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When it comes to climate, we need to start thinking about Plan C

Geoengineering is risky and undesirable but thinking of pragmatic insurance policies is important.

By John Browne

In 1997, I was the first big oil chief executive to acknowledge the risk posed by climate change, accept that we were part of the problem and pledge to become part of the solution. My peers at the time accused me of having "left the church". Whatever church that was, it is now dwarfed in size by the congregation that showed up in force in Egypt last week for COP27.

As far as the cliches of international diplomatic conferences go, Sharm el Sheikh did not disappoint. Motorcades blocked the roads, hotel prices went stratospheric, and lunch and water were in short supply. But talking to ministers, NGOs, businesspeople and campaigners, several important things became clear. The ambition to limit global warming to 1.5 degrees is at severe risk. Reducing greenhouse gas emissions — "climate change mitigation" — is proving to be very difficult because the incentives to change behaviour and reallocate capital are still largely missing, even though we have been talking about them for the past 30 years.

We have the technologies we need to reduce global emissions by up to 70 per cent, but we do not have the right price signals (in the form of a carbon tax) or risk appetites (in the form of balanced public and private sector risk sharing) which would accelerate investment in their deployment. As a result, warming could approach 3 degrees, even if today's current swathe of net zero pledges are delivered.

Although they dare not whisper it, most participants at COP know that the investment to deliver the technology may not be deployed in time to stop this trajectory. That is why the conversation this year has turned more decisively towards the "plan B" of climate change adaptation. This is good news: it might be plan B, but it is also a practical necessity as efforts to reduce greenhouse gas emissions fall short of what's needed, putting more and more lives and livelihoods at risk.

But the bad news is that adaptation is likely to be even more difficult to finance than mitigation. This is because it involves investment in infrastructure which would function just fine in the absence of climate change; and because it generates returns which are long-term, unquantifiable and indirect. In other words, it represents an even greater public financing challenge than emissions reduction.

If both plan A and plan B fall short, what about plan C? I was one of a few voices at COP this year calling for the world to pay greater attention to geo-engineering of the oceans and atmosphere. This is not desirable, is fraught with risk, and does not need to be done immediately. But it does merit greater thought and consideration, particularly as it will take at least a decade to establish the scientific and bureaucratic institutions needed to govern this activity.

This is our insurance policy against the failure of plans A and B, and against the risk of reaching irreversible tipping points. The world cannot afford to hope for the best by ignoring it.

The glue that could bind mitigation, adaptation and geo-engineering into a coherent system is, of course, a carbon price. We remain a long way from this perfect solution, but we do now have real-world examples of incentives and appropriate levels of risk-sharing coming together to deliver progress. The US Inflation Reduction Act is a prominent example of massive fiscal and industrial policy for the net zero age. Another is the proposal made by US climate envoy, John Kerry, to raise and transfer the proceeds of a *quasi* carbon tax to the Global South.

At COP27, I also detected a welcome sense of urgency about the need to establish carbon credits which are robust, tradeable and insurable, thereby generating reliable sources of revenue which can be channelled back into the financing of mitigation and adaptation efforts. The Integrity Council for the Voluntary Carbon Market and the Voluntary Carbon Market Integrity Initiative are among those leading the way on this, as is Michael Bloomberg and Bloomberg Philanthropies who have a proposal to establish a carbon credit oversight body called The Global Carbon Trust.

There is much more to do to turn isolated examples of progress into systemic change. But until then, it is incumbent on all of us to do what we can with imperfect markets and imperfect institutions. Risk-averse multilateral development banks, for example, can be side-lined in favour of alliances between private investors and regional development banks who have a more realistic approach. I am now the Chairman of BeyondNetZero and we are playing our part by selecting high-quality, growth equity investments that have the potential to reduce greenhouse gas emissions at scale.

Meanwhile, greenwashing and the newly-discovered "green hushing" should be consigned to the past, replaced with a practical set of mandatory ESG disclosure requirements, such as those embedded in the ESG Data Convergence Initiative and the Science Based Targets Initiative.

Pragmatism executed at speed is better than perfection delivered too late. A motto for COP28, perhaps?

Lord John Browne is Chairman of the Energy Futures Initiative's Advisory Board and BeyondNetZero. He previously served as CEO of BP from 1995 to 2007.

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