



**United Nations**  
Global Compact

**RACE TO  
RESILIENCE**

**RACE TO ZERO**



# Azerbaijan Sustainable Built Environment Blueprint

PREVIEW



“

“Climate change is not a future problem, it is a real and present danger to billions of people around the world [...] climate action promises a better future for all.”

**H.E. MUKHTAR BABAYEV**  
COP29 President Designate [1]



# Foreword

**A**s we stand on the cusp of a new era in construction and urban development, it is increasingly clear that the choices we make today will define the future of Azerbaijan. Buildings impact everyone, everywhere, making the built environment a crucial driver of change across our economic, social, and environmental landscapes.

Globally, buildings and construction account for [21% of greenhouse gas emissions](#) [2]. In Azerbaijan, our building sector alone was responsible for [16 Mt CO<sub>2</sub>](#) from fuel combustion in 2022 [3]. These figures underscore the urgent need for action in reducing the environmental impact of our building stock and the construction practices which shape them.

Azerbaijan has demonstrated its commitment through international agreements, including the Paris Agreement and the Global Renewables and Energy Efficiency Pledge. As attention turns to implementation, the role of the private sector in supporting government efforts is vital.

This paper represents a blueprint for the future—a future where ‘radical collaboration’ drives systemic change. While the challenges facing our construction sector—such as limited technical capacity and the need for stronger regulatory frameworks—are significant, the opportunities are vast. By taking action, we can foster growth, create jobs, improve public health, and reduce energy bills.

Let this blueprint serve as the foundation for forging new partnerships that will drive us toward a shared low-carbon and resilient future. I commend the business leaders who have united in this effort and eagerly anticipate the progress that will follow.

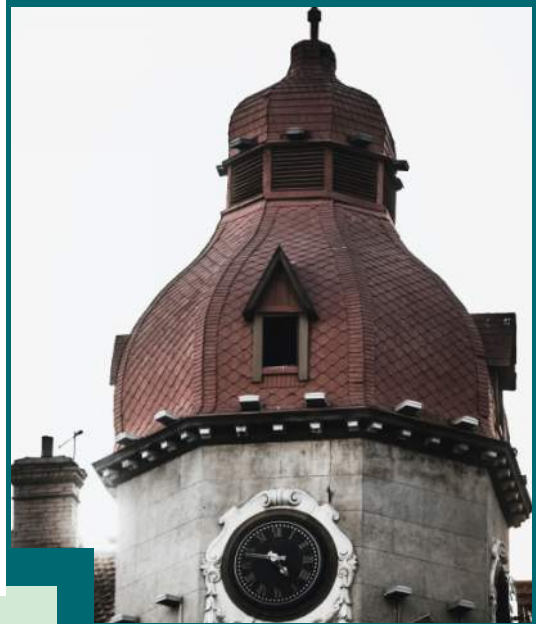
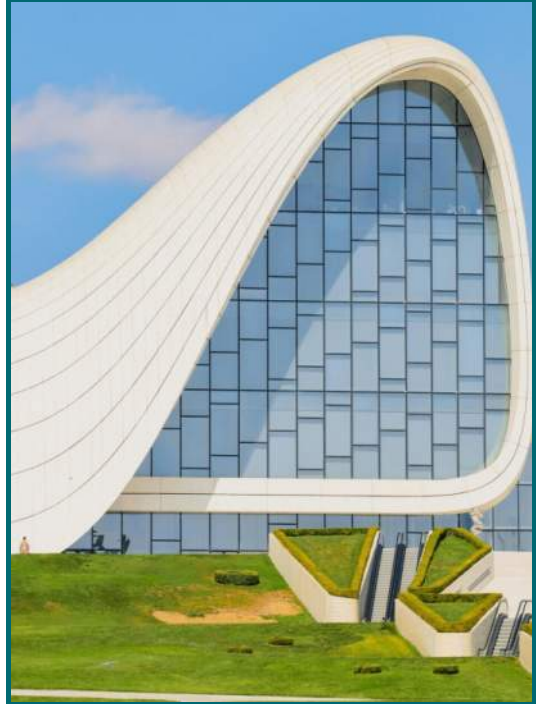
Sincerely,  
**Nigar Arpadarai**  
UN Climate Change High-Level Champion for COP 29

# INTRODUCTION

Azerbaijan recognises the urgent need for credible climate action and aligning national development with sustainability principles.

