



**CLIMATE**

**GOVERNANCE**

**AT THE**

**CROSSROADS**

Experimenting  
with a Global  
Response  
after Kyoto

MATTHEW J. HOFFMANN

# Climate Governance at the Crossroads

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RESPONSE AFTER KYOTO

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## Preface

The research for this book emerged from a confluence of disillusionment and serendipity. I spent most of my early career approaching the study of global environmental politics by examining the multilateral treaty negotiations at the center of the world's response to environmental challenges like ozone depletion and climate change. But beginning around 2003–2004, I became increasingly disillusioned with the multilateral process both personally and academically. Personally, I was becoming more and more frustrated with and concerned about the lack of progress in the addressing climate change—becoming a new father had brought the problem of climate change home to me in a different light than I had perceived it before and, frankly, I was (and remain) scared of the potential consequences of climate change. Academically, I was frustrated as well. It seemed that academics had adequately diagnosed the reasons collective action was not forthcoming on climate change, but that we of the academy (political scientists, economists, environmental studies scholars), collectively, were having a difficult time breaking through the hold that multilateral treaty-making had on our own and on policy-makers' imaginations. Fortunately, this was not universally the case. At around the same time, some pioneering studies were beginning to examine the global response to climate change from a broader perspective, and I drew inspiration from much of this work on cities, NGOs, and corporations, as will be obvious in the pages that follow.

Yet it took serendipity to turn my general discontent in something more productive in 2007–2008. One day in the spring of 2007, my morning paper had a story about carbon rationing action groups—small, loosely affiliated groups of people in the United Kingdom (at the time—now the phenomenon has spread to the United States, Canada, and China) that were negotiating and imposing Kyoto Protocol–like restrictions on themselves at an individual level. Here you had extremely micro initiatives drawing on motifs and modes of governance that nation-states employ. This struck a chord with me and was a particularly crystallizing moment. I distinctly remember saying to myself, “They’re

experimenting.” They are trying something out that works for them, but with a hope that there will be some larger ramifications. This drive to innovate, to try a different way of responding to climate change (not necessarily the details of what was happening in these particular groups, though it is a fascinating case) was something I wanted to understand and know more about and I wanted to see if there was any potential in experimentation to alter the course of the global response to climate change.

So I began a process of gathering information on as many unconventional initiatives as I could. Aided by an extremely talented and dedicated research assistant—Gabe Eidelman—I devised and revised criteria for identifying the 58 climate governance experiments analyzed in this book. I worked on putting together a database and research project to further understand what I came to consider an experimental system of governance—how and why individual experiments have emerged and how they are interacting and influencing the global response to climate change. In addition to gathering data from Web sites and documents to fill the database and lay the foundation for examining the collection of experiments, the research took me to the Conference of the Parties meetings for the UN climate change negotiations in 2007 (in Bali) and 2009 (in Copenhagen). I also attended the Carbon Markets Insights America conference hosted by the Point Carbon in November 2009. Finally I undertook over 40 interviews with individuals who were actively involved in climate governance experiments.

In the course of research and writing, it became clear to me that what I wanted to accomplish with this project was both an academic study of climate governance experiments and a more practically oriented exploration of the global response to climate change that is emerging through climate governance experiments. My hope for this book is that it will contribute to the burgeoning literature on global environmental governance but also be a bit helpful for people working on climate change on the ground like those who were gracious enough to speak with me about their work addressing climate change. The initiatives I explore in this book are all relatively new and are experimental in the sense that we cannot yet be sure how they will turn out. By publicizing (in however small a way an academic book can do) this activity taking place outside the traditional multilateral channels and by illuminating how these initiatives are forming the nascent basis for a coherent experimental system of governance, I hope to aid their work.



