



Emergence and influence of a new policy regime: The case of forest carbon offsets in British Columbia



Guillaume Peterson St-Laurent^{a,*}, Shannon Hagerman^b, George Hoberg^c

^a Institute for Resources, Environment, and Sustainability, University of British Columbia, 2202 Main Mall, Vancouver, BC V6T 1Z4, Canada

^b Liu Institute for Global Issues, University of British Columbia, 6476 NW Marine Drive, Vancouver, BC V6T 1Z2, Canada

^c Department of Forest Resources Management, Faculty of Forestry, University of British Columbia, 2031–2424 Main Mall, Vancouver, BC V6T 1Z4, Canada

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ABSTRACT

The most significant carbon mitigation policy currently targeting BC's forests is the Forest Carbon Offsets Protocol (FCOP) that outlines the rules regulating forest carbon offsets. By applying the Policy Regime Framework to the FCOP, this paper addresses the following specific questions: what is the extent of the policy change brought by FCOP, and what are the main factors that influenced and shaped this policy change? The paper concludes that policy did change: an offset regime was established and FCOP was adopted to steer the development of forest carbon offsets. It is the executive branch of government, and especially Premier Gordon Campbell, that was most influential during problem definition and the decision making around forest carbon offset policy. In addition, environmentalists and First Nations, by advocating for a conservation economy, and the private sector, by lobbying the government to prioritize their economic interests, also influenced the policy making process. However, the actual magnitude of policy change that occurred with the emergence of the forest carbon policy regime is quite limited. Apart from a few conservation and improved forest management projects that mostly benefited First Nations, very few projects have been successfully implemented to date. This limited policy change was caused by various economic, social and political limitations. In particular, the shift in government in 2011 that led to the decision not to implement a cap and trade program significantly reduced marketing opportunities for BC-based forest offsets. In addition, the negative public opinion towards the credibility and effectiveness of forest carbon offsets, the low international price of carbon, the high transaction costs and the lack of financing options strongly restrained their development.

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1. Introduction

Climate change represents one of the most important environmental challenges of the 21st century. To successfully reduce atmospheric carbon dioxide (hereafter carbon) concentration, mitigation strategies will require both a reduction in greenhouse gases (GHG) emissions and substantial removals of carbon from the atmosphere (IPCC, 2014b). The potential of forests to sequester carbon and mitigate climate change is recognized worldwide (IPCC, 2014a). In the Canadian province of British Columbia, the 55 million hectares of forests are seen by the provincial government as crucial for reaching its ambitious objective to reduce its GHG emission by 33% from 2007 level by 2020 (Government of BC, 2014). The provincial government identifies “growing trees, sequestering

carbon and ensuring that land is available from which to derive a range of forest products” as one of six priorities contained within the Forest Sector Strategy (BC MFLNRO, 2012). Despite these and other statements about the importance of forest carbon mitigation in its communication materials (BC MFLNRO, 2013), the provincial government has yet to adopt a set of comprehensive policies to manage forest carbon (Hoberg et al., 2016).

The most significant formal carbon mitigation policy currently targeting BC's forests is the Forest Carbon Offsets Protocol (FCOP) that outlines the rules regulating forest carbon offsets.¹ Carbon offsets are financial mechanisms allowing an entity (e.g., government, private company) to purchase GHG emission reduction credits from

¹ The government also announced in the 2008 Speech of the Throne its objective to “pursue a goal of zero net deforestation” (Government of BC (2008). Speech from the Throne, February 12, 2008. Retrieved March 10, 2015, from <http://www.leg.bc.ca/38th4th/4-8-38-4.htm> and passed the *Zero Net Deforestation Act* in 2010 aiming for zero net deforestation by 2015. However, the legislation was never implemented.

* Corresponding author.

E-mail address: peterson.guil@gmail.com (G. Peterson St-Laurent).

another entity to comply with their own voluntary or required GHG emission reduction target (Fahey et al., 2010). Because of forests' high potential for climate change mitigation and the low cost associated with various forest carbon management strategies, forest-based carbon offsets represent potentially promising instruments for climate change mitigation (Galik and Jackson, 2009; Ristea and Maness, 2009).

The implementation of forest carbon offsets has faced various challenges in recent years, especially in regards to their complexity and the difficulties of ensuring that they lead to real climate benefits. Notably, the main concerns are associated with (1) leakage, the displacement of the offset emissions to another location, (2) permanence, the durability and stability of carbon sinks, ensuring that it does not become a source, and (3) additionality, the emission reduction would not have happened without the project (Freedman et al., 2009; Golden et al., 2011; Parker et al., 2014). These issues have led forest carbon offsets to be criticized for lacking credibility (e.g., Forest Trends, 2011; Richards and Andersson, 2011; Ristea and Maness, 2009). For instance, some authors describe offset rules as “remain[ing] murky and mired in controversy,” (Gray and Edens, 2008) while others express concerns that forest offset protocols “suffer from fundamental flaws that will limit their capacity to produce credible offset credits” (Richards and Huebner, 2014). Forest carbon offsets also face financing and marketing challenges, including high transaction costs and low international carbon price and demand (Cacho et al., 2013; Pearse and Böhm, 2015).

