

## Taking Stock After COP27

To BCG's network around the world,

This is a difficult moment in the climate fight. We don't yet have all the decarbonization technologies we'll need, although many are in development. Some governments and businesses are making meaningful moves, but not all are on the same page. And while the situation is more urgent than ever, it's daunting to attempt to make progress amid a backdrop of war, inflation, recession, and energy and food insecurity.

COP27, the 2022 United Nations Climate Change Conference, which wrapped up over the weekend in Sharm El-Sheikh, Egypt, didn't entirely lift us out of this hard place. But after talking to my colleagues who were there on the ground—representing BCG as the exclusive COP27 consulting partner—I think it's important to highlight some key takeaways as we look ahead. For those who want more, our team put together an [excellent summary of outcomes](#) and deep dives in critical areas.

- **Moving Beyond Mitigation.** This COP was the first to have a fully rounded-out agenda, including a significant push to give greater voice to the Global South and elevate concerns that go beyond mitigation. In response to longtime demand from developing nations, the issue of loss and damage financing was on the table at COP27—and the parties delivered a breakthrough agreement in the final hours of negotiations. Questions remain, including details about the sources and recipients of funding, as well as how the proposed fund of \$350 million can be stretched to meet growing needs. But the symbolic value of the agreement can go a long way toward rebuilding North-South trust.

Other examples include the new Sharm El-Sheikh Adaptation Agenda, which

aims to catalyze nonstate actors to address the needs of those living in the most climate-vulnerable communities. The African Business Leaders Coalition elevated the commitment of the private sector to help shape that continent's future. And a single day of COP27 was dedicated to agriculture, raising expectations of systemic change in our approach to food systems.

- **Moving Toward Implementation and Accountability.** COP27 included less focus on the nature and depth of the problems and more on how to implement actual solutions—a definite move in the right direction.

International partners endorsed multibillion-dollar just energy transition plans for South Africa and Indonesia, with the potential for additional agreements with Vietnam, Senegal, and India to follow. Egypt announced its \$15 billion Nexus on Water, Food, and Energy package of mitigation, adaptation, and development projects, offering novel approaches to all three topics. The Regional Finance Forums have identified more than 450 projects requiring \$600 billion in financing. And we saw meaningful support for food systems, including \$15 billion from the IFC, the Bill & Melinda Gates Foundation, and others.

- **Building Better Finance.** The finance discussions that took place in Sharm El-Sheikh were more sophisticated than in years past, acknowledging the growing demand for reform. GFANZ—the Glasgow Financial Alliance for Net Zero—published guidance for financial institutions on their net-zero transition planning. Demands for reform of the IMF and multilateral development banks picked up speed, with Barbados Prime Minister Mia Mottley and French President Emmanuel Macron collaborating on the Bridgetown Initiative, a plan that aims to ease the financing process for governments that need money for relief and rebuilding.
- **Growing Engagement, Particularly from the Private Sector.** As with COP26, engagement from business, finance, and subnational governments remained high at COP27. There were 33,000 people registered for the conference, and private sector participation was significant. We saw an increase in the number of business coalitions, as there continues to be a greater understanding that different actors across value chains—upstream and down—have to work together. The First Movers Coalition added cement and concrete to its set of hard-to-abate sectors, as it works to stimulate investments in decarbonizing technologies.

These highlights from COP27 are important to note, but we also need to underline the fact that we remain off track in this struggle. The UN recently forecast that at our

current rate emissions will increase 11% by 2030, when we need them to be down by 43% to stick to our goals. That's a huge gap, and new commitments for further improvements at this COP were minimal.

We don't get to choose whether we take on this battle or not. But we can choose to take the right actions based on the urgent situation we're in and make our way to a more hopeful future. This means supporting those who will suffer the most from climate change while tackling the mitigation challenge with ambitious commitments and active implementation. At COP27, we made meaningful progress on the first of these requirements, but we're still falling short on the second.

Until next time,



Rich Lesser  
Global Chair

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## Further Reading



### COP27: An Inside Perspective

Expectations were tempered by a challenging global environment, but there was still progress made in Sharm El-Sheikh—most notably on the issue of supporting those who will suffer the most from climate change.

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## **BCG at COP27**

At COP27, public- and private-sector leaders will unite in Egypt to seek solutions alongside BCG, the exclusive COP27 consulting partner.

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## **The So What from BCG: Can Our Green Future Also Be Fair?**

We often hear that the climate transition must also be a just transition. But how can we make that happen when, for example, coal remains both the largest source of energy in the world and a source of steady income for miners in many countries? Keshlan Mudaly, a BCG principal in Johannesburg, South Africa, unpacks the many tradeoffs and dilemmas that confront public and private leaders in their quest to lower carbon emissions.

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