ANALYSING THE GOVERNANCE STRUCTURE OF THE YASUNI ITT INITIATIVE

What are the potential governance challenges that the Yasuni ITT initiative
faces and how are they likely to influence its overall success?

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“To waste, to destroy our natural resources, to skin and exhaust the land instead of using it so as to increase its usefulness, will result in undermining in the days of our children the very prosperity which we ought by right to hand down to them amplified and developed”

Theodore Roosevelt

Abstract

Ecuador is a country with outstanding levels of biodiversity and unique indigenous people, but it is also a country that has relied heavily on the extraction of natural resources to fuel its economy. However, the oil fields lie within fragile natural areas where indigenous groups live. The pressure put on these areas has led to substantial damage in parts of the Amazon region and the extinction of some cultural groups. In light of this, the Yasuni ITT initiative has emerged as an opportunity to make a transition to a post-oil development model where the sustainable use of resources, including the promotion of clean energy sources, sits alongside the protection of natural areas and the respect of indigenous rights. In leaving 20% of its oil reserves underground, Ecuador expects to receive a compensation equivalent to 50% of the revenues that would otherwise result from the oil's sale. However, the Initiative faces governance challenges that are explored in this study, using an “earth system governance” theoretical framework. This framework is based on sustainable development norms. This study focuses on five main structural problems present in the governance processes: the architecture of the system; agency; adaptiveness; accountability and legitimacy; and the allocation of and access to resources. The analysis of these challenges provides a picture of the barriers and opportunities for the Initiative to succeed. It is concluded that the continuity of the Initiative depends greatly on coherent and consistent governmental actions and the extent to which non-state actors and civil society can meaningfully participate in decisions taken around the exploitation of the Yasuni National Park.

Key words: Yasuni National Park, Yasuni ITT Initiative, Earth System Governance, governance, oil, architecture, agency, adaptiveness, accountability and legitimacy, allocation of and access to resources.

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Acronyms

API	American Petroleum Institute
BAU	Business as Usual
CDM	Clean Development Mechanism
CFC	Chlorofluorocarbon
CGC	Compañía General de Combustibles (General Company of Fuels)
CO₂	Carbon dioxide
COP	Conference of Parties
ENAP	Empresa Nacional del Petróleo (National Oil Company – Chile)
ESG	Earth System Governance
ETS	Emissions Trading Scheme
EU	European Union
GEG	Global Environmental Governance
GHG	Greenhouse gases
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (until 2010)
HFC	Hydrofluorocarbon
ITT	Ishpingo, Tambococha, Tiputini
IMF	International Monetary Fund
IISD	International Institute for Sustainable Development
JI	Join Implementation
MTPFO	Multi-Partner Trust Fund Office
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Cooperation and Development
ONHAE	Organización de Nacionalidad Huaorani de la Amazonia Ecuatoriana (Huaorani Nation of the Ecuadoran Amazon)
REDD	Reducing Emissions from Deforestation and Forest Degradation

UNDP	United Nations Development Programme
UNEP	United Nations Environmental Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
YNP	Yasuni National Park
YGC	Yasuni Guarantee Certificate

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Chapter - 1

Introduction

1.1 Context of the research

Carbon dioxide emissions from fossil fuel use account for around 57% of GHG emissions, which are the main cause of anthropogenic climate change. Climate change is expected to increase world average surface temperature by between about 1C° and 3.5C° above pre-industrial levels within the next 100 years, threatening the stability of elements and processes that sustain our climatic, ecological systems and economic activities. Its causes and consequences are global and, hence, international collective action is essential to respond to it (Marchal, 2012; Stern, 2007).

Figure 1.1 Global CO₂ emissions by source. Source: OECD Environmental Outlook Baseline; output from IMAGE. <http://dx.doi.org/10.1787/888932570506>

The current economic “operating system” poses serious threats to the planet: the decline of the commons and the ascent of private corporations (Barnes, 2006). Many observers have expressed their concerns about the declining probability of maintaining the rise of global temperature below 2C° above pre-industrial levels and the risk of dangerous climate change that will not be compatible with economic prosperity due to the high mitigation costs (Anderson & Bows, 2011). The ubiquity of activities including burning of coal, oil and gas; deforestation; and GHG-emitting agricultural and industrial practices (see figure 1.1-1.2) have altered the levels of GHG concentrations in the atmosphere and have contributed significantly to climate change (US Global Change Research Information Office, 2006).

CO₂ and other main GHGs methane (CH₄) and nitrous oxide (N₂O)

Source IPCC 2007

Figure 1.2 CO₂ and other main GHGs Source: IPCC 2007 based on global emissions from 2004. Details about the sources included in these estimates can be found in the Contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change .

For over twenty years since the 2002- Rio Earth Summit, the international community has been attempting to address these problems. The Kyoto Protocol was adopted in 1997 and entered into force in 2005, with the aim of reducing the GHG concentrations, bearing in mind that no single country's action alone can control the risks of climate change (Stern, 2007). Although the Kyoto Protocol has been a valuable step, it was adopted with the main goal of reducing emissions from industrialized countries by engaging them in binding commitments (Streck, 2008). In fact, the Kyoto Protocol has successfully contributed to members of the EU-27 reducing their GHG emissions (European Environmental Agency, 2010). However the mechanisms of the protocol, according to Martinez-Alier, have not solved the problem (2007). The OECD's environmental projections are that GHG emissions will probably increase by more than 50% so that concentrations reach 685 parts per million (ppm) CO₂ equivalent by 2050, with 70% of this growth being mainly a result of energy use (Marchal, 2012). In other words, despite the efforts of the Kyoto Protocol to reduce the emissions, the levels of CO₂ continue increasing at an alarming rate, albeit at a lower rate with the adoption of the Kyoto Protocol.

The economic development carried out by certain developing countries has dramatically increased global GHG emissions since the 1970s, mainly because it has been largely based on fossil energy (Marchal, 2012) . It is also projected to be the main source of further emission-growth (see figure 1.3).

Figure 1.3: GHG emissions by region. Baseline 2010-2050 .Source: OECD Environmental Outlook Baseline; output from <http://dx.doi.org/10.1787/888932570468>

Against this background, Ecuador, a developing country, is taking important steps to move into an economic and social development model based on the protection of the environment and the sustainable use of its resources. The Ecuadorian government has proposed a new and innovative initiative that aims to lock the oil beneath the ground of a significant block of land, the ITT (Ishpingo – Tiputini – Tambococha) area in the Yasuni National Park (YNP) , and avoid the emission of CO₂ which would otherwise accompany its use. The Yasuni ITT initiative seeks to address the two main causes of climate change: the burning of fossil fuels and the exploitation of forests, which are otherwise important carbon reserves (Davis, 2008). It is likely that the preservation of this forest will help to reduce the pressure on two of the three planetary boundaries which have already surpassed their limits, namely climate change and the rate of biodiversity loss (Rockström et al., 2009).

While the goals of the Yasuni ITT Initiative are commendable, Ecuador has shown a history of instability, insecurity, policy inconsistency, weak public institutions, and a

legal framework that has been opportunistically manipulated over recent decades to favour special interests. The previous and current Constitution have guaranteed the right to an environment free of contamination and prioritized the conservation of nature even at the price of other rights and liberties (Kimerling, 1990). However, the lack of environmental and public health controls and the weak enforcement of environmental laws during recent decades have contributed to a devastating oil development in the Amazon region. The case of Texaco, for example, which is still in the courts, has left a legacy of pollution, disease and extinction of cultures and animals (Acosta, 2009; Beristain, Páez Rovira, & Fernández, 2009). Taking this into account, the actions of successive Ecuadorian governments have put in doubt the effectiveness of the proposed Yasuni ITT initiative and Ecuador's ability to address conservation and human development problems associated with Yasuni ITT commitments. For this reason, the governance structure of the Yasuni ITT Initiative is of interest; in terms of how likely it is to be a success or a failure.

1.2 Contribution of this research

This study was driven by two main factors. The first responds to the high concern about the expansion of the oil frontier in the Amazon. The second factor is a desire to explore and analyse a new initiative launched by the Ecuadorian government which aims to reduce the CO₂ emissions and avoid deforestation by leaving around 20% of estimated Ecuadorian oil reserves underground. At this moment, when several environmental events have taken place and the Kyoto Protocol has delivered limited results, the search for new and innovative mechanisms to mitigate climate change is important to reduce the increasing livelihood of surpassing the 2°C threshold recommended by scientists and recognized at the Copenhagen COP15 in 2009. The purpose of this research is to analyse the governance structure that is being adopted around the initiative and to evaluate the opportunities and obstacles that this structure could provide. The success of this initiative could heavily depend on how the funds are managed, the commitment of the government to leave the oil underground, the compliance with Constitutional provisions around the protection of the last

uncontacted indigenous groups and the conservation of the nature, and overall the political will to make the energy transition associated with the financial support of the initiative.