Azerbaijan [ratified the Paris Agreement in 2017](#), and was appointed to host the 29th Conference of the Parties (COP29) of the United Nations Framework Convention on Climate Change (UNFCCC) in Baku [4]. Sustainable construction offers a clear path forward for delivering this. By incorporating energy-efficient designs, low carbon materials, and renewable energy sources into new projects, Azerbaijan can reduce its environmental impact while promoting economic resilience. This shift not only supports the country's environmental ambitions but also enhances the quality of life for its citizens by creating healthier, more efficient urban spaces, creating jobs and reducing energy bills.

Adopting sustainable construction practices opens doors to innovation, attracting international investment and partnerships in green technologies. For Azerbaijan, now is the time to lead the way in sustainable construction, positioning the country as a regional pioneer in modern infrastructure development.



Azerbaijan has a national commitment to reduce emissions by [40% by 2050 against a 1990 baseline](#), and [Azerbaijan 2030](#) calls for “all sectors... [to] reduce their impact on climate change” and “emphasis [to] be placed on the introduction of clean technologies” [5] [6].

At COP28, Azerbaijan committed to double the global average annual rate of energy efficiency improvements.

In 2022, buildings accounted for [16% \(16.17 Mt CO<sub>2</sub>\)](#) of CO<sub>2</sub> emissions from fuel combustion in Azerbaijan [3]. This highlights the significant role of the sector in reaching the country’s climate targets and emphasises the importance of identifying the enablers required to do so.

**16%** of CO<sub>2</sub> emissions from fuel combustion in Azerbaijan in 2022 was from buildings



## Setting the Scene – Global Targets

Globally, buildings and construction are responsible for [21% of total greenhouse gas emissions](#) and buildings provide [40% of the solutions](#) needed to double the rate of energy intensity improvements by 2030 [2] [7]. The Built Environment is therefore a critical sector for climate action.

At COP26, 45 world leaders launched the Breakthrough Agenda, with the aim to strengthen international collaboration for decarbonising high-emitting sectors including transport, power, hydrogen, steel, and agriculture.

At COP28, 28 countries came together to launch a collective platform to accelerate action on buildings, focused on the goal that “[near-zero emission and resilient buildings are the](#)

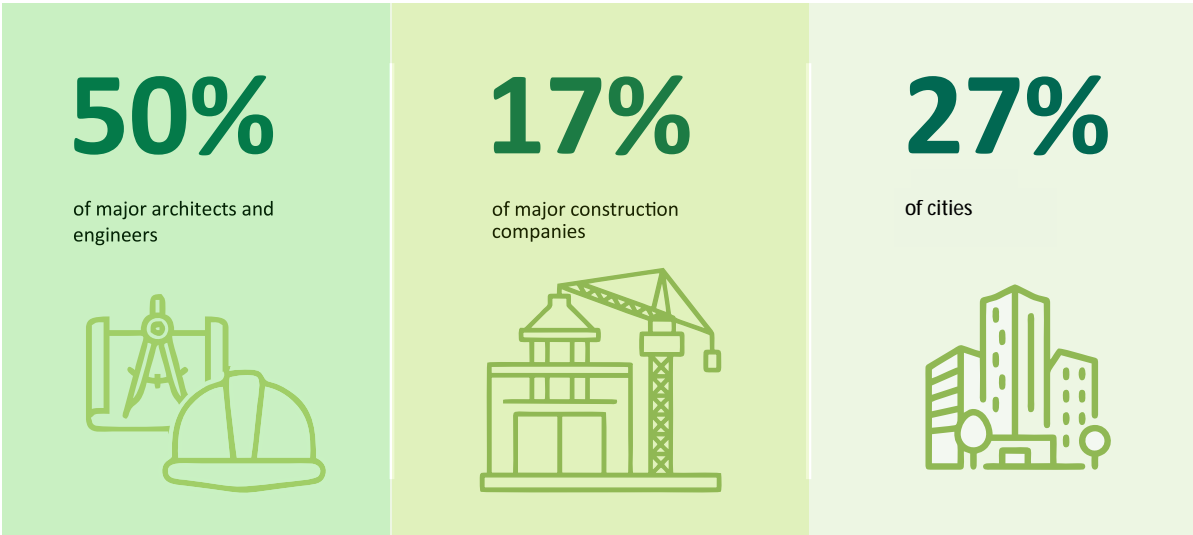
[new normal by 2030](#)” [8]. This ‘Buildings Breakthrough’ is supporting countries to collaborate to harmonise global standards, aggregate sectoral demand, enhance private financing, coordinate research and technology deployment, and bolster international capacity-building, with a special emphasis on strengthening building codes.

