-mitigation linkages and community co-benefits.

¹ IPCC-AR6 (2023) Synthesis Report: https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf

² UNEP (2022) Adaptation Gap Report: <https://www.unep.org/resources/adaptation-gap-report-2022>

³ IPCC (2023) Longer Report https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf

Habitat for Humanity calls on U.N. agencies, multilateral financing institutions, governments at all levels, and housing actors to act on the three priorities through the following policy recommendations.

1. Adaptation for the most vulnerable: Governments at all levels must prioritize adaptation actions that directly address the needs of the most vulnerable communities, especially those living in informal settlements, while protecting ecosystems.

Despite persistent calls to strengthen Nationally Determined Contributions for 2030, or NDCs, the national-level climate action plans for countries to determine targets for cutting emissions and climate adaptation efforts, progress continues to be insufficient. While progress in both mitigation and adaptation efforts have been inadequate, the adaptation agenda lags the mitigation agenda in terms of planning, financing and implementation, and existing commitments are being outpaced by the growing needs due to increasing climate risks. The 2022 Adaptation Gap Report celebrates that 84 percent of countries have established adaptation plans, strategies, laws and policies; and that their interventions are increasingly prioritizing disadvantaged groups, such as Indigenous Peoples. However, even though the Global Center on Adaptation estimates that the cost-benefit ratios for investing in adaptation range between 1:2 and 1:10, “international adaptation finance flows to developing countries are 5 to 10 times below estimated needs and the gap is widening.”⁴ Notably, the lack of references to housing in the more recent 2023 Adaptation Gap Report⁵ reflects that housing continues to be a low priority within adaptation actions. Adaptation actions must decisively address incremental housing needs and their supporting infrastructures to ensure that communities at greatest risk of flood, heat and rising seas can withstand the impacts of such threats.

U.N. agencies and development finance institutions should:

- Urge national governments to recognize the large economic and social impact of providing adequate housing for vulnerable populations, and to integrate green and resilient housing initiatives into their national adaptation plans, especially for those living in informal settlements and in areas of rapid urbanization.
- Recognize and support adaptation efforts and needs for incremental housing, especially for residents of informal settlements with multiple vulnerabilities. Habitat for Humanity supports the Sharm-El-Shaik Adaptation Agenda’s call for transformative solutions and its understanding that human settlements are one of the five key impact systems⁶.
- Increase the percentage of funded projects that address the adaptation of affordable housing. While infrastructure remains a priority for the least-developed-countries fund within the Global Environmental Facility, or GEF, affordable housing must be adequately recognized as a priority for investment and adaptation financing.

Governments at all levels should:

- Prioritize the needs of vulnerable populations in adaptation plans and accelerate actions to adapt and better prepare human settlements for more frequent and intense impacts of climate change while guiding and supporting incremental, locally led efforts by the most vulnerable communities, in particular those living in informal settlements.
- Ensure housing adaptation is explicitly included in national adaptation plans with specific provisions for technical and financial support for least-developed countries so that actions avoid maladaptation consequences.

Housing actors should:

- Recognize the important role that incremental, owner-driven construction plays in addressing the housing deficit, and support incremental construction with policies, products and services that enable climate-resilient housing to flourish.
- Facilitate financial and technical products at the household level that support the housing needs of low-income communities, and promote housing investment including savings, access to credit, insurance and other support services for housing improvement that target resilience and energy efficiency via nature-based solutions and energy-efficient retrofits suited for the needs of low-income and vulnerable populations.
- Encourage government leaders to understand the adaptation potential for and of the housing sector.

⁴ UNEP (2022) Adaptation Gap Report: <https://www.unep.org/resources/adaptation-gap-report-2022>

⁵ UNEP (2023) Adaptation Gap Report: <https://www.unep.org/resources/adaptation-gap-report-2023>

⁶ SSA (2023). Sharm-El-Shaik Adaptation Agenda Report https://climatechampions.unfccc.int/wp-content/uploads/2022/11/SeS-Adaptation-Agenda_Complete-Report-COP27_FINAL-1.pdf

2. Mitigation that is affordable: Mitigation efforts in the housing sector must ensure affordability and accessibility particularly in rapidly urbanizing cities around the world.

The world is off-track regarding its decarbonization goal, with the buildings and construction sector remaining as a major contributor to carbon emissions. Without making mitigation more affordable, the 70 percent of the African building stock that is expected to be built to meet demand by 2040 will likely make this goal even more elusive.⁷ While there are positive mitigation actions identified in the NDCs—79 countries approved building energy codes, and 158 countries referenced buildings in their NDCs—most actions are not mandatory nor are they reaching lower income populations, especially people living in informal settlements and rapidly urbanizing areas. Still, there is an increasing awareness in the sector that both new technological innovations and proper valuation of sustainable vernacular practices are needed to address the building surge in developing economies. There is also increasing awareness of the need to address embodied carbon across the whole lifecycle of building with a focus on bio-based and durable materials, waste generated and demolition at end of life and not just operational energy. Without including circular construction approaches into mitigation priorities, the building process can undermine the carbon reductions achieved from other improved energy efficiency tactics. Finally, there is urgent need to encourage the incremental retrofitting of existing affordable housing stock, using low carbon materials in construction and ensuring that housing building codes encourage sustainable building practices including passive design and nature-based solutions that prevent overconsumption of natural resources.