Since this study began, the initiative has been collecting the necessary funds to be implemented and at the same time it has been facing both criticism and support from the international community. The Initiative has been recognised as an innovative mechanism to mitigate global climate change and has received significant support. But it has also received harsh criticism due to the inconsistencies between what is being promoted and what is happening in the Amazon region. At the time of writing the Belgian government has promised a significant amount of funding for the Initiative with the main condition being that a third party control and monitor the use of the funding and the fulfilment of the objectives mentioned in the Yasuni ITT official proposal (EFE Agency, 2012). On the eve of presidential elections in February 2013 it is still uncertain what may happen with the initiative if the funds required are not raised. Moreover, 16 new oil prospecting blocks entered into a bidding process in November 2012, putting major pressure on the Amazon's natural resources and the expansion of the oil frontier.

Against this backdrop, the purpose of this thesis is to explore the perspectives of government officials, NGOs, researchers, the state petroleum company and most importantly the indigenous communities who have been affected by the oil development. It aims to illuminate and analyse the views of those who are key to the implementation and functioning of the initiative.

1.3 Aim of the thesis

This thesis therefore seeks to answer the following overall research question:

What are the potential governance challenges that the Yasuni ITT initiative faces and how are they likely to influence its overall success?

The specific objectives of the research are to:

Objective 1: Establish the context for the Yasuni ITT Initiative

Objective 2: Describe the initiative

Objective 3: Examine views around the governance structures of the proposed implemented mechanism

Objective 4: Evaluate whether the initiative is likely to be successful.

1.4 Examining the research questions

This thesis is organised as follows: Chapter Two of this thesis address objective 1, the Initiative's context, while Chapter Three explains how the initiative works and the processes behind the initiative. Then Chapter Four presents the results of a literature review which outlines the challenges of good governance of environmental challenges when there are cross-border interests involved and the vital role of international cooperation in addressing climate change problems. Later on in Chapter Five the methodology used for this study is described in terms of the research approach, the type of interviews, participants' selection and the way objectives are addressed. Then the results are presented in Chapter Six by using a "direct content analysis" where theory links the data collected with the literature review and framework previously described. By comparing the data and the current framework, objective three is answered. The focus of Chapter Seven aims to answer objective 4 and analyse and discuss the empirical and literature-based results followed by a conclusion section.

Chapter - 2

The context around the Yasuni ITT

2.1 The dilemma of developing countries: economic development based on natural resources

During the last decades, developing countries have turned their attention to natural resources exploitation as a key means to achieve the desired economic development. However, it has been said the resource abundance of a nation is not necessarily associated with the economic performance of a country. The reasons generally mentioned to explain this phenomenon are related to failed policies and weak institutions. However, Barbier (2007) has gone beyond this and identified three hypotheses to explain the poor economic performance of resource-abundant countries.

The resource curse hypothesis infers that the lack of innovation; the limited investment in the manufacturing and service sectors; the specialization in the primary industry; and the fact that politicians discount the future to remain in power (Robinson, Torvik, & Verdier, 2006) may explain the slow economic growth of these countries and the accelerated resource extraction. It is argued that developing countries tend to concentrate their efforts on the exploitation of natural resources due to the windfall gains reflected in their GDP. These gains usually stem from the discovery of large resource reserves or the commodity price booms also known as “Dutch Disease” resource price boom effect (Barbier, 2007).

Another hypothesis to explain the limited economic growth of developing countries is that of open access exploitation. The increasing demand of primary goods; the comparative advantage of resource-abundant countries in producing specific resource goods; the trade openness along with the lack of reinvestment of resource rents have worsened the overexploitation of their natural resources and so the welfare decline in the long run. This problem is aggravated by poor definition of property rights over resource stocks as well as corruption, bureaucratic inefficiency and biased policies that normally work in favour of special interests or the state itself (Barbier, 2003,

2007). The factor endowment hypothesis highlights that the abundance of natural resources relative to the skilled labour of a country may also influence negatively its economic performance. Generally, countries that build their economy based on primary production are normally land intensive and consequently require low skilled and even unskilled labour. This situation discourages governments from investing in human capital, widening the income gap between those countries with skilled and unskilled labour and reinforcing the tendency of developing countries to export primary products. Additionally, the presence of other exogenous factors such as: adverse environmental conditions, unfavourable location or geography, and levels of inequality can also influence negatively the legal and political institutions that are in charge of the efficient generation and reinvestment of resource rents (Barbier, 2003, 2007).

These hypotheses have begun to explain why developing countries continue experiencing low economic growth rates, despite their resource-abundance and some comparative advantages in relation to other countries. However, different studies have suggested that natural resources, instead of being an advantage, have sometimes prevented developing countries from experimenting with other innovative and productive sectors. The following section explains how an innovative idea aims to shift this paradigm and obtain resources for development from conservation rather than from extraction.

2.2 Origins of a revolutionary idea

Ecuador has been classified by UNEP as one of the 17 most mega-diverse countries in the world (Williams et al., 2001) in terms of biodiversity (Figure 2.1). Despite the high rates of deforestation, Ecuador maintains around 36% of its territory in primary forests (Maria Cristina. Vallejo, Larrea, & et al., 2011), although around 65% of the Ecuadorian Amazon has been targeted by the government for oil development (Finer, Jenkins, Pimm, Keane, & Ross, 2008). Ecuador has historically depended primarily on the exploitation of its natural resources (M.C. Vallejo, 2010), especially oil, a revenue which accounts for 1/3 of Ecuador's federal budget (Finer & Martin, 2010b). Oil

extraction, which has taken place in the country for more than 40 years, has left behind a trail of damage caused mainly by the colonization process, deforestation and road building in the Amazon forest. This has severely affected the natural cycles and the livelihoods of indigenous communities (Beristain et al., 2009). Despite the oil revenues being an important source of income for the country, they have not helped to diversify the national economy (Marchal, 2012).

Since the 1980s Ecuadorian economic policies have been largely characterised by neoliberal practices, which have promoted the creation and expansion of new sources of profit (Arsel, 2012). Ecuadorian natural resources and assets have been considered strategic components for economic and social development (Valdivia, 2005). Legislation has favoured transnational oil investment by providing concessions and making possible the extraction of natural resources within protected areas with undemanding technical and legal requirements (Fontaine & Narváez, 2007).

Figure 2.1: Biodiversity Index by Country

Source: Situating the Global Environment-Lewis & Clark College Environmental Studies Program

<https://sge.lclark.edu/2011/10/31/biodiversity-index/>

2.3 Key facts: Ecuadorian Amazon Rainforest

2.3.1 The Government's approach to development and conservation of the Amazon

The existing Ecuadorian environmental laws were designed with the purpose of preserving natural areas, supporting sustainable and responsible oil extractive activity and promoting a fair treatment of indigenous groups living within these extraction areas. However, the lack of political will, the absence of technical capacities, a shortage of financial and human resources and the increasing influence of the oil industry on the design and implementation of environmental standards (Kimerling, 2001) have prevented governmental agencies from performing the necessary enforcement, monitoring and sanctioning activities.

From the early 1970s, Ecuadorian legislation called for the protection of the environment and the prevention of pollution. Since 1984, successive Ecuadorian Constitutions have granted citizens the right to live in an environment “free of contamination” and considered the protection, conservation and restoration of any natural site a matter of public interest. Also the 1998 Constitution recognized for the first time the collective rights of indigenous groups and among them: the right to be consulted about any extractive activity of non-renewable resources; the right to not be displaced from their lands, and the right to participate from the revenues that originated from any extractive activity and be compensated for any damage caused. Additionally, other laws (Table 2.1) were issued to protect the integrity of the environment as well as specific water, air and soil pollution regulations and standards released by the Ministry of Public Health in 1989 (Kimerling, 2001).