The Buildings Breakthrough was inspired by voluntary action by businesses, cities and other non-party stakeholders to support the transformation of the sector by setting 2030 targets such as the [2030 Built Environment Breakthrough](#), as well as the Race to Zero Campaign, which requires a clear pathway to net zero by 2050 [9]. This is a good example of an ambition loop: a virtuous circle where action by the private sector provides governments with the confidence to shape a supportive regulatory, policy and finance environment.



*The Buildings Breakthrough Goal Statement:  
Near-zero and resilient buildings are the new  
normal by 2030*

Race to Zero members also include:



# Azerbaijan Sustainable Built Environment Blueprint

With the above in mind, the UN Climate Change High-Level Climate Champion for COP29, Nigar Arpadarai, whose mandate is to mobilise global non-party stakeholders for global climate action, engaged with the CEOs of Azerbaijan’s leading developers in a roundtable with a pledge signing ceremony event in Baku on 30 July 2024 to discuss key opportunities to enhance local efforts in the sector to decarbonise. The initiative was inspired by the [UAE Sustainable Built Environment Blueprint](#), and the insight shared from leading UAE developers on the benefits to be gained from collaborating on decarbonising operations [10].

The roundtable highlighted a common desire for the leading businesses to raise ambition in decarbonising the built environment, as well as addressing shared challenges and opportunities identified by different organisations in Azerbaijan.

This led to the creation of a working group comprising representatives from the leading organisations, the Climate Champions Team and the UN Global Compact, to map the challenges faced by local companies and find the key enablers to unlocking greater climate action.

The insights below summarise the findings of a survey conducted among representatives from the industry, revealing that Data and Benchmark availability are seen as a key enabler by non-state actors of the built environment.

## Business leaders recognised ‘benchmarking’, ‘policy’ and ‘capital’ cost amongst the top enablers needed to mobilise climate action in the sector

### Top 5 Enablers:

1. *Data & benchmark availability*
2. *Enabling policy and regulation*
3. *Lower capital costs*
4. *Technical skills & knowledge*
5. *Green supply chain (availability of building materials & systems)*

