

THE INDUSTRIAL DEEP DECARBONISATION INITIATIVE (IDDI)

Turning the tide
on climate change

The CEM Industrial Deep Decarbonization Initiative

- Large and diverse **coalition** of governments and private sector, academia, civil society



- Create an **enabling environment** for deep decarbonisation of heavy industry, focus on steel and cement
- Leverage **public procurement commitments** to create early markets for low-emission products (starting with steel, cement and concrete)
- Harmonize **emissions accounting** and **definitions for low/near zero emission products** as key enablers for policy makers, producers and procurers

WHY IDDI?

OVER
50%



of industrial carbon emissions are generated by steel, cement and concrete.¹

FOR THE NEXT
40 years



the world is expected to build the equivalent of another New York City every month.²

TO ACHIEVE GLOBAL CLIMATE GOALS,

carbon emissions from steel, cement and concrete need to decrease by more than **90%** by **2050**.³

APPROXIMATELY

20-30%



of global construction industry revenues come from purchases made by national, regional and local government entities together.⁴

THE WORLD COULD SAVE

1.25 billion tonnes of carbon emissions a year⁵



even if **35%** of the steel and **60%** of the cement used in public construction projects was very low-emission. This is more than all the carbon emissions generated by the commercial aviation industry in 2019.⁶



1. Intergovernmental Panel on Climate Change (2022), *Climate Change 2022 Mitigation of Climate Change*.

2. UNIDO, Industrial Analytics Platform (2022), 'Steel and cement can drive the decade of action on climate change. [This is how](#)'.

3. Ibid.

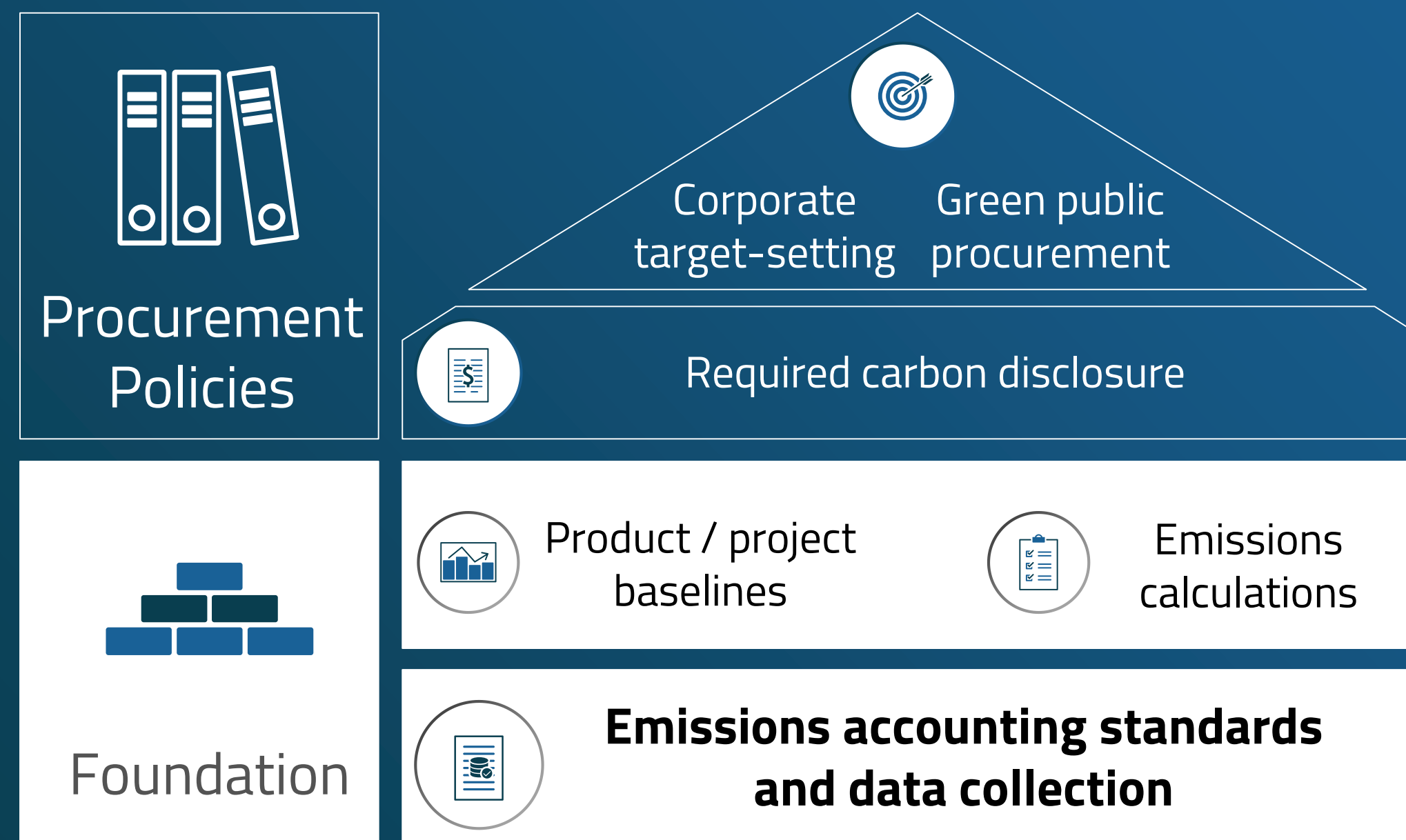
4. World Economic Forum (2022), '[6 countries taking action to solve concrete's emissions problems](#)'.