<u>Year</u>	<u>Law Issued</u>	<u>Purpose</u>
1972	Law of water	Prohibit all water contamination that could affect the human health, flora and fauna
1976	Law of Prevention and Control of Environmental Pollution	Control pollution and open the opportunity for legal sanctions of activities that result in harm for the environment
1978 (reformed in 2011)	Law of Hydrocarbon	Require national and international oil companies to develop "plans programs and projects" to protect natural resources and avoid significant impacts on communities
1981	Law of Forestry and Conservation of Natural Areas and Wildlife	Maintain in an "unaltered state" those areas that constitute "natural heritage" and prohibiting their occupation

Table 2.1: Laws issued in favour of protecting the environment from polluting activities. Source (Cepeda, 2003; Kimerling, 1990, 2001)

These few legislative provisions outline the commitments to protect Ecuador's natural resources and indigenous groups. However, the need to fuel the state's general budget has made the Amazon an exploitable resource, affecting not only the natural cycles and integrity of its rainforest but the well-being of its inhabitants.

During the last two decades successive Ecuadorian governments have bet on an economic development based on the pressure over Ecuador's natural resource base and neoliberal practices. It has been argued that neoliberalism favours the free market and limited government intervention. This widely prevailing political philosophy highlights the efficiency of the market over the inefficiencies and costs generated from government interventions, particularly in the social and environmental areas. Advocates of neoliberalism claim that free trade can improve environmental protection through the establishment of regulations within trade agreements, higher average incomes and the allocation of private property rights. Critics, on the contrary, say that free trade would only increase the volume of merchandise and consequently the need for raw materials. Additionally, the absence of government power to impose regulations, standards or fines that penalize environmental damage, and simply leaving this task to the market, may undermine environmental quality and its functions. (Liverman & Vilas, 2006).

Ecuadorian governments led by Duran Ballen, Mahuad, Noboa and Gutierrez have favoured a “neoliberalism mantra” (privatization, liberalization, deregulation and decentralization) that seeks the modernization of the state by privatizing public property, intensifying export production and cutting government spending (Sawyer, 2004), sometimes at the expense of not including affected stakeholders in the decision-making-process. Attempts at privatizing oil resources were justified on the basis of the need to achieve economic development but it was also perceived as a way of transferring the social responsibilities of the state in the northern Amazon region, to private companies operating in the oil fields (Valdivia, 2008). Contrary to this, Correa’s government acknowledges that a “single-minded profit-maximizing approach” is unable to recognize nature’s correct value, the critical need to adopt post-neoliberal policies and achieve the harmonization of the nature-society relationship (Arsel, 2012). Facts such as: the promotion of a new constitution where nature is given rights, the higher degree of participation of the state in managing non-renewable resources and the desire to promote a fair treatment for indigenous groups in the Amazon region marked the firm intentions of the current government to change previous practices pursuing economic growth. However, many may argue that Correa’s government is still attached to neoliberal practices where natural resources are the main source of revenue for the fiscal budget or used as a basis for sale or compensation (Liverman & Vilas, 2006).

2.3.2 The role of non-governmental organizations

Non-governmental organizations have had an important role in defending the Amazon and mobilizing support for conservation and indigenous groups. The NGOs have encouraged indigenous groups to raise their voices and demand from the government compliance with the law and from the oil companies the respect for their territories and their right to live in harmony with the environment. NGOs have mainly played the role of advisers by informing indigenous groups about their rights, the damages caused to

their environment and raising awareness among the wider community about the violations of their rights (Cepeda, 2003).

2.3.3. Oil companies in the Ecuadorian Amazon

National parks and different indigenous groups within the Amazon region have been severely affected by Oil Company's non-compliance with Ecuadorian legislation, and exemplifying corporate practices. Despite the regulations described earlier, the oil development led by Texaco extracted around 1.500 million barrels of oil from the Amazon over the period of 1972 to 1992, dumping into water bodies tons of toxic materials and maintenance waste, 19 million gallons of wastewater and oil spills that reach around 16.8 million barrels of oil. Additionally, 235,600 million cubic feet of gas were released into the atmosphere and 600 pools with toxic waste were settled down (Kimerling, 2006). In 1996 Occidental -an oil company operating the Block 15- (Figure 2.2) breached the environmental law by dumping the materials used to build a road into the river affecting navigation by aquatic life and preventing the migration of fish (Kimerling, 2001). Specific cases like these show the continued breaching of environmental law and the weak enforcement exercised by governmental agencies.

As noted before, the participation of indigenous groups and the respect for their lands are rights embodied in the Ecuadorian constitution. However, the reality in Ecuador has been different from that stated in law. Texaco's activities contributed to the complete extinction of the "Tetetes" and "Sansahuari" peoples and the displacement of indigenous groups such as the Huaorani, Siona, Secoya, Cofán and Kichwa (Acosta, 2000). Although by this time the history showed the negative consequences of oil development for several communities, the evolution of the environmental law was not enough to protect the remaining groups.

The oil conflicts involving the Kichwa community of Sarayacu and the Achuar and Shuar indigenous groups were striking examples of rejection of extractive activities and the resistance power exercised by indigenous communities.

<u>Year</u>	<u>Oil Conflict</u>	<u>Main Facts</u>
1989	Kichwa community vs. ARCO, CGC and Burlington Resources	* The establishment of alliances in the United States and Europe to block oil extraction succeeded. * In 1990, protracted conflicts avoided new oil exploration works.
	Shuar and Achuar vs. Burlington Resources	* Rejection of oil extraction based on the negative impacts already caused on northern indigenous communities in the 1970s and 1980s. * NGOs in the United States facilitated the attendance of indigenous leaders to Burlington's annual shareholder meeting
2002 – 2003	Kichwa community vs. Argentinean Company CGC	* Resistance to exploration and seismic works due to the danger they represented to the life and culture of indigenous groups. * Confrontations with police and military force.

Table 2.2: Oil conflicts in the Amazon Region. Source: (Leah, 2012; Widener, 2007)

The involvement of NGOs in these types of conflicts has been crucial; they have supported indigenous communities by providing them with the necessary knowledge about their surrounding environment, by preparing reports in which the richness of the biodiversity is highlighted and, most importantly, by lobbying the government to design laws that respect the Constitution and the environmental and social protection decrees issued.

The overall context therefore is one of long disputes about oil extraction in the Amazon Region, opposition exercised by its inhabitants, an important role of NGOs, negative impacts from an extractive model, non-compliance with Ecuadorian law provisions and a flawed governmental authority unable or unwilling to enforce sanctions. Even though environmental provisions, set on the Constitution of 1998 and 2008, have demanded that the state preserve in an unaltered condition the national parks and protected areas, and provide citizens the right to a healthy environment (Kimerling, 1990), oil development is still underway within and around these areas.

Figure 2.2: Oil Blocks in the Ecuadorian Amazon - 2009. Source: <http://westernamazon.org/maps.html>

2.4 The current legal framework

In principle, Ecuador has started to take important steps to change this extractive model which has prevailed in the country since the 1970s (Bressand, 2011). The 2008 New Constitution grants rights to Nature (Appendix 1) recognizing the importance of its natural cycles and its right to *exist, persist, maintain and regenerate its vital cycles*. As a matter of fact, the 2008 Constitution (Appendix 1, Art.14) reaffirms the right to live in a healthy environment as in previous constitutions, but in addition it promotes the good way of living, “Sumak Kawsay”.¹

The Ecuadorian Constitution also provides protection to indigenous groups living in voluntary isolation while demanding the government prohibit any extractive activity in these territories or protected areas (Appendix 1, Art. 57 and 407). Additional to this, the government issued in 2007 a public policy that aimed to protect the territories in isolation. Similarly, the National Development Plan 2009-2013, also called the National Plan for good living, was developed with the main purpose of giving guidelines for public policy, to take the country’s economic model from an oil-dependent one to a post-petroleum model. The introduction of the environmental dimension into the country’s legal framework, strategies and plan is intended to lead the country onto a sustainable path.

However, these recent environmental protection provisions in the Constitution came with a loophole. The Ecuadorian Government has been promoting oil development in YNP (Finer, Vijay, Ponce, Jenkins, & Kahn, 2009). Drilling in protected areas and within the Intangible Zone –an area off limits to extractive activities such as logging and oil (Finer, Vijay, Ponce, Jenkins, & Kahn, 2009) -is banned. However, it may proceed if it is approved by the president and the Congress (Finer & Martin, 2010a; Finer, Moncel, & Jenkins, 2010).