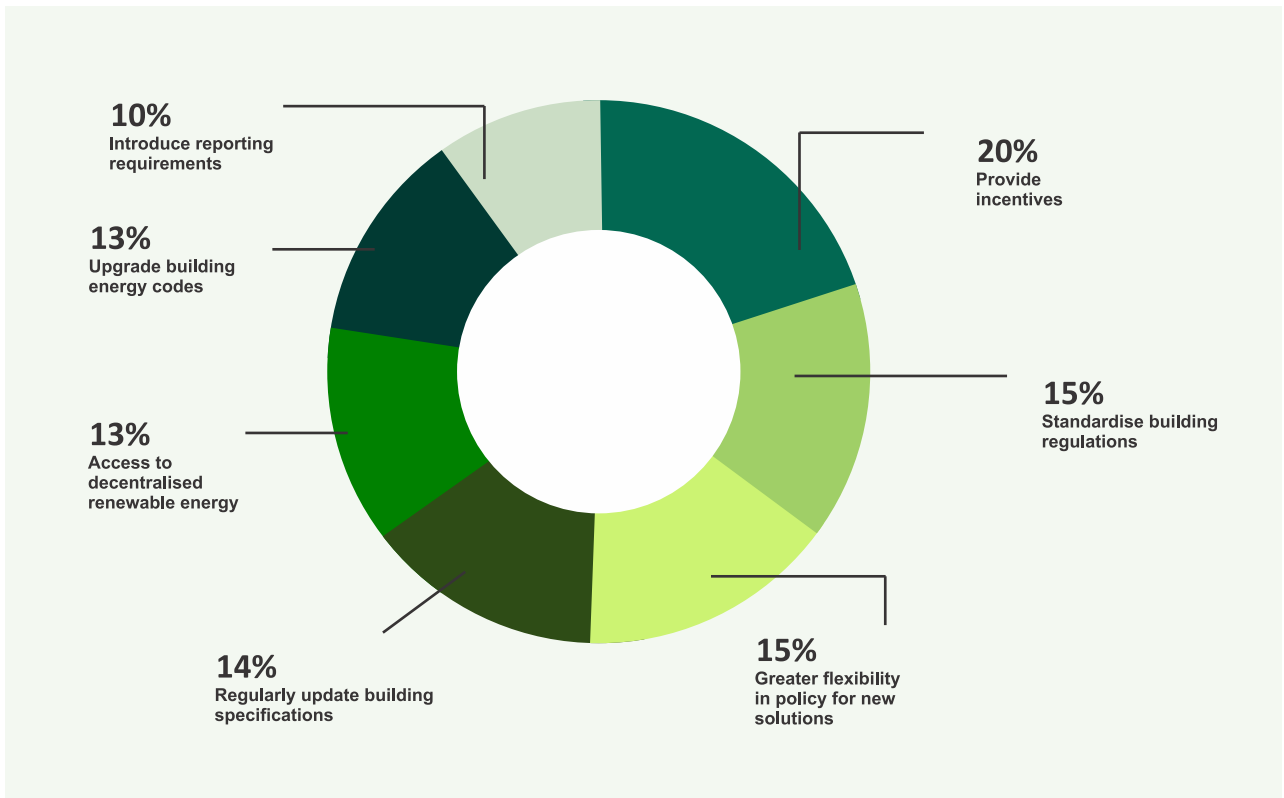
Survey conducted among key industry representatives, 2024, based on ranked results to “Please rank the following challenges as you look to reduce your environmental impact, in order of priority.”

Business leaders reported how increased coordination between government institutions presents an opportunity to unlock climate action in the sector.