5. UNIDO, Industrial Analytics Platform (2022), 'Consumers can play a central role in decarbonizing cement and steel'.

6. Environmental and Energy Study Institute (2019), *The Growth in Greenhouse Gas Emissions from Commercial Aviation*.

Overview | PCR Harmonization

Robust emissions accounting standards can **allow companies to differentiate their products** based on emissions and invest in critical technologies to achieve net-zero



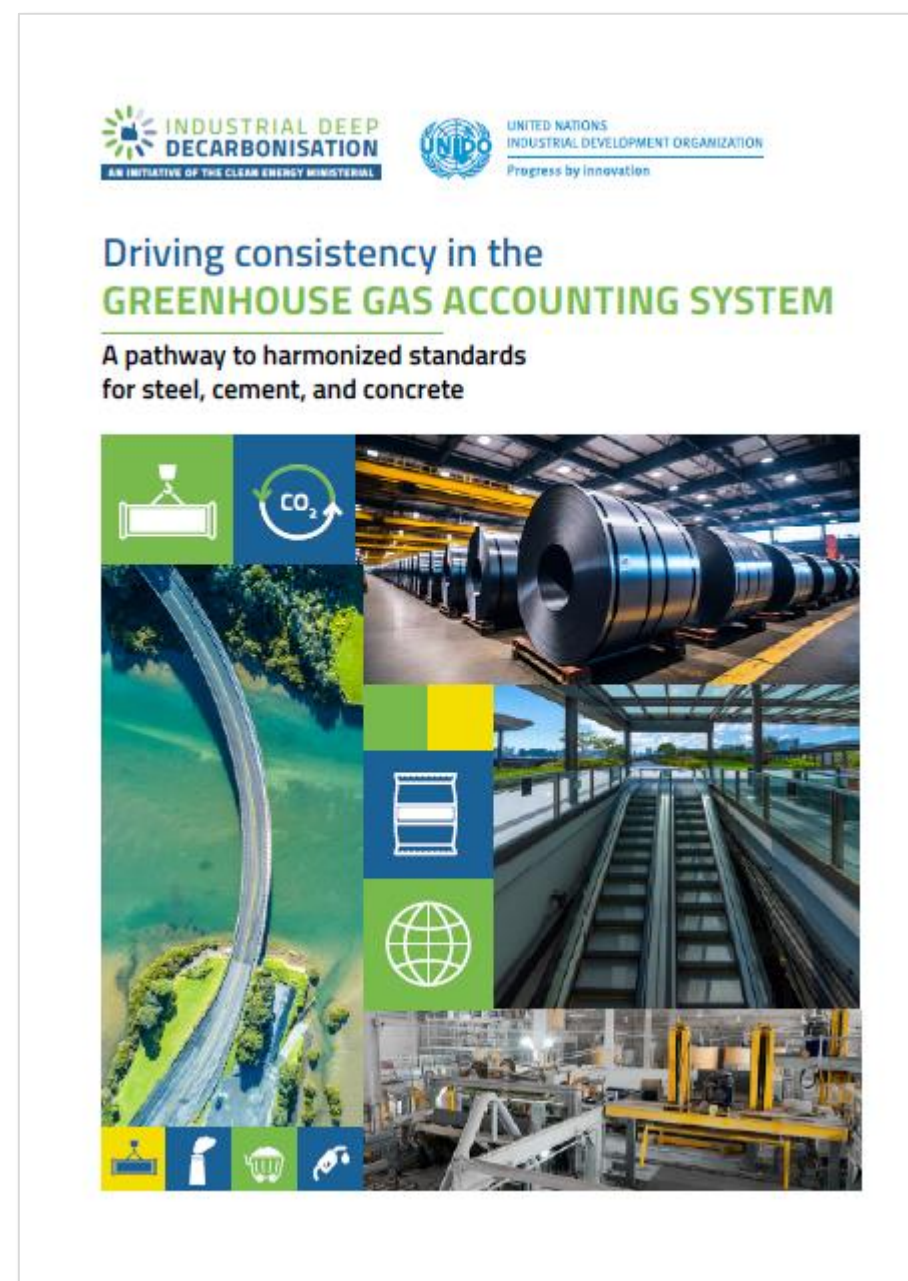
However, there are challenges that must be addressed to create a **robust and trustworthy accounting system**