¹ Sumak Kawsay: "Good living" in harmony with our communities, ourselves, and most importantly, our living, breathing environment

2.5 Between support and opposition

The Yasuni ITT initiative represents leaving 20% of Ecuador's oil reserves underground, in addition it would preserve the remaining intact areas of the Amazon rainforest and would protect the integrity of those indigenous groups that live in isolation. The Initiative has evolved during recent years with the support and opposition of many actors. Indeed, it can be said that this idea does not have an owner; it is a proposal that has been built by civil society (Martinez-Alier, 2007), specifically from those who have suffered directly the negative impacts of extractive activities (Martínez & Acosta, 2010). NGOs such as *Pachamama*, *Centre of Economic and Social Rights*, and *Accion Ecologica* presented this idea in 2003 to the Ministry of Environment in an attempt to stop the destruction of the Amazon rainforest and the extinction of the remaining indigenous groups (Oilwatch Technical Team, 2007). Then, in 2007 the Minister of Energy and Mines Alberto Acosta, who firmly believes that Ecuador needs to adopt a post-oil economic model, presented the Yasuni initiative model within the government sphere.

The Initiative was later presented to the United Nations in September 2007 receiving the support not only of this institution but the international community. The German agency GTZ (now GIZ) and the Spanish technical cooperation agency, for example, have also been key supporters, providing technical and financial backing to this initiative (Martínez & Acosta, 2010). At the local level, recent surveys have shown strong support from the Ecuadorians within the more populated cities of Ecuador (Guayaquil and Quito), where between 80% and 83% of citizens favoured the non-exploitation of oil in the ITT block. People mentioned that the initiative has been, in fact, one of the best policies of the government during its 5-year administration.² The national support is according to some of the interviewees the best tool to avoid the exploitation of the ITT.³

However, there is a substantial opposing group within the governmental agencies that aim to extract the oil arguing that the country needs these revenues in order to support

² Personal Interviews with Larrea C., Granizo, T. and Paredes, E.

³ Personal Interviews with Paredes, E; Vallejo, C; Acosta, A.

the economic and social development of the country. The hydrocarbon sector has been historically dominated and regulated by two specific institutions, Petroecuador – the oil state company– and the Ministry of Energy and Mines, which is in charge of promoting oil development and implementing and enforcing the Law on Hydrocarbons (Kimerling, 2001). The idea presented at that time by the Minister of Energy and Mines, Alberto Acosta, ran contrary to the values and purposes of these institutions. In this sense, the Ministry of Non-Renewable Resources, formerly the Ministry of Energy and Mines, has continued working on the Option B (extracting the oil from the Yasuni National Park) despite Option A (keeping the oil underground) was extended by the government due to the national and international support received and the fact that funds continue being collected (Multi-Partner Trust Fund Office, 2012). On November 2012, 13 oil blocks were auctioned for exploration and three more were allocated to PetroAmazonas (Figure 2.3) (Garcia E., 2012). The idea of keeping the oil underground has been acclaimed but at the same time it seems it does not represent a solution that goes beyond the Yasuni ITT block.

Figure 2.3: Ecuadorian Oil Blocks Map – Oil Blocks to be leased during the XXI Oil Round in November 2012. Source: Ministry of Non-Renewable natural resources

<http://www.rondasuroriente.gob.ec/portal/es/web/rondasuroriente/mapa-de-bloques>

On one hand, President Correa has been the main proponent and promoter of the initiative by telling the world about the benefits of leaving the oil underground and the importance of protecting the Amazon rainforest and the indigenous groups who live within YNP. On the other hand, his discourse has become at some level inconsistent with Option A (leaving the oil underground). Consideration of a number of projects has undermined the image of the commitment to Option A. Among the many projects the ones that stand out are: the elimination of two T's from the ITT Initiative, the correction of Intangible Zone coordinates, the construction of the Pacific oil refinery, the promotion of Manta-Manaos Multimodal Axis and the current exploitation of Block 31 (Appendix 2).

These have all contributed to a negative image for the initiative which is inconsistent with the desire of preserving the YNP (Martínez & Acosta, 2010).

Figure 2.4: The Fragmentation of the Ecuadorian Amazon Source: Newspaper El Comercio – “The Manta-Manaos Multimodal Axis threatens the Yasuni”, June 13th, 2012
http://www.elcomercio.com/sociedad/Eje-Manta-Manaos-amenaza-Yasuni_0_717528390.html

2.6 The protection of critical remaining parts of the Amazon Rainforest

The Yasuni ITT initiative aims to protect the remaining intact part of a rainforest severely affected by oil development. Additionally with the protection of this area, the will of the isolated indigenous groups will be respected as well as the desire of the Huaorani community to live in harmony with the environment. The protection of this specific area is scientifically supported by studies that report the high levels of biodiversity and endemism of the flora and fauna. The Yasuni area holds the highest

number of amphibian species, reptiles, vascular plants, birds and mammals, including three species that are considered likely to become extinct, and is very rich in fish species (Bass et al., 2010). The species richness is a result of the privileged location of this rainforest, since it is right at the intersection of the Andes, the Amazon and the Equator Line (Pitman et al., 2002). Its potential to become a natural corridor for and be a refuge to sustain biodiversity makes it also a key area for climate change adaptation purposes (Bass et al., 2010). The YNP also overlaps with the ancestral Huaorani territory and there is evidence that it is inhabited by three clans who have chosen to live in voluntary isolation. The clans are the Taromenane, Tagaeri (Bass et al., 2010) and Oñamenane (Friedman-Rudovsky, 2007). It is likely that the protection of the Yasuni National Park will bring out the essence of the 2008 Constitution, which seeks to follow the “Good Living” approach, emphasizing harmony between humans and nature.

The pressure to continue developing the Amazon region is intense. Indications include the authorization granted to oil companies to construct roads in certain areas which have eased access by illegal loggers; the increasing integration of the Amazon Region into the national economy, promoting the expansion of the agricultural frontier (Kimerling, 2001); and the anticipated sale of oil reserves to obtain income flows and the increase in domestic consumption of fuels (Maria Cristina. Vallejo et al., 2011) contributing to the continuous use and exploitation of natural resources and the search for new pools of resources. In fact, most of the threats the Yasuni faces are not only related to oil extraction activity but, also to governmental practices that continue promoting it.

Figure 2.5: Species richness patterns of northern South America.

Chapter - 3

Description of the Initiative

3.1 The Yasuni ITT Initiative

The Yasuni National Park was created in 1979 and subsequently in 1989 it was recognized as a “World Biosphere Reserve” by UNESCO (Bressand, 2011). The Biosphere Reserve region is an ancestral Huaorani territory, which comprises the YNP (9,820km²) and the Huaorani Ethnic Reserve (7,000 km²) (Finer et al., 2009). It is located in the Western part of the Amazon and it occupies an exclusive location at the intersection of the Amazon, the Andes and the Equatorial line (Pitman et al., 2002).

In an attempt to protect one of the last intact areas of the Amazon rainforest, the Ecuadorian government has proposed a new and innovative initiative that aims to lock the oil beneath the ground of the ITT block in the YNP and avoid the emission of CO₂ which would accompany its use. The Initiative seeks to address the two main causes of climate change: the burning of fossil fuels and the exploitation of forests, which are otherwise important carbon reserves (Davis, 2008).

The Initiative was developed after a variety of calls directed to the Ecuadorian presidents – Lucio Gutierrez (2002-2007) and Rafael Correa (2007-present) – from a range of scientists, environmental organizations and scientific stations located in the YNP, to protect the richness and uniqueness of this ecosystem. The Initiative aims to leave an estimated 846 million barrels of oil underground – representing 20% of Ecuador’s total oil reserves– avoiding the emission of 407 million metric tonnes of CO₂ from the extraction and burning of oil and 800 million metric tonnes of CO₂ from deforestation (Boedt & Martínez, 2008; Larrea, 2009; Larrea & Warnars, 2009; Rival, 2010) caused by the construction of the oil infrastructure (e.g., platforms, roads and pipelines). In doing this, the Initiative seeks to promote: 1) a new mechanism for mitigating climate change; 2) the protection of the area’s biodiversity and its cultural richness; and 3) a new sustainable model of human development where the use of

clean energy, nature preservation and social development are integrated (Larrea & Warnars, 2009).

At a price of US\$76.38 (WTI-September 2010) per barrel, the ITT block has been projected to represent for Ecuador an income of US\$ 7,611million, using a social discount rate of 6%. A similar income can be obtained if taking the value of CO₂ in the European Carbon Market as a reference. At a price of US\$19.82 per tonne of CO₂, the 407 million of tonnes of CO₂ avoided would represent \$US 8,070 million (Larrea, 2009; Maria Cristina. Vallejo et al., 2011): an estimate for the value of YGCs.

Taking into account the fluctuation of oil and carbon permit prices, Ecuador decided to forego 50% of this projected revenue to leave the oil underground. This action aims to show the world that developing countries can commit to global climate change mitigation efforts.