The aim of this paper is to analyse the development of BC's forest carbon policy, using forest carbon offsets and the FCOP as a case study. As mentioned BC currently lacks concrete formal forest carbon policy except for the FCOP and little is known on its impacts in terms of policy change. This paper will thus address the following specific questions: what is the extent of the policy change brought by FCOP, and what are the main factors that influenced and shaped this policy change? By ‘the extent of policy change’ we mean whether the FCOP brought a significant alteration in the direction, goals and policy instruments of provincial forest and climate policy, or whether it brought only minimal variations from status quo. The paper proceeds by applying the policy regime framework (described below) to understand the evolution and drivers of forest carbon offset policy between 2005 and 2015. Sections 2 and 3 describe the conceptual background, including a brief description of the policy regime framework, and the methodology used for data collection and analysis. Section 4 describes the emergence of the forest carbon policy regime and identifies its main components according to the PRF. In Section 5 we apply the policy regime framework to the FCOP to describe and analyse the main drivers behind policy making. We conclude by drawing broader lessons for understanding the main challenges associated with forest carbon offset policy.

2. Conceptual background: theorizing policy regimes

There is an abundance of public policy theories drawing on a diversity of concepts, variables and terminologies (Sabatier, 2007b). To highlight three prominent theories, the institutional analysis and development framework Ostrom (2007, 2011) analyzes the way individuals act in collective contexts and the institutions affecting their actions. Policy change is often produced by the rational actions of actors to alter the rules of a system. A second framework, the advocacy coalition framework, focuses mostly on how belief systems affect how policy coalitions interact (Sabatier and Weible, 2007). This framework theorizes that perturbations exogenous to the subsystems (e.g., significant changes in socioeconomic situation or public opinion) are mostly responsible for core policy changes. Finally, the punctuated equilibrium

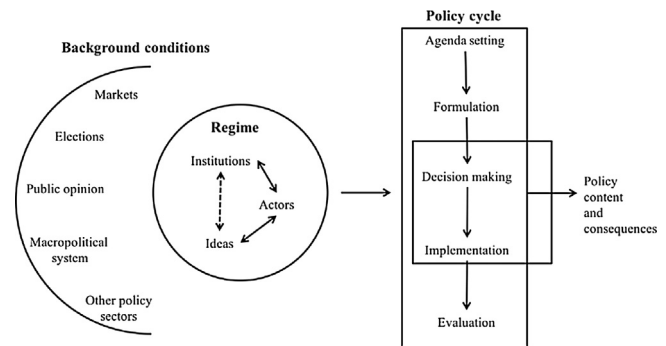


Fig. 1. The policy regime framework (reproduced from Cashore et al., 2001; p. 10).

theory of policy dynamics offers an explanation for patterns of policy change through time, arguing that policy frameworks tend to persist for long periods of policy stability, followed by short bursts of major policy changes (Baumgartner and Jones, 2007). The periods of instability are the results of changes in the policy venues (i.e., institutional locations where decision-making occurs) and/or redefinitions of the policy images (i.e., understanding and discourse of the public on a policy).

In contrast, the policy regime framework, developed by Cashore et al. (2001), describes policy outcomes (the dependent variables of the framework) as determined by the interaction of actors, institutions, and ideas in the context of background conditions (Fig. 1). The framework focuses on strategic actors, public and private, that have specific political interests and a diversity of political resources. Actors adopt strategies designed to make best use of their resources in pursuing their interests. These strategic interactions occur within a specific institutional and ideational context. Institutions represent the rules and procedures regulating which actors hold authority and the structure within which they interact. The actors affect policy making by shaping the relations and exchanges between different members or levels of government and by defining how interest groups can participate in policy making and interact with the state. Ideas are defined as the causal and normative beliefs involved in the policy process. Ideas shape policy by enabling actors to link their goals to their strategies and by reducing the number of available alternatives.

Interactions between actors, institutions, and ideas occur in the context of background conditions that can influence and shape policy regimes. The policy regime framework focuses on five influential background conditions: public opinion, elections, economic conditions, the macropolitical system, and other policy sectors. The framework is explicitly multi-causal, and therefore open to a variety and combination of forces influencing policy change depending on the context in question. But several core propositions are identified about the conditions promoting significant policy change. First, pressures for change can emerge from within the regime if there are significant changes in actors or in actor strategies (Cashore et al., 2001). Second, significant policy change “is unlikely without significant change in background conditions” that alters the interests, strategies, or resources of actors (Idem, p. 15).

The framework emphasizes the structural advantages that business groups have, and the circumstances in which business interests might experience setbacks. A third proposition is that “there tends to an inverse relation between profitability and the power resources of industry groups in a particular sector” (Idem, p. 15). When industries are hurting, their complaints about threats to competitiveness are likely to be taken much more seriously by elected politicians. Fourth, significant changes in policy that go against the interests of business groups “are unlikely without a burst in salience of new values” (Idem, p. 16).

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