- 1 **Inconsistency:** Emissions accounting methodologies for industrial products are inconsistent, resulting in different data outputs for the same product
- 2 **Gaps:** Most major reporting methodologies do not address a set of key accounting questions
- 3 **Limited uptake:** Use of reporting methodologies varies significantly, with limited use of standards in many geographies and sectors

These concerns expected to become more salient as demand for green products continues to grow, requiring urgent reform in the standards 'foundation'

IDDI has developed principles-based analysis of the role of standards...

Recommendations to resolve key overarching accounting issues in the standards landscape

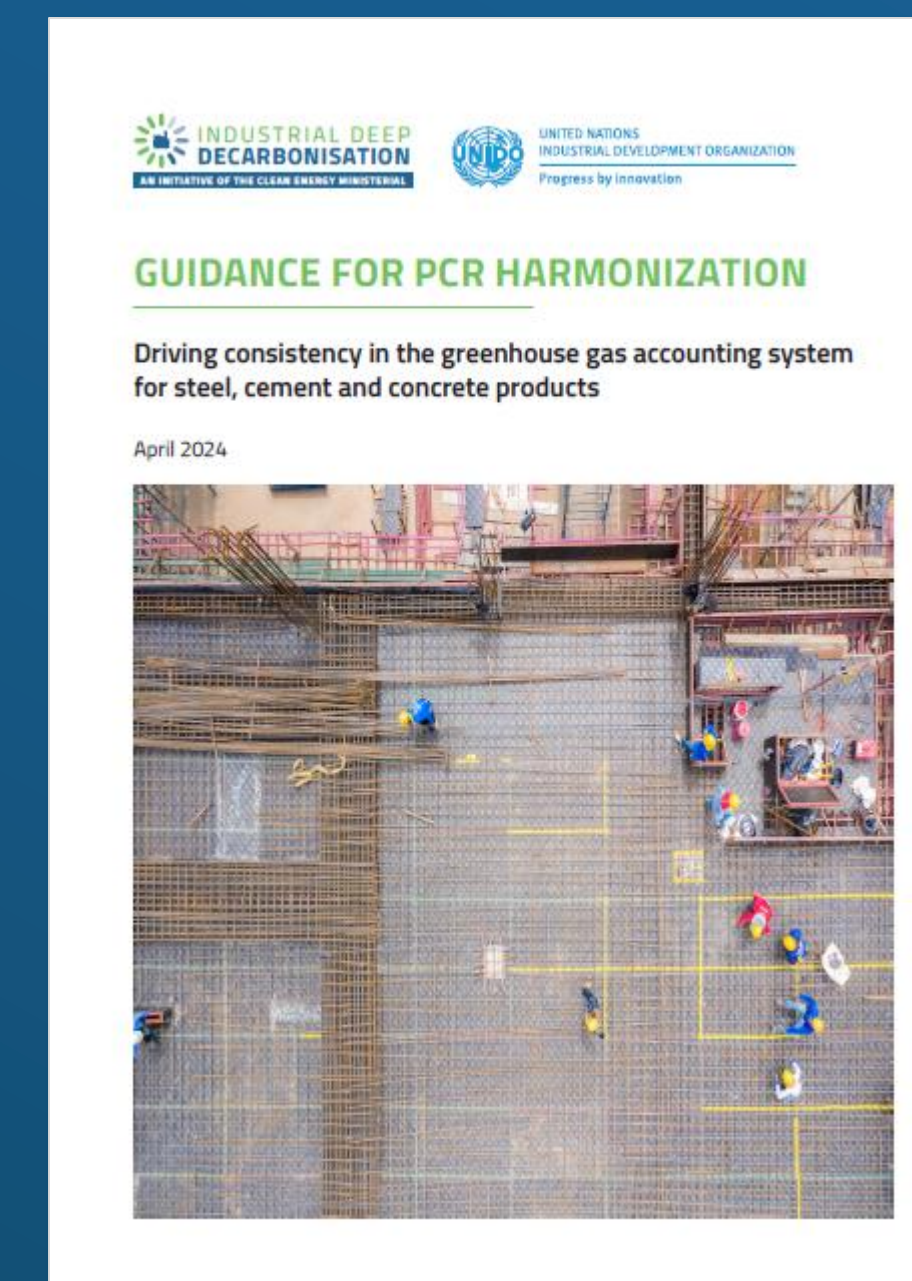


Key deliverable:

White paper setting out overview of role of standards and positioning the guidance in the landscape, basis and principles underpinning technical recommendations, required steps towards harmonization

...complemented by detailed technical guidance

Guidance for updating carbon accounting rules for steel, cement and concrete products



Key deliverable:

Technical guidance for PCR harmonization, containing criteria-level recommendations for modifications to ISO and EN PCRs for steel, cement and concrete

Outlook for the work in 2024/2025

Work plan activities

- Hold **monthly Working Group meetings** to advance priority topics and foster collaboration among members
- Conduct **in-depth technical discussions** on agreed activities including PCR harmonization, emissions thresholds and carbon capture, storage, and utilization (CCS & CCU)

Milestones

- **CEM15** (October): Briefing note on chain of custody (CoC), CCUS & allocation
- **COP29** (November): Briefing note on emissions thresholds for steel, cement, and concrete products
- **Q1 2025**: Contribute to the second iteration of the Guidance for PCR Harmonization

Harnessing the power of Green Public Procurement

- Public procurement accounts for 13 to 20 per cent of global GDP.⁸
- Governments are the top buyers of steel, cement and concrete for major infrastructure projects, such as new roads, bridges, housing, schools and hospitals.
- IDDI aims to harness governments' immense purchasing power to ignite a thriving market for low and near-zero emission steel, cement and concrete.