For this reason, Ecuador has requested the international community, in accordance with the principle of common but differentiated responsibilities and respective capabilities, to compensate the country for this 50%: this means a minimum of US\$ 3,600 million from US\$ 7,200 million of the total projected foregone value of the oil, provided over 13 years. Although it can be argued that the preservation of nature cannot have a price put on it, the Ecuadorian government argues the money is necessary to promote the social and economic development of the country.

3.2 Managers of the Initiative

The Ecuadorian government, along with the UNDP, signed a memorandum of agreement for the administrative and other services regarding a Yasuni ITT Trust Fund, which aims to receive the contributions from two main sources: voluntary contributions, and revenue from transactions in the carbon market (Larrea, 2009; Larrea & Warnars, 2009; Rival, 2010). This Fund will be governed by the Yasuni Steering Committee, who will take on the decisions over the management of the Fund. The Yasuni Steering Committee is responsible for governing and overseeing the Yasuni Fund. This Committee has six members who are responsible for the decision-

making and are presided over by the Coordinating Ministry of Heritage of the Republic of Ecuador. Among its main functions are allocating resources; authorizing the release of funds; preparing annual strategic plans and monitoring and assessing the Fund's activities, consistent with the Initiative's objectives (Operating Procedures of the Yasuni ITT Trust Fund Steering Committee, 2011).

<u>Yasuni Steering Committee</u>			
Representation	No. of members	Election	No. of votes
Government	3	President	3
Contributing Governments	2	Largest contribution and inherent in participating	2
Civil Society	1	Part of the Amazon civil society with the greatest number of population	1
UNDP Resident Representative	1	N/A	No vote
Technical Secretary	1	By Steering Committee	No vote

Table 3.1 Conformation of the Yasuni Steering Committee; Source: Operating procedures of the Yasuni ITT Trust Fund, 2011

Additional to the Yasuni Steering Committee, three other committees are taking forward this initiative: the technical, the political and the negotiating committees. The technical committee supports the functioning of the initiative, policy implementation, design work plans and financial and investment products, support the fundraising and elaborate a communication strategy. The negotiating team is in charge of fundraising on a national and international level, making contacts, promoting the initiative and establishing dialogues in public and private settings. The Political Committee as part of the Initiative's structure transmits the general political guidelines of the National Government to the negotiator and technical teams and also supports the implementation of the public policy from the Initiative⁴ (Presidential Decree No. 241, 2010).

⁴ Ministries participating in the political Committee: the Coordinating Ministry of Heritage; the ministries of Foreign Affairs, Non-renewable Resources and Environment; the National Secretary of Planning (SENPLADES) and the institute for the Eco-development of the Amazon (ECORAE)

3.3 Funds Guarantee and Use

The money collected in the Fund will be supported by certificates issued by the Ecuadorian government. The total amount of certificates issued by the government will be equivalent to the estimated 407 million tonnes of avoided carbon dioxide emissions. *This is the avoided emissions from deforestation and from not releasing the CO₂ that would have been emitted from processing the oil and using it.*⁵ They will show the dollar value of the contributions, calculated based on the prices of European Union Allowances (EUAs), in dollars per tonne, and the metric tons of avoided CO₂. The YGCs will be provided for contributions over US\$ 50,000 and will not gain any interest. Although these certificates are not currently recognized under the Kyoto Protocol, *they will be supported by an article in the code of Finances that convert these bonds into “contingent debt”*⁶ (see Appendix 1- Art.123). The YGCs will become the guarantee to the contribution and give them the security that the oil will not be exploited; and if were to be exploited, their contributions would be redeemed (Arsel, 2012; Larrea, 2009; Larrea & Warnars, 2009).

3.4 The Initiative's projects

Investing the compensation funds in the provision of public goods will allow citizens to identify public benefits and create constituencies who will protect this revenue sharing system (Barnes, 2006) resulting from the Trust Fund. This compensation would be divided into two: a Capital Fund which will be used for renewable energy projects, and a Revenue Fund for funding conservation, reforestation, energy efficiency, social programmes and research and innovation (Martin, 2011; UNDP and Ecuadorian Government, 2010). The implementation of this initiative would protect the three last indigenous communities, Tagaeri, Taromenane and Oñamenane who live in voluntary isolation (Boedt & Martínez, 2008; Rival, 2010).

⁵ Paredes Erika-Yasuni ITT Negotiating Team, Personal Interview, August 22nd, 2012

⁶ Granizo Tarsicio-Coordinating Ministry of National Heritage, Personal Interview, September 18th, 2012.

The distribution of the fund and its interests is ambitiously intended to change the economic development model of the country. The Yasuni Trust Fund will be mainly used for renewable energy projects, taking into consideration two important factors: the potential of the country for geothermal, wind, solar and tidal energy and its current dependence on oil-related products, accounting for around 47% of power generation. This fund will also be used for purposes included in the National Development Plan: the conservation and avoided deforestation of protected areas; the reforestation, afforestation and restoring of degraded areas managed by private owners; the increase in energy efficiency and the social development of so called zones of influence, (Larrea & Warnars, 2009; Maria Cristina. Vallejo et al., 2011) this means areas that will be potentially affected by the cumulative impacts of the Initiative's projects development.

Figure 1: Yasuni Fund- Funding Flow Chart

Source: Yasuni ITT initiative Terms of Reference

According to the Director of International Relations, a member of the Yasuni ITT Negotiation Team, the projects will be led by public organisations. The Ministry of Electricity and Energy in coordination with the Coordinating Ministry for Strategic Sectors will be in charge of the energy projects. The environmental projects, that mainly refer to the protection of National Parks, the prevention and monitoring of deforestation, the increase in the number and capacities of rangers and the promotion of programmes like Socio Bosque that seek to reduce deforestation rates by incentivising their owners to preserve the forests. These will be managed by the Ecuadorian Ministry of Environment. Likely, social projects within the influence area will be implemented directly by communities, local governments or the ECORAE – Institute of Eco-Development for the Amazon Region.

3.5 The Backup Plan: The permanence of the “extractive model”

Since the Initiative was launched, it has received considerable support from the international community but the government has not been able to collect the desired level of funding. Achieving the US\$ 3,500 million expected during the projected 13 years is essential to assure the continuity of the Yasuni ITT initiative. Plan B, as it has been called, may be the next option for the Ecuadorian government in case the international community does not provide the extent of fundraising the Ecuadorian government is seeking for leaving the ITT oil block untapped.

Plan B consists of the partial development of the ITT oil block, which includes the Tiputini and Tambococha⁷ oil blocks which contain, according to Petroecuador 50% of the oil reserves from the ITT Block. It is also said that the Plan B excludes the Ishpingo area (Perez, 2010) which holds the remaining 50% of the oil reserves. The likely development of these blocks (Tiputini and Tambococha) will be under the management of Petroamazonas EP and EP Petroecuador, led mainly by

⁷ Executive Summary: Impact Assessment and Environmental Management Plan Development and Production Project of the Fields: Tiputini and Tambococha - Petroamazonas EP - http://www.amazoniaporlavida.org/es/files/descargas/TT-EIA-Resumen_Ejecutivo_final.pdf

Petroamazonas. However, the high level of viscosity of the oil, which is between 14° and 15 ° API, requires a significant investment US\$9, 000 million and the construction of a thermo-electric plant and an oil processor plant to facilitate the production of light oil and transport it through the pipeline (N/A, 2010). Despite the “bad quality” of the oil beneath the ITT and the additional costs it implies, offers from SINOPEC China, Petrobras, ENAP and Pdevesa have been received (Larrea, N/D) . The justification behind Plan B is that: if the International Community does not contribute the funds required, the country will still need to meet its social and economic needs and so the income generated from the oil sale will be used for these purposes.

Chapter - 4

Literature review

4.1. Introduction

Climate change has become one of the most challenging issues in world politics due to its pervasiveness, urgency and global implications. After Hardin released his article about “The Tragedy of The Commons” in 1968, people become even more aware about environmental issues, including the ecological crises arising from individuals’ decisions (Hardin, 2009) driven by self-interest and the difficulties of collective organisation (Olson, 2007).

This literature review starts from the crucial role of international cooperation and commitment to address climate change and protect the global commons, and then discusses the literature on the challenges of good governance of environmental challenges when there are cross-border interests involved.