## Acknowledgments

As with any project of this size, it was not accomplished alone. Gabe Eidelman's assistance was crucial to the success of this book substantively and even stylistically (he is a whiz with graphics). Dave Gordon, Adam Senft, and Roberta Bell also provided valuable research assistance for various portions of the manuscript. I have benefitted enormously from collaboration with Michele Betsill on a project tracking emissions trading mechanisms, and she has also suffered through my excitement about this project from its inception and provided wonderful feedback. Along with Michele, Steven Bernstein, Matthew Paterson, and I are also engaged in a long-term research project on the governance and legitimacy of carbon markets. Working with these outstanding scholars has been a privilege, and I have learned a great deal in the process that has improved my work on this project. I owe debts of gratitude to a number of people for providing feedback on ideas and chapters along the way. Greg Hoffmann and John Heugel were gracious enough to read the manuscript from a nonacademic perspective and help me to keep the academic jargon to a minimum. All the feedback and encouragement I received from Steven Bernstein, Michele Betsill, Lilach Gilady, Harriet Bulkeley, Dave Gordon, Gabe Eidelman, Teresa Kramarz, David Levy, Elinor Ostrom, Mat Paterson, Phil Triadafilopoulos, Stacy VanDeveer, and the members of the Leverhulme research network on Transnational Climate Governance has been instrumental in improving my ideas and writing—and all these persons, of course, are blameless for any faults of logic or fact that remain. My editor at Oxford University Press, Angela Chnapko, was wonderfully encouraging and provided both feedback and support through the writing and publication process.

Working on this project and thinking about climate governance experimentation reminded me again of my intellectual debts to my longtime mentors Marty Finnemore and James Rosenau. Their ideas, training, and passion will always be crucial resources I draw on, and their insights are to be found throughout this project.

I could not have written this book without the support of my friend, partner, and wife, Lena Mortensen. She is my biggest cheerleader and my staunchest critic, and she makes everything I do better. It is clichéd, but nonetheless true, that I wrote this book for my son, Anders. This is perhaps not the book he envisioned when he asked me to write a book for him as a four-year-old in 2008, but I hope it is one he someday finds worthy. Anders is the reason I wake up at night worried about climate change, and writing this book is a small contribution I can make to ensuring that his future can be a bright one.



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The background of the page is a very light, almost white, image. It appears to be a photograph of a road intersection or a crossroads, with a car visible in the distance. The image is heavily faded and serves as a subtle backdrop for the text.

# Climate Governance at the Crossroads



## Into the Void

Aren't we a little too self-righteous to pretend that all strategy is here in the toolbox of Kyoto, where there are only numerical target, timeline, some flexible mechanisms and detailed punishment plan? Shouldn't we be a little more humble to the awesome might of nature and human action and start exploring many more tools and strategies on top of the Kyoto's tool box?

—Japanese Submission for the 2006 Conference of the Parties to the United Nations Framework Convention on Climate Change in Nairobi

## A Tale of Two Copenhagens

The world came to Copenhagen in December 2009, physically and virtually.<sup>1</sup> The focal point was the annual installment of the ongoing United Nations negotiations aimed at achieving an international agreement to combat climate change. These yearly “Conferences of the Parties” (COPs) galvanize interest in climate change, serving as the centerpiece of the international community’s response to climate change since the original UN negotiations in the early 1990s. But UN negotiations were not the only show in town. There were two Copenhagens.

One was familiar and obvious, located at the Bella Conference Center that housed the official negotiations. Here activists paraded and shouted, festooned in eye-catching costumes, and berated the “Fossils of the Day” for obstructing progress on a global accord. They sought to catch negotiators in the corridors and press their positions, at least before the vast majority of these observers representing civil society from around the world were unceremoniously denied access in the closing days of the conference. The harried and

exhausted negotiators diligently worked long hours over multiple and conflicting versions of negotiating texts that revealed myriad fault lines dividing the nations of the world. Dozens of organizations maintained informational booths seeking to publicize their version of climate-friendly activities. Students and academics huddled in small groups trying to make sense of an enormous and unwieldy negotiating process, the most important aspects of which take place behind closed doors. Cameras and microphones were ubiquitous as the media sought both the main storyline of the negotiations and the smaller personal interest stories that would connect the global summit to peoples' lives back home. A logistical and security nightmare unfolded as heads of state swooped in during the final days of the conference. They sought a breakthrough compromise, but left with what many consider to be a disappointing Copenhagen Accord that does little to ensure that significant actions will be taken to address climate change.<sup>2</sup> Outside the Center, demonstrators chastised the negotiators and urged them to take action on climate change and equity concerns. The eyes of the world focused on the events at the Bella Center. Many now despair at what they witnessed.