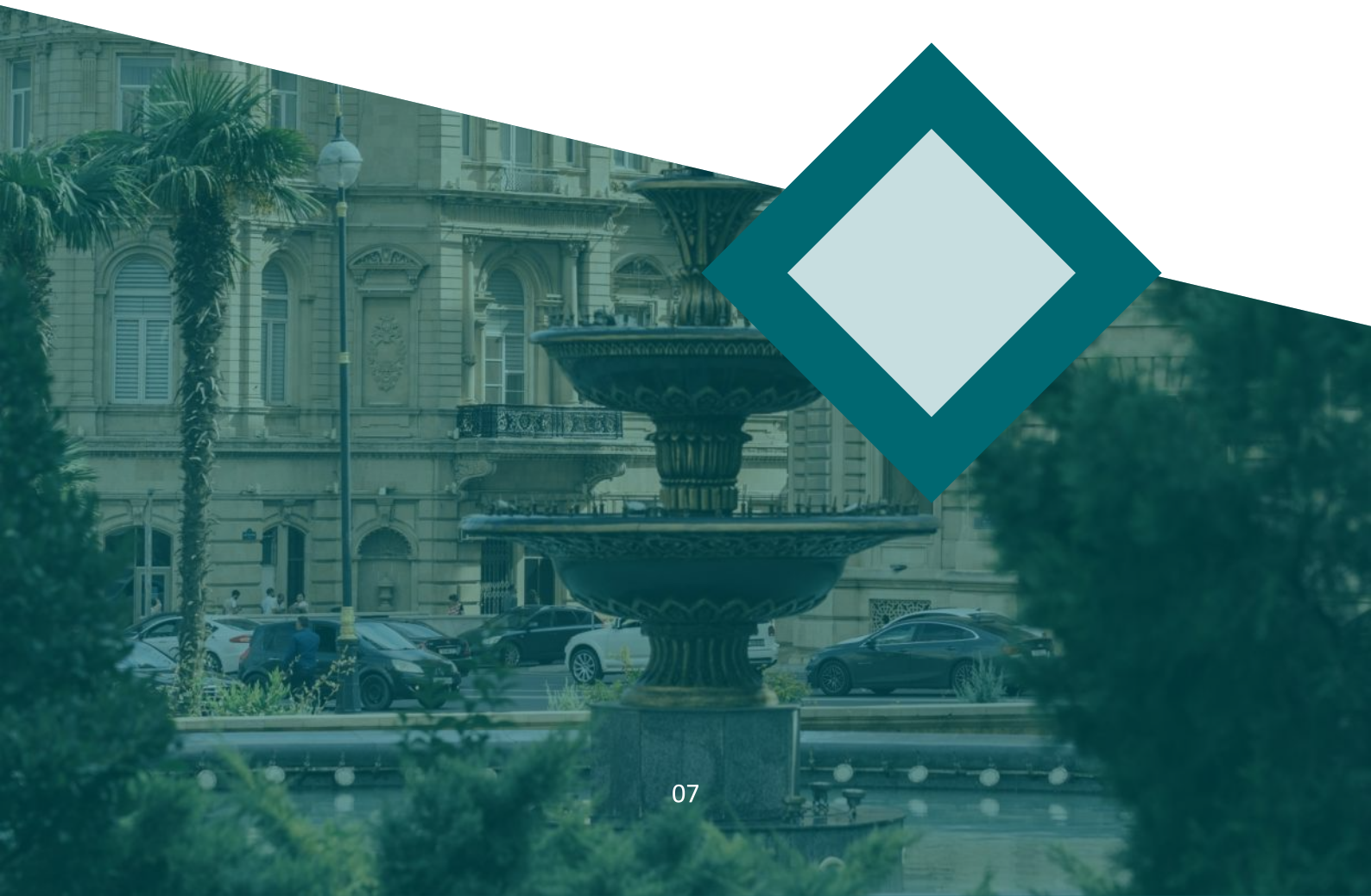
*Every institution has its own standards and requirements, which creates obstacles for businesses to proceed with their sustainability ideas.*

REFLECTION FROM BUSINESS LEADER AT ROUNDTABLE

**Business leaders recognised incentives, 'policy flexibility' and 'standardised regulations' as key policy enablers for mobilising climate action in the Azerbaijan built environment:**



Survey conducted among key industry representatives, 2024 *"What are the key policy enablers needed to support the delivery of sustainable buildings?"*





# Climate Pledge Targets

At the July roundtable, 11 leading developer and construction companies in Azerbaijan came together to sign a pledge, committing to play their part in limiting global warming to 1.5°C. The six pledge commitments were as follows:



## 1. PROMOTE DECARBONISATION TARGETS

Promote the need for credible, transparent, verifiable near and long term sectoral decarbonisation targets and action to align to the Paris Agreement.



## 2. MEASURE & REPORT EMISSIONS

Measure and report our corporate greenhouse gas emissions in a transparent manner, develop measurable plans in line with national climate targets to reduce our carbon footprint, and share these plans with the Azerbaijan government to contribute to achieving the national climate goals.



## 3. FOSTER TRANSPARENCY & COLLABORATION

Share our experiences, challenges, and progress transparently to benefit the industry. We commit to a collaborative spirit, engaging stakeholders such as suppliers, partners, and consumers to actively participate in climate action.



## 4. DEVELOP AND SHARE KNOWLEDGE

Participate in developing content (including reports, surveys, webinars, white papers) to achieve our shared ambitions. We will collaborate across members to synergize and broaden engagement.



## 5. INTEGRATE CLIMATE MEASURES IN BUSINESS MODELS

Factor in climate change mitigation and adaptation measures as core principles of our businesses and operational models.



## 6. INCREASE AMBITION OVER TIME

Strive to be as ambitious as possible and increase ambition over time when possible for the collective group to push towards greater adoption of emission cuts to keep warming to 1.5°C.

# Recommendations for delivering on the Pledge



In order to orient the delivery on the pledge commitments, UN Global Compact have developed some suggested recommendations for the government and private sector to work towards achieving.