- When governments commit to buy low- and near-zero products it sends a crucial signal to companies and investors that demand for these products is rising.

“If you make it we will buy it”

The Green Public Procurement Pledge

Over three years IDDI expects to enable at least ten governments to pledge to begin reducing embodied carbon emissions in major public construction projects towards net zero by 2050.



Governments joining IDDI choose their starting point and level of ambition

Statement of Intent

Start now to work towards key aspects of the pledge without timebound commitments.

Level One

Starting **no later than 2025**, require disclosure of the embodied carbon in cement/concrete and steel procured for public construction projects.

Level Two

Starting **no later than 2030**, conduct whole project life cycle assessments for all public construction projects, and, by 2050, achieve net zero emissions in all public construction projects.

Level Three

Starting **no later than 2030**, require procurement of low emission cement/concrete and steel in public construction projects, applying the highest ambition possible under national circumstances.

Level Four

Starting **in 2030**, require procurement of a share of cement and/or crude steel from near zero emission material production for signature projects.



IDDI pledge makers will provide annual progress updates and share learnings with other participating governments.

Achievements to date

- **Launched GPP Pledge** at COP 27 and secured commitments from **four major economies** at COP28: Canada, Germany, UK and US
- **Launched Statement of Intent** at COP28: Federal Government of Austria, Japan and United Arab Emirates committed to start working towards pledge commitments
- **Established** an **effective international community of practice**, and a common understanding of green procurement policy and practices across leading jurisdictions

Goals for 2024 and beyond

- **Support new governments** to join the pledge in advance of events and announcements at COP 29
- Continue to build community of practice and **expand understanding of green procurement** to include more regions of the world
- **Develop standard procurement language and guidance** for Pledge commitments, starting with Level 1 - disclosure of embodied carbon for steel and cement/concrete (i.e. asking for EPDs)



iddi@unido.org