The other Copenhagen manifested at multiple sites throughout the city.<sup>3</sup> One scant subway stop south of the Bella Center stands the Crowne Plaza Hotel, where the International Emissions Trading Association held a series of presentations and discussions—"side events" to the focal negotiations up the road.<sup>4</sup> The pace and feel of the Crowne Plaza was calm and relaxed in contrast to the frenetic atmosphere of the Bella Center. In two medium-sized conference rooms, representatives from various organizations—banks, corporations, carbon traders, NGOs, think tanks, even nation-states—laid out how existing carbon markets function and the plans for developing and scaling them up in an attempt to address climate change and make profit. In downtown Copenhagen, mayors, governors, and corporate leaders met with much fanfare at two concurrent events. The Climate Summit for Mayors, sponsored by the C40 Cities Climate Leadership Group (hereafter C40) explored municipal responses to climate change, and the Climate Leaders Summit highlighted the activities of members of The Climate Group. The Climate Leaders Summit produced a far-reaching agreement among subnational leaders (in less than an hour) that promises far more stringent action than is included in the Copenhagen Accord.<sup>5</sup> The eyes of the world were not tightly focused on this other Copenhagen: the Crowne Plaza, the leaders' summits, or similar venues across Copenhagen that showcased alternative approaches to addressing climate change. They should have been.

The two Copenhagens represent two very different ways of responding to climate change—devising the mechanisms, technologies, and institutions through which the world attempts to mitigate the sources and adapt to the effects of human-induced climatic changes and global warming. The Bella Center

Copenhagen exemplified the traditional and familiar megamultilateral approach whereby all (or most) of the world's nation-states convene to negotiate a legally binding treaty that shapes the domestic actions of individual nation-states. This is top-down governance designed to smoothly transition from international cooperation to domestic implementation, an approach that makes a good deal of sense, as we are told time and again that climate change is a problem that cannot be solved by any single nation-state. The 1997 Kyoto Protocol is the most recent treaty to emerge from this means of responding to climate change, and the activities at the Bella Center Copenhagen sought to produce a replacement ahead of its expiration in 2012.

The other Copenhagen was something less familiar, messier, more diffuse and dynamic—in a word, *experimental*. The other Copenhagen revealed how cities, counties, provinces, regions, civil society, and corporations are responding to climate change independently from, or only loosely connected to, the “official” UN-sponsored negotiations and treaties. This is bottom-up governance, whereby myriad actors inspired by frustration with the multilateral process (deeming it either too slow or too fast), a sense of urgency about climate change, and even profit and power refuse to leave the response to climate change solely to the multilateral treaty negotiations—they are taking climate change into their own hands. Less focused on a singular outcome (a global treaty), these initiatives push the global response to climate change in a number of directions—energy efficiency, carbon markets, local adaptation, transformation of the built environment and transportation systems, among others.

The Bella Center Copenhagen is comfortable, if disappointing. This mode of climate governance has been the focus of the global response to climate change (and other transnational problems) for decades.<sup>6</sup> Yet the focus on the Bella Center in December 2009 obscured the importance of the other Copenhagen, just as the focus on multilateral treaty-making obscures the importance of bottom-up processes that have begun to percolate in the last decade. This book seeks to correct that imbalance. I demonstrate how the center of gravity in the global response to climate change is shifting from the multilateral treaty-making process to the diverse activities in the other Copenhagen. In the pages that follow I examine the development and functioning of this experimental world of climate governance and its relationship with the traditional multilateral response to climate change. While experiments in responding to climate change are new and unproven, they may represent the best hope for effectively responding to the climate crisis.