Academics and researchers overwhelmingly agree on the fact that climate change is a global problem that can only be solved with the participation and collaboration of the international community (Conca, Park, & Finger, 2008; Duffy, 2006; Ford, 2003; Speth & Haas, 2006). Literature about environmental governance highlights the importance of different modes of coordination of collective action, such as hierarchy, network and market (Evans, 2012), to influence people’s behaviour and decisions about resource management. Writing on global environmental governance highlights the importance of international and national institutions’ performance and compliance with international agreements, such as the Kyoto Protocol, especially those related to the reduction of CO₂ emissions. Some researchers look at social development as necessary to achieve environmental goals, especially in the global South. In following

this trend, the Earth System Governance (ESG) Framework is analysed as a holistic⁸ approach to current environmental problems. It basically explores the human responses to current earth system transformations and the crucial role that institutions play, not only to protect the environment but to promote social welfare. This review concludes with the identification of the research topic and the contribution this research seeks to make to the understanding of the initiative promoted by the Ecuadorian government.

4.2. Environmental Governance: An evolving system

According to Level et al. (2006) governance is not only a task of the government but it has evolved by adding new non-state actors. Evans (2012) reinforces this idea by describing how modern states started to concentrate on the *low politics*, but still leaving civil society out of any decision related to environmental management. However, the emergence of global environmental threats in the 1980s revealed the flaws of this model. Meadowcroft (2002) mentions some of them: the environmental problems were understood as a by-product of economic and social development; great optimism about the ability of the government to manage pollution; activities like cleaning up accumulated contamination and “end of pipe” treatments underestimate the adoption of mitigation strategies; and environmental ministries were the only ones involved in the protection of the environment. For these reasons, it is necessary to design new governance models that embrace the dynamic and complex relation between economy, society and environment (Evans, 2012); and consider environmental issues as an inevitable part of our future (Meadowcroft, 2002).

In explaining the relation between society and environment, Lemos and Agrawal (2006a) define environmental governance as interventions used by political actors to influence environment-related incentives, knowledge, institutions, decision-making and behaviours. Nevertheless, they stress emerging trends like globalisation; decentralization; market instruments, like economic incentives; and the cross-scale nature of environmental problems continue challenging existing governance systems.

⁸ This word refers to the idea that all design actions can find their ‘fit’ within the context of Earth systems science, also known as Gaia.

This situation reveals that no single agent is able to deal with environmental problems and so the implementation of hybrid forms of governance becomes essential.

Acheson (Acheson, 2000) and Meadowcroft (2002) explain how government can fail to limit the social and economic behaviour within the borders of ecological sustainability. Among the failures mentioned by Acheson are: buying land for conservation purposes; passing laws and regulations designed to protect the resources but unable to fulfil their purpose; corruption issues in third world countries; conflict between bureaucracies; and interests of states that match officers' goals so they can maintain the power. Similarly, Acheson (2000) adds that private property rights sometimes can also be unable to protect the environment. Some of the reasons mentioned are profit-maximization, contempocentrism (Lemos & Agrawal, 2006a), uncertainty about resource availability, economic competition and the belief that it would be illogical and non-profitable to invest in slow maturing resources. The evolving nature of contemporary environmental governance, the multi-scalar consequences of environmental problems (Lemos & Agrawal, 2006a) and the necessity to cope with non-linearities and uncertainty makes essential to include every stakeholder in order to integrate different sources and forms of knowledge (Lebel et al., 2006). However, Meadowcroft (2002) claims that the inclusion of more actors brings more interests, different contexts and views into the process and so it becomes more fragmented and differentiated.

Bosselmann, Engel, & Taylor (2008) draw attention to the fact that environmental governance has been neglected by the emphasis on economic governance as a result of the pressures of the market and the continuing economic growth and expansion. They claim that sustainability needs to be adopted as the normative principle that guides human behaviour and decisions. Including a sustainable approach as part of new governance models reflects society is conscious about the unsustainable path they are following and the need of a strong sense of ethics (Bosselmann et al., 2008) to address the existing economic and social inequality .

Researchers explain local problems cannot be seen as a problem of a specific country but as problems able to go beyond national borders and have global implications (Bosselmann et al., 2008; Lemos & Agrawal, 2006a; Meadowcroft, 2002). Lemos and Agrawal (2006a) indicate that globalisation of environmental problems has promoted the development of new global environmental regimes able to coordinate collective actions to protect the environment.

4.3. Global Environmental Governance and Earth System Governance

Scholars have examined the role of international cooperation to deal with climate change phenomena. Despite the absence of a world government to set norms and rules to manage the use of the global commons (Barrett, 1993), a consensus has been reached around the importance of global environmental cooperation and management to deal with current and future environmental degradation, (Conca et al., 2008; Duffy, 2006; Ford, 2003; Speth & Haas, 2006) and associated issues (Esty, 2008). However, cooperation is not automatic: Olson argues that the willingness to engage in collective action will heavily depend on the relative costs and benefits of actions or inaction (Olson, 1965). Evans (2012) suggests five challenges for collective action: uncertainty; the subjective nature of environmental problems; the scope and extent of environmental problems; the fact state nations promote competition rather than cooperation and the complexity of the causes of environmental problems. In brief, the need for international cooperation is regarded by scholars as crucial to fight against climate change, but still governments for domestic political reasons are constrained in their actions, not being willing to incur significant costs or put their economies and companies at a competitive disadvantage (Speth & Haas, 2006).

Globalisation has brought states and societies together into complex global networks that have had a significant impact on environmental conditions and resource management, (Duffy, 2005) creating interdependencies between nation states that require new institutions to regulate actions at a global level (Biermann, 2004). The sum of these organizations, policy instruments, financing mechanisms, rules,

procedures and norms that regulate the process of global environmental protection are defined as Global Environmental Governance (International Institute for Sustainable Development, Najam, Papa, & Taiyab, 2006).

Literature about global environmental governance (GEG) is extensive and provides useful insights, at a macro-level, into how global institutions deal with ongoing economic expansion, rising human consumption levels and consequent environmental costs (Speth & Haas, 2006). Young classifies GEG as an emergent system, first arising in 1972 as a response to the array of environmental instruments, organisations, institutions (Najam, Christopoulou, & Moomaw, 2004) where the interdependence of actors creates environmental and social conflicts. Additionally, Ford (2003) argues that GEG is essentially an orthodox discourse with the same old tales and practices of international regimes. Despite the criticisms, GHG nevertheless offers useful insights into how collective action can be achieved.

Several theories of global environmental governance have concurred with the idea that an important characteristic of GEG is that the inclusion of non-state actors in the decision-making process has allowed the linking of global and local interest groups, dispersing power away from hegemonic centres (Duffy, 2005, 2006). These new forms of power and authority outside the state realm have become essential for GEG (Duffy, 2006). Researchers look at the integration of civil society into agenda setting and political bargaining as a mechanism that has added different points of views and interests into the decision- making process, giving it more legitimacy.

Scholars look at GEG as a system that embraces a great number of institutions, treaties and other formal and informal agreements which have evolved as a consequence of the increase of people's environmental awareness. On one hand, academics see this increase as positive for the environment, but at the same time Biermann (2004) and institutions such as the IISD (2006) argue that the proliferation of international environmental regimes has contributed to the fragmentation and inefficiency of the

system by outgrowing the limits of its original design and intent (International Institute for Sustainable Development et al., 2006). Additionally, Bosselman et al. (2008) affirm that governance theories have mainly failed because they have reflected western values and priorities, where ethics and equity issues have proven to be flawed. For example, Conca (2008) asserts that the Rio process was heavily influenced by neo-liberal agendas that have mainly focused on economic growth and been headed by powerful bodies (WB, IMF) outside the environmental arena. A similar idea about conflicting agendas is expressed by Biermann (2004): he contends the global North's agendas are mostly favoured due to sourcing of funds in the North.

The IISD (2006) and Andresen (2001) assert that fragmentation can also lead to institutional overlap and policy incoherence. An example is the following situation: the Montreal Protocol proposed HFCs as an alternative to CFCs but at the same time they were considered GHGs under the Kyoto Protocol (International Institute for Sustainable Development et al., 2006). Vogel and Chichilnisky (2010) add that the policy incoherence experienced at the international level mainly results from the lack of policy integration between regimes, undermining any net gain that could be achieved by climate change agreements. Even though the number of international environmental regimes should be seen as a positive contribution to addressing global environmental change, widespread environmental deterioration has not still been addressed properly (Andresen, 2001). Jones (2002) reinforces this idea by explaining that the task of integrating the “triple bottom line” is difficult (Najam et al., 2004; Speth & Haas, 2006) and this is mainly due to the incremental sacrifice of the environment and society for the sake of the economy. Equally, Biermann (2012) claims that “incrementalism” has been the main approach since the 1972 Stockholm conference and it has not been enough to cope with adverse earth system transformations. In short, institutional fragmentation, divergent incentives, and faltering agreement on means to tackle major issues such as climate change has driven different actors – especially powerful parties such as the USA – to look after their own interests and, undermining attempts to strengthen GEG, with the result that

cooperation and coordination are insufficient to cope with the ongoing environmental deterioration.

