

# As Policy Advisor, ROBERT BONNIE Wields the Carrot Not the Stick

by Erica Rowell

On April 29, **Robert Bonnie MEM/MF'94** settled into his new office at the U.S. Department of Agriculture (USDA). Of course, the view out the window differed from the sights out his old office window a few blocks away at the Environmental Defense Fund, but the focus of his new position was familiar.

As senior policy advisor to Agriculture Secretary Tom Vilsack, Bonnie would be working on land and water issues and addressing the Obama administration's broader goals, including the big one: passing climate legislation. Tracing Bonnie's path to the government back further, perhaps surprisingly, finds a woodpecker near the journey's start. The endangered red-cockaded woodpecker (*picoides borealis*), to be exact.

For his Duke masters project in 1994, Bonnie teamed up with Michael J. Bean,

then head of the Environmental Defense Fund's (EDF) wildlife team. The aim of the project was to protect and restore habitat for the red-cockaded woodpecker; the team's fresh approach was designed to address an inherent flaw in the otherwise robust Endangered Species Act.

## Dangling a Carrot When the Hammer Misses the Mark

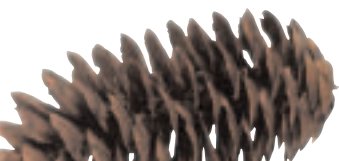
Despite its tour de force as one of the world's most effective wildlife protection laws, the Endangered Species Act (ESA) has some wrinkles.

Consider the landowner worried about the prospect of red-cockaded woodpeckers taking up residence in his forests. What to do? Because the ESA prohibits the killing of a listed species and the harming of its habitat, the landowner might take drastic measures like destroying an old-growth pine stand before it attracts the endangered bird. No harm no foul ... except for the loss of habitat critical to the red-cockaded woodpecker.

So not only does the law hamstring what private landowners can do on and with their lands; it also provides no net benefit for the endangered bird and could possibly make things worse through the law of unintended consequences. How to fix?

Enter Bonnie and Bean and their team, which included EDF's Melinda Taylor, as well as participants from the U.S. Army's Fort Bragg military base and North Carolina State University. Thinking the carrot might be just the tool to take the bite out of ESA's stick, the group saw an opportunity to use incentives to restore red-cockaded woodpeckers and create a win-win situation. What if, they reasoned, landowners were rewarded when they managed their lands in ways that would benefit endangered animals?

So Bonnie, Bean, and company developed a program, dubbed Safe Harbor, that would effectively lift regulatory restrictions for landowners who voluntarily agreed to protect and manage habitat for a "baseline" population of endangered woodpeckers; the landowner would also commit to specific habitat



improvements, such as prescribed burning, planting and maintaining longleaf pine, and developing artificial cavities, to further enhance the habitat.

The program slowly took off in North Carolina's Sandhills region before being adopted by the U.S. Fish & Wildlife Service. Today, more than three million acres of land have been enrolled in Safe Harbor Agreements, benefiting a variety of endangered and threatened species. And as for the red-cockaded woodpecker? In just 10 years, reports the Fish & Wildlife Service, thanks in part to the Safe Harbor Program, their numbers have increased nearly 30 percent to about 6,000 groups.

And so began Bonnie's occupation with carrots.

"The work I did at the Nicholas School was all around incentives, both financial and market incentives," says Bonnie, adding, with "a strong emphasis on economics."

#### Using His Expertise in Incentives as USDA Policy Advisor

Markets and incentives are two key areas of expertise that Bonnie brings to his portfolio of forests, water, climate and offsets.

And despite the recent global financial turmoil, as long as they're structured properly, says Bonnie, markets remain a powerful environmental policy tool.

"Markets can spur innovation and low-cost solutions but they have to be well designed," explains Bonnie. "The legislative process is important to that because, in the case of climate, it is going to provide a broad outline of how the markets will work. But the specific rules and regulations written to implement that legislation are going to be very important."

This is where Bonnie and his USDA team come in—working with others in the administration to create a viable regulatory framework for entities that fall outside a cap on carbon. Landowners are a prime example. The agriculture department can play a role in making markets accessible to landowners, who represent a critical piece of the climate

change fix since global lands account for one fifth of global greenhouse gas emissions.

"If you take land off the table, it becomes a lot harder to meet our climate goals," says Bonnie, who goes on to explain the importance of offsets, or different ways emitters can buy pollution reductions that someone else makes.

Offsets fund projects that reduce greenhouse gas emissions. They include activities such as installing methane-capturing systems over animal waste lagoons, planting trees, sequestering soil, and improving forest management practices.

"Domestically," says Bonnie, "if we can bring offsets with environmental integrity into the game, we can meet our climate goals more cheaply and we also can advance land stewardship."

It is here on the subject of offsets that Bonnie points to the lingering debate among environmentalists and others who recognize the need to act on climate change: a tax versus cap-and-trade system.

A carbon tax, says Bonnie, likely wouldn't allow "farmers, ranchers and forest owners access [to] a market that will pay them to protect the climate. A market taps into this potential."

But a cap and trade provides access through offsets.

Critics doubt that all offset projects would be verifiable and enforceable, in part because offsets are entirely voluntary and rely solely on the carrot. There also is the spectra of leakage—the term used to describe a carbon-cutting activity in one place that is canceled out (inadvertently, directly or indirectly) by a related activity somewhere else. (Imagine a tract of forest slated for clearing that is protected as an offset project, but then a nearby forest is cleared. There's no guarantee of any carbon reduction in such leakage scenarios.)

Bonnie counters such opposition by stressing that the bottom line with offsets is integrity: "If there's an offset market, it must do two things at once: 1) lower greenhouse gas emissions (that's the environmental integrity), and 2) must be designed in such a way that

landowners can broadly participate.

The job of Bonnie and his colleagues is to ensure that the offsets markets are structured in such a way that landowners are only rewarded if they provide real environmental benefits. And so he is working on a solution that even critics can accept.

These days, Bonnie is more apt to be bending the ear of Secretary Vilsack than scouting for red-cockaded woodpeckers. But environmental protection is still the focus. And he's still looking for the right carrots to produce results.

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