Such hope would be a welcome change after two decades of difficult multilateral negotiations.<sup>7</sup> By most accounts, the controversial Copenhagen Accord that emerged in the final hours of the negotiations is a failure. To be fair, there were positive results. Major developing countries have agreed to some monitoring and verification of their climate abatement activities, and countries in the global North pledged serious funding for adaptation and mitigation efforts in

developing countries. Yet there are no binding commitments to reduce greenhouse gas emissions in the short to medium term—countries will be able to set and report their own domestically derived commitments.<sup>8</sup> In addition, nation-states and the climate change secretariat that oversees the negotiations are scrambling to reconcile the Copenhagen Accord with the other long-established negotiations based on the 1992 UN Framework Convention on Climate Change (UNFCCC) and the 1997 Kyoto Protocol. Funding and verification are steps forward, but the Copenhagen Accord adds to the confusion surrounding the multilateral response to climate change. Further, it contains little that moves us beyond what the international community agreed to do in 1992—develop national action plans, report emissions, and vaguely commit to stabilize greenhouse gas concentrations below dangerous levels. Two decades with very little tangible progress in international treaty-making.

The disappointment at the Bella Center should have been expected.<sup>9</sup> World leaders were awfully frank in their doubts in the lead-up to Copenhagen about what could be accomplished. Activists, academics, negotiators, and the public at large had set their sights on a legally binding replacement for the Kyoto Protocol ever since the 2007 UNFCCC COP negotiations in Bali produced a “Roadmap” designed to achieve a new treaty within two years. Yet the gulfs separating key countries were plain, and world leaders strove to set lowered expectations in the fall of 2009. An effective, legally binding international treaty was a highly improbable outcome at Copenhagen, regardless of the urgency of the problem or the focus of the world on “Hopenhagen” in December 2009.

Further, the so-called failure of the Copenhagen conference was not merely a failure of political will, as it is often cast in the media. Blame has been leveled variously at the United States and China for torpedoing the negotiations, and even Canada came under fire for being obstructionist, “winning” the Fossil of the Year designation,<sup>10</sup> but it is more useful to ask if the structure of these negotiations is the problem. The megamultilateral mode of responding to global environmental problems has long been stymied in climate change. The 1992 UNFCCC and 1997 Kyoto Protocol have been roundly criticized for failing to produce an effective response to the climate crisis, and the ongoing UN-sponsored negotiations have been variously characterized as stagnant, ossified, stalemated, and at an impasse.<sup>11</sup> The results of the Copenhagen conference did nothing to turn the tide of poor negotiating results, and subsequent multilateral activity in 2010 was similarly disappointing. It is now entirely unclear whether the megamultilateral process will ever be able to deliver the deep cuts in greenhouse gas emissions that the international scientific community warns are required to avert the most serious impacts of climate change.<sup>12</sup>

The silver lining of the failure at Copenhagen is that our attention and energy may be fruitfully redirected. Failure at the Bella Center makes the activities in the other Copenhagen all the more important for understanding and



even enhancing the global response to climate change. Bottom-up initiatives representative of the other Copenhagen—experiments in responding to climate change—abound:

- *Carbon rationing action groups (CRAGs)* are transnationally linked local community groups in the United Kingdom, United States, and Canada that negotiate and impose Kyoto-like carbon emission reductions on themselves. In a remarkable example of self-organization, carbon rationing action groups have sprung up in the United Kingdom (32), the United States (4), Canada (2), and China (1).<sup>13</sup> These groups are considered by their members to be a reaction to the stalemate at the multilateral level. A member of one CRAG in Glasgow noted that he is a member “for many reasons but perhaps most importantly because it allows me to do at a local scale what I think our governments should be doing at a global scale.”<sup>14</sup>
- *Corporate climate responsibility* has grown in importance. In the 1990s, environmentalists had grand expectations that the insurance industry, as a powerful bloc of institutional investors, would change its investment patterns and move the global economy toward renewable energy, away from fossil fuels.<sup>15</sup> The idea that it might be possible to invest our way to a resolution to climate change seems to have caught on. Climate Wise, a consortium of insurance and reinsurance corporations that aims to include climate change in investment and risk assessments across the economy, is a flagship governance initiative from the insurance industry.<sup>16</sup> The Carbon Disclosure Project is an initiative that informs institutional investors of the carbon emissions of the companies they are investing in—over 2,000 companies reported their emissions in 2009.<sup>17</sup> Similarly, the Investor Network on Climate Risk is a \$6 trillion network of investors that “promotes better understanding of the financial risks and opportunities posed by climate change.”<sup>18</sup> Climate governance has gone corporate.<sup>19</sup>
- *The Cities for Climate Protection (CCP)* program of the International Council for Local Environmental Initiatives (ICLEI) coordinates actions of hundreds of municipalities (over 1,000 in 30 countries)<sup>20</sup> that pledge to work toward climate change mitigation through a common plan.<sup>21</sup> This network of municipalities has the potential to significantly contribute to a global response to climate change in and of itself, given its transnational nature and the fact that the network represents 15% of global carbon dioxide emissions.<sup>22</sup> As Betsill and Bulkeley argue, the cities program “has created its own arena of governance through the development of norms and rules for compliance with the goals and targets of the network.”<sup>23</sup> The cities network also has an impact on efforts at other levels. Because cities are embedded in larger governmental structures, their efforts at promotion of climate protection contributes to climate politics at the national and multilateral levels and is now seen as a

key aspect of multilevel governance.<sup>24</sup> This subtler influence is not just encompassed by traditional lobbying and is, instead, an attempt “to reframe an issue which is usually considered in global terms within practices and institutions which are circumscribed as local.”<sup>25</sup>

- *Carbon emissions trading systems* have emerged among coalitions of subnational actors. When nation-states refuse to move, subnational governments sometimes fill the vacuum.<sup>26</sup> One critical example of this phenomenon is how activist governors in the United States in partnership with provincial leaders in Canada have begun working to establish carbon markets that are simultaneously subnational and transnational. The mechanism of choice has often been emissions cap and trade systems where a group of actors agrees to cap emissions at a certain collective level and allocates permits for each member of the group to emit greenhouse gases. Those who emit less than their allocation can sell unneeded permits to those who emit more than their allocation. Over time, the cap on emissions ratchets down. Multiple cap and trade systems are in development through partnerships between U.S. states and Canadian provinces as well as a range of other actors.<sup>27</sup>
- *The Asia-Pacific Partnership for Clean Development and Climate Change and the Major Economies Forum on Energy and Climate*<sup>28</sup> are new multilateral initiatives. The stalemate in the ongoing negotiations over the Kyoto Protocol and its aftermath (hereafter the Kyoto process) has not stifled all multilateral approaches to climate governance. We have witnessed the emergence of these two initiatives, which are competing multilateral approaches. Both founded by the United States, they also arose through frustration with the Kyoto process, but with perhaps less progressive aims. Both of these experiments have a controversial relationship with the Kyoto process, and they offer a substantially different means of responding to climate change.<sup>29</sup> Whereas the Kyoto process is universal, these experiments are based on small-group negotiations with seven states in the Asian pact and 17 states participating in the Major Economies Initiative. Whereas the Kyoto Protocol is binding, these experiments stress voluntary measures. Whereas the Kyoto Protocol focuses on emissions reductions, these experiments turn to fostering technological innovation.<sup>30</sup>

Far from lacking a response to climate change as the UN process has floundered, the world is, rather, awash in different approaches. Dozens of climate governance experiments are shaping how individuals, communities, cities, counties, provinces, regions, corporations, and nation-states respond to climate change. The crucial task is understanding the significant opportunities and challenges for addressing climate change that arise as more and more actors engage in experimentation with perhaps the most significant governance challenge of the