## 1. Work toward decarbonisation targets for the construction sector

**Pledge commitments:** 1, 2, 3

**Milestone:** Establish clear, measurable and time-bound national decarbonisation targets, aligned with Azerbaijan's climate commitments.

**Actions:** Businesses to share best practice on carbon measurement at the building-level and corporate-level.

Business and government to explore how sector-specific emission reduction goals can help align and unlock private sector action.

## 2. Support the development and alignment of building regulations

**Pledge commitments:** 1, 3, 4

**Milestone:** Upgrade mandatory building codes and standards to align and support the delivery of national targets and commitments.

**Actions:** Business leaders can share their experience on how building codes can be meaningfully updated to support the delivery of national commitments on energy efficiency and decarbonisation.

## 3. Promote low-carbon construction materials and technologies

**Pledge commitments:** 2, 3, 5

**Milestone:** Encourage the adoption of low-carbon construction materials and innovative technologies to reduce embodied carbon in buildings.

**Actions:** Identify suitable pilot projects to showcase deployment of low-carbon materials. Assess the 'readiness' of regional supply chains to support the delivery of such materials. Identify how incentives and procurement

commitments can drive demand for low carbon materials.

## 4. Pilot deployment of sustainable practices

**Pledge commitments:** 3, 4, 5

**Milestone:** Launch projects that demonstrate low carbon construction and sustainability best practices.

**Actions:** Identify pilot projects to showcase the deployment of sustainable construction practices and technologies. These projects should serve as benchmarks for private sector adoption and showcase the economic viability of sustainable practices. Moreover, lessons learned should be presented and shared in dialogues with both government ministries and business leaders.

## 5. Build industry capacity and up skill workforce

**Pledge commitments:** 3, 4, 5

**Milestone:** Create a national workforce training and education programme focused on sustainable construction practices and decarbonisation technologies.

**Actions:** Identify the key capacity needs to support the transition of the building and construction sector. In partnership between industry, academia and government explore how new programmes for construction workers, engineers, architects and project managers can help address capacity needs.

## 6. Stimulate market demand for sustainable buildings

**Pledge commitments:** 5, 6

**Milestone:** Green premiums for efficient and low emission buildings are observable in the market.

**Actions:** Building on the momentum of COP29, work to raise customer awareness of the value of sustainable buildings and the economic, environmental and health benefits.

# References

- [1] [Letters to Parties & Constituencies July 2024](#)
- [2] [IPCC Sixth Assessment Report](#)
- [3] [Energy Efficiency Policy in Azerbaijan: A Roadmap, IEA](#)
- [4] [UN Status of Paris Agreement](#)
- [5] [Azerbaijan's Second NDC](#)
- [6] [Azerbaijan 2030](#)
- [7] [Net Zero Roadmap: A Global Pathway to Keep the 1.5C Goal in Reach](#)
- [8] [The Buildings Breakthrough](#)
- [9] [2030 Built Environment Breakthrough](#)
- [10] [UAE Sustainability Built Environment Blueprint](#)

*The recommendations, presented on page 9, are part of ongoing work to establish key opportunities for decarbonising Azerbaijan's built environment. A full report will summarise key findings of this working group, as well as the next steps that need to be taken across key areas.*

# Acknowledgements

## Delivery Team

### Project Directors

#### Alida Saleh

Senior Advisor to Climate Champions  
Built Environment Team

#### Samir Mammadov

Azerbaijan Country Manager,  
UN Global Compact

### Core Project Team

#### Celine Harborne

Built Environment Associate,  
Climate Champions Team

#### Will Wild

Built Environment Lead,  
Climate Champions Team

### Logistics Partner

#### Jabir Suleymanli

Azerbaijan Industrial Safety  
Association

## Disclaimer

This document sets out a blueprint for Sustainable Built Environment in Azerbaijan. It builds on work delivered by a number of partners and robust evidence of leading practice.

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## Pledge Signatories:



**Projects**



**PASHA**  
Real Estate



**AVANT**  
GROUP



**KRISTAL**  
ABŞERON



**HUNER**  
GROUP



**SR CONSTRUCTION**



**ARAL**  
GROUP



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