U.N. agencies and development finance institutions should:

- Encourage and invest in programs and projects that focus on housing renovation, upgrading and retrofitting that are climate positive, allowing to address the global adequate housing gap while limiting carbon emissions created by new construction.
- Provide support to fill data gaps of the climate contributions of affordable housing, to improve implementation of green building codes for social and incremental housing and invest in research and development of affordable building solutions.
- Incentivize investment in new, smarter financial vehicles and structures that can attract capital at scale for green housing solutions, for example, through de-risking and credit enhancements, particularly focused on low-income markets.

Governments at all levels should:

- Recognize the strategic synergies and trade-offs of addressing jointly the qualitative and quantitative housing deficit and climate change impacts moving forward. This can take the form of mandated green practices for government funded housing programs.
- Scale up support for sustainable innovations by accelerating the approval and implementation of regulations and standards that support sustainable and inclusive green housing solutions across the housing value chain for both the building of new and the existing residential stock.
- Expand blended finance, subsidies and grants that support circular economy and climate positive solutions for buildings and the construction sector, with special emphasis on human and natural ecosystems.
- Develop mechanisms to test policies and regulations that promote innovations in green, adequate housing that serve as a mitigation strategy, for example, by establishing regulatory sandboxes and supporting the implementation of digital tools that improve the management of inclusive regulatory compliance processes, or “regtech.”

Housing actors should:

- Invest in innovative business models that provide adequate and affordable housing that contributes to mitigation targets, aiming for inclusive, carbon-positive approaches that observe impacts and co-benefits of housing construction, renovation, upgrading and retrofitting. Prioritize the use of innovations and technologies that improve reliable and cost-efficient access to adequate housing and reliable basic services using renewable energy sources, including decentralized grid networks.
- Promote technological innovations, social infrastructures, and sector systems that accelerate mitigation objectives by reducing its costs, doubling efforts that target the most vulnerable populations, especially those living in informal settlements.

⁷ UNEP-GlobalABC (2022). 2022 Global Status Report for Buildings and Construction
<https://globalabc.org/resources/publications/2022-global-status-report-buildings-and-construction>

3. Transformation of informal settlements: Leverage the transformation of informal settlements as a strategy for achieving high-impact climate actions with adaptation-mitigation linkages and community co-benefits.

As we collectively prepare for the global stocktake at COP28 it is essential that the intention of the COP28 presidency of “mobilizing the most inclusive COP ever”, permeates into actual priorities on the ground that put those most vulnerable at the epicenter of renewed climate actions. As the World Resources Institute’s COP28 Call for Action states: “no one experiences more climate vulnerability than communities of the Global South, which are facing a mounting debt crisis and have too few resources to adapt and protect themselves from these escalating climate impacts. The economies of the Vulnerable Twenty Group, the world’s most climate-vulnerable countries, have already lost around 20 percent of their Gross Domestic Product, or GDP, — approximately USD\$525 billion that could have been spent on meaningful and beneficial climate-resilient development — over the past two decades (2000-2019) due to climate change.⁸”

Delivering the appropriate support for the people at the front line of climate change means delivering large-scale transformation with impacts not only for direct beneficiaries, but for the whole of society. Transforming informal settlements in partnership with residents of informal settlement has the potential to be a significant structural transformation. Evidence shows that investing at scale in adequate housing in informal settlements can bring about improved income, health and education outcomes that are visible at the country level. If such investments are targeted in the least developed countries, this can mean up to 10.5 percent increases in GDP, 28 percent increase in years of schooling and up to a 4 percent increase in life expectancy globally⁹. Hence the need to accelerate global action efforts for the effective transformation of informal settlements in ways that are inclusive and climate resilient.

U.N. agencies and multilateral financing entities:

- Establish binding institutional frameworks to facilitate the effective implementation of the Resolution on Accelerating Transformation of Informal Settlements and Slums by 2030 approved by member states at the United Nations Human Settlements Program, UN-Habitat during its Second Assembly in 2023.
- Recognize, support and leverage the profile of the Global Action Plan Framework and Partnership for Slum Transformation championed by the Republic of South Africa together with a coalition of international organizations, including the World Bank, the European Union, U.N. Development Programme, UN-Habitat, U.N. Children’s Fund, Slum Dwellers International, Huairou Commission, Cities Alliance, Habitat for Humanity International, among others.
- Ensure empowered participation of the communities most affected by climate change across the whole climate policy cycle, elevating the voices of lived experience during consultations, decision-making, budgeting, implementation, evaluation and accountability of climate actions.

Governments at all levels should:

- Create an enabling environment that reduces the cost burden of climate adaptation in housing while supporting community and ecological needs, by providing subsidies for locally led adaptation, supporting access to housing finance, and facilitating nature-based solutions for upgrading and transformation of informal settlements, focused on needs of communities that have the greatest climate and economic vulnerabilities.
- Elevate and coordinate transformation of informal settlements across different government departments and agencies responsible for housing, environment, urban planning and climate change.

Housing actors should:

- Empower residents of informal settlements to actively participate in decision-making, planning and the implementation of climate-resilient housing and upgrading initiatives.
- Advocate for climate-resilient housing policies at the local and national levels, emphasizing their role in climate adaptation and mitigation while highlighting community co-benefits.
- Offer affordable loans and financing options for residents and developers to invest in climate-resilient housing upgrades, renewable energy installations, and energy-efficient retrofits.

⁸ WRI (2023). Addressing the Needs of Climate-Vulnerable Countries at COP28 A Call to Action from ACT2025 <https://environmentaldocuments.com/act2025-call-to-action-cop28.pdf>

⁹ Frediani et al, 2023. *Home Equals Report*. Habitat for Humanity. <https://www.habitat.org/home-equals/research-report>