Global environmental governance thus provides a context for considering particular aspects of environmental governance, and in particular, a single country's governance performance. Any country's governance system is embedded in a network of global environmental institutions and actors; and must consider how they work to design, implement and enforce global environmental agreements within and beyond the state's borders. Najam (2004) points out that environmental governance is not an end in itself; but a mean to an end, which in this case is "sustainable development". In other words, environmental protection is a necessary step to achieve sustainable development. For example, the protection of the environment supports the livelihood strategies of the rural poor: and specifically "if local people do not support protected areas, then protected areas cannot last" (Adams et al., 2004). This means that environmental protection and social development need to be seen with the same priority and not as separate realms. Overall, the GEG system has demonstrated that it is resilient and prolific (Najam et al., 2004); and it has offered a good basis for the further development of governance frameworks.

4.3.1. Emission reduction mechanisms: An example of global environmental governance

The literature on the mechanisms for reducing CO₂ emissions, including via the Kyoto Protocol, is diverse. The Kyoto Protocol has been designed to control emissions of the main GHGs through mechanisms that take into account the differences between nations in terms of wealth, emission levels and capacities. The Kyoto Protocol has been shaped over defined governance principles that consist of flexible and market-based mechanisms; reporting and verification procedures that track, record transactions and keep control of the emission inventories; a compliance system that provides credibility and transparency to the carbon markets and ensures that commitments are met (UNFCCC, N/D). So far Kyoto recognizes three mechanisms for

emission reductions: ETS, CDM and JI, which are mainly based on the transaction of carbon credits (between countries with binding targets) resulting from emission reductions via projects implemented within developed and developing countries or from countries that have exceeded their targets (Hepburn, 2007).

The Clean Development Mechanism, a flexible mechanism under the Kyoto Protocol, was seen in the late 1990s as an effective tool to address the reduction of GHG emissions in a cost effective way in the North while increasing investment in sustainable development in the South (Farhana, 2005). However, the literature now recognizes the limitations of the CDM and calls for addressing them in order to reach established reduction targets. Among the limitations and criticisms of this mechanism, specifically in the context of the forestry sector, Streck mentions the risk of non-permanence of carbon stored in the biosphere, carbon leakage⁹, perverse incentives, creation of “hot air” – where no environmental additionality is being achieved constraining investment in projects – and the possible negative effects on the environment and society from forestry projects (Streck, 2008). Other commentators identify new conflicts regarding property rights, migration of polluting activities, the incentive to cheat in reporting on CO₂ emissions avoided, among others (Andrew, 2010; Liu, 2008). Additionally, the agency exercised by private actors as judge and jury of the CDM, by implementing and designing the CDM projects, and even managing and certifying them, has been heavily criticized.

Bosselmann (2008) claims current forms of governance do not reflect the complexity and extent of social, economic and ecological problems and so new governance models are needed to reflect the global nature of the challenges the world is currently facing. A related development in the global environmental governance literature is the recent emergence of “earth system governance framework”. Its holistic approach is potentially relevant to the present study, in that it examines the range of ways in which people’s actions, including daily life decisions, can influence earth system processes.

⁹ According to the IEA, carbon leakage is defined as the increase in emissions outside a region as a direct result of the policy to cap emission in this region. Carbon leakage means that the domestic climate mitigation policy is less effective and more costly in containing emission levels.

4.3.2. Earth System Governance

The literature on “earth system governance” is relatively new. It is the result of a recent partnership called the Global Governance Project that seeks to deal with the new challenges of changing governance arrangements. The aspirational aim is “*managing the entire system earth, including most of its subsystems, and building stable institutions that guarantee a safe transition process of co-evolution of natural and social systems*”(Biermann, 2006, p. 3). The *International Human Dimensions Programme on Global Environmental Change* draws attention to some important aspects of this ESG framework (F. Biermann et al., 2009):

1. It takes a holistic view and considers the social welfare of its actors (Biermann, 2006) and the governance solutions necessary to cope with the continuous threats of earth system governance (F. Biermann et al., 2010).
2. The framework looks especially at people’s decisions and how they affect the human–nature interaction, not only at the global level but at the local one.
3. It does not limit itself to the study of environmental policy; it brings together several disciplines, interest and strands of research and integrates them to explain how people deal with earth system transformations.
4. It aims to prevent, mitigate and adapt to the earth system transformation and the harmful consequence they might bring.

The earth system governance framework focuses on five main interdependent analytical problems. First is the issue of governance *architecture*, this is, the interlocking web of widely shared principles, institutions and practices that shape stakeholders’ decisions, and evolves according to pressures and governance processes (Biermann, 2006; F. Biermann et al., 2010). Biermann (2009) considers that *architecture* gives a wide picture of how regimes work by analysing and comparing the different policy domains of earth system governance and the way institutions deal with them. Additionally Adger (2002) comments that the effectiveness of any regime

is given by the achievement of its objectives. However, in achieving these objectives Biermann (2009) remarks that situations of synergy and conflict can be present in the institutional interaction, where the operation and dominance of one institution will influence the effectiveness of another (Young, Oberthür, & Gehring, 2006) and promote the emergence of winners and losers (Adger, Brown, & Tompkins, 2005).

Likely Biermann has suggested a degree of fragmentation is desirable to promote the development of innovative policies (Biermann, 2006) and bring more knowledge. However, he also contends that conflictive fragmentation can become more harmful than positive for the entire system (F. Biermann et al., 2009). Fontaine and Narvaez illustrate this by referring to contradictions between development and environmental policies (Fontaine & Narváez, 2007) that have been reflected in ineffective practices and persistent difficulties in the management of Ecuadorian national parks.

The second analytical problem is the one related to the *agency*; Pattberg and Stripple (2008) clarify that agency can be understood as “the capacity of individual and collective actors to change the course of events or the outcome of processes”. Given the magnitude and the continuing evolution of global environmental change, the emergence of new agents with sufficient and legitimate authority to prescribe behaviour or indirectly influence the decisions has become critical. The capacity to act of state and non-state actors in the ESG framework determines the level of credibility, stability, adaptiveness, and inclusiveness of the system (Dellas, Pattberg, & Betsill, 2011). Similarly, Biermann (2012) explains the role of international bureaucracies by defining them as agencies created by governments or public actors acting mainly in the international domain to achieve a determined policy. Its intervention in the governance process has had an important impact, especially by synthesizing scientific findings, distributing knowledge and providing technical expertise to national and local governments, citizens, scientists, environmental advocates and others.

Biermman (2009) asserts the participation of non-state actors has become increasingly important, as they participate in rule-setting with states or set their own rules based on interactions between humans and nature. But the extent to which public opinion will influence decisively any governmental decision depends on how large, visible and immediate the effects of a specific action are. Perrault (2001) illustrates this point by indicating that the incursions of colonists and the oil companies have promoted the self-organization and mobilizations of indigenous communities in an attempt to defend their territorial claims, natural resources and basic civil human rights.

Dellas, Pattberg, & Betsill (2011) remark that even though agency normally contributes to problem-solving, it might also promote unintended negative consequences, such as the unsustainable practices that result from assessments and the implementation of standards recommended by environmental consultancy firms . In general, agency is an essential dimension of governance that is continuously challenged by the growing number of actors and agents and its capacity to cope effectively and efficiently with environmental problems.

Third, adaptiveness is an umbrella term that describes the capacity of social groups to anticipate or respond to Earth System transformations (F. Biermann et al., 2010). Biermann (2006) emphasizes that adaptation is influenced by the increased spatial interdependence of states, where activities and actions taken by one state will contribute to global climate change. However, the uneven geographical distribution of environmental problems among countries put more pressure on adaptation measures and higher costs for some countries more than for others.

Legitimacy, as a cornerstone of social organization, plays an important role at every level in the governance process. The essence of this concept is defined by the acceptance of rules by the community; and the justification of the authority held by certain rules and institutions. For example, Weber suggests that legitimacy can be claimed based on rational, traditional and charismatic grounds. This means that the act

of commanding or obeying will be determined by legal or customary rules, which are accepted by the majority, even though sometimes beliefs and norms between members differ.

The increased requirement of legitimacy in relation to the costs and benefits of actions and how they affect current and future generations is a critical issue for policy makers. Biermann (2006) stresses that there is a persistent uncertainty surrounding ESG especially in relation to the future consequences of climate change, peak oil and the costs climate change can impose on current generations, particularly when governments need to take drastic action in order to protect future generations; this tends to work against the government's immediate interests. Additionally, Biermann and Dingwerth (2004) mention that the added stress that the creation of capacities to face climate change put on government ability to fulfil its additional functions, may turn decision-making hierarchical in an attempt to save time and resources, putting in doubt the legitimacy of state action.

Globalization has raised concerns about the need for strong global and regional rule-making institutions, especially due to the vast discrepancies in wealth and power between and within countries; the mismatches between principals and agents¹⁰; and the emergence of new actors who have a decisive role in the rule-making process (Biermann & Gupta, 2011). So, accountability and legitimacy have become important pillars for governance systems; that will strongly influence the effectiveness and longevity of regimes. Biermann (2010) and Lockwood (2010) assert that governing bodies need to be accountable to its constituents, as they are the ultimate source of legitimacy. Dryzek and Stevenson (2011) support this by stressing that any consensual government in empowered space should be subject to a "downward accountability" or contestation in the public space of deliberation.

¹⁰ One party ("the principal") contracts another party ("the agent") to perform some actions or to take some decisions, however the agents may diverge in their actions from the interests of the principals.

As seen by Biermann (2011), accountability refers to the willingness to accept responsibility or to account for one's actions. He assures that in holding governments accountable, systems of inclusion and exclusion are vital to determine who counts as "stakeholder" within the governance system. Florini (2007) affirms that by easing the access to information, equity and justice in environmental decision-making are promoted and so feedback about the effectiveness of policies is provided. Additionally, Smith (2007) contends that the strength of accountability relies on the effectiveness of sanctions and monitoring mechanisms that check whether policies have achieved their intended outcomes.

Legitimacy is meant to measure the rightness – on how society perceives it – of the policies or actions and the extent to which they are accepted and justified. Adger et al. (2002) claim that legitimacy is not concerned with the consequences of environmental decisions, but with the process behind a decision. Similarly, legitimacy deals with questions of political power, where the privileged need to ensure their relationships with the electorate are within the system of rules, conventions and institutions (Adger et al., 2002).

Another major concern is that climate change has raised important questions about equity and justice. ESG analyses this problem under the heading of *allocation of and access to resources*. Gupta and Lebel (2010) stress the fact that the distribution of resources among communities and nations has been marked by the influence of historical social discrimination, colonization and processes that have led to the concentration of wealth and power in a few hands, especially when resources and ecospace¹¹ are becoming scarce due to the rising population levels. This situation has marked decisions taken around natural resource management, creating an uneven distribution of burdens and benefits between and within nations.

Biermann (2010) points out that this is the reason why compensation – North-South transfers – and support from the global community, especially from stronger societies,

¹¹ This is a function of the ecological carrying capacity of eco-systems, the regenerative capacity of natural resources and the availability of resources

becomes critical for those countries who remain vulnerable but still preserve important natural resources. Biermann (2006) suggests that “rainforests could be perceived as global goods with the concurrent obligation of the global community to pay for their preservation and compensate tropical countries for restrictions in the use of natural resources....” (Biermann, 2006, p. 26). In sum, allocation and access to resources are essential to cope with climate change consequences, perhaps most importantly for the opportunity they give people to adapt.

The five dimensions analysed by the ESG framework provide a wider picture of current governance problems, having society as one of their main components. It aims to examine environmental problems while studying society responses to them. However, Nilsson and Persson (2012) claim this framework is useful but still unable to capture the actual functionality of the governance system and collective institutions. This means that focusing on how institutions can improve their governance performance and become more efficient and effective, leaves behind how these dimensions can help to serve the purpose for which they were designed for, govern the Earth System Interactions and the environmental challenges.

4.4. Refinement of the Research Topic: The governance of the Yasuni ITT in Ecuador

The Yasuni Initiative emerges as a new and altruistic instrument to mitigate climate change and promote a new economic development model. The Yasuni ITT initiative aims to leave the oil underground and avoid the emission of 407 million metric tons of CO₂ from extraction and burning oil; and 800 million metric tons of CO₂ from deforestation (Boedt & Martínez, 2008; Larrea, 2009; Larrea & Warnars, 2009; Rival, 2010) caused by the construction of the oil infrastructure (for example, platforms, roads and pipelines). According to Rafael Correa, Ecuador is making a major contribution to global climate stabilisation by leaving the oil underground. Despite the scarcity of resources to address social needs in Ecuador and the high levels of poverty,

Ecuador is asking for 50% of the income that might be received for the projected oil sales and forgo the other 50%.

The Ecuadorian government with the promotion of the Yasuni ITT initiative has posed a challenge to itself. Normally, when it has come to set priorities, the policies receiving the support from the government have been those allowing the increase of financial capacities, the power of the state and the control over resources, leaving in second place the conservation and social variables (Fontaine & Narváez, 2007). Oil revenues have favoured the emergence of asymmetric regimes of development¹², with high deforestation rates, indebtedness, unemployment, poverty and inequality (Rival, 2012).

Although, this new initiative is innovative, it presents some obstacles in its governance structure that might prevent it from fulfilling the goals already established. Many aspects like continuity, enforcement, monitoring mechanisms, policy incoherence, and overlapping institutions are some of the challenges that the initiative will need to address. So far, some research has been done around the Yasuni ITT initiative, analysing it as a new mechanism that aims to challenge those instruments already implemented as part of a global environmental governance system. Likely, local researchers have also explored the existent environmental governance crisis that protected areas, like the Yasuni National Park, have been facing in the Amazon region. Additionally, the ITT initiative has been examined as a model to promote respect for human rights and biological biodiversity.

To this point, this study intends to explore the Yasuni ITT initiative in a framework able to explain the complex transformations experienced by social and natural systems, taking into account economic and political variables such as globalisation, rapid economic integration, internationalization of policy process and its ecological consequences at different scales. Different from others frameworks, it focuses on *people*, and it also highlights the importance of *places*, especially at a local level,

¹² The set of rules and social norms that regulates the government and its interaction with society have given preference to oil development. However, the income from this source has not been enough to promote equitable development between the different stakeholders.

where solutions for broader governance problems can be found. ESG, as an integrated system of rules and actors, attempts to look for innovative and effective political solutions able to cope with current environmental problems within a sustainable development context.

Chapter - 5

Methodology

5.1 Positionality

As an Ecuadorian I have travelled in several regions – The coast, highlands, Amazon and Islands – and within a huge variety of ecosystems. The natural beauty of Ecuador has been damaged and it continues to be threatened for the sake of economic and social development.

Ecuador's location has placed it among the most mega-biodiverse countries, giving the Amazon, Highlands and Galapagos Islands the right to hold titles like Biosphere Reserve and World Heritage sites. However, Ecuador's economic development model has heavily relied on the extraction and trading of its natural resources, putting huge pressure on them and jeopardizing the existence of its natural sites. Being an observer of multiple environmental accidents in the Amazon Region, the extinction of animals and cultures, the nation's historical dependency on fossil fuels, the inefficient mechanisms for monitoring, control and sanctioning damage to the environment, the lack of political will to protect Ecuador's natural heritage and the impoverishment of the Amazon region have allowed me to realize the importance of and need to research the functioning of governance structures to conserve the remaining significant natural sites that Ecuador has.

This research was motivated by the desire to understand an innovative Initiative which aims to conserve one of the last intact zones of the Amazon Basin and protect three of the last uncontacted indigenous groups remaining deep in the Amazon Region. The initiative launched by Ecuador, a petroleum-dependent country, has brought new challenges to the international climate change policy arena by proposing a new mechanism additional to the already implemented Kyoto flexibility mechanisms, particularly the Clean Development Mechanism. Researchers such as Narvaez (2009) and Martin (2011) have explained that the initiative's success will heavily depend on the effective understanding and strengthening of the initiative's governance over time.

In this sense, ongoing post-Kyoto meetings aiming to encourage innovative actions by developing countries make the Yasuni ITT initiative an important case study of the potential for a new mechanism to be introduced that mitigates climate change by avoiding GHG emissions.

5.2 Research Method

The study adopted a pragmatic research design which focused on deriving knowledge from features of the current situation, actions and their consequences (Creswell, 2007). Important features of the situation under study included the extent and nature of the environmental protection being designed into the Yasuni ITT initiative, indigenous groups' protection, and the promotion of a new post-oil economic development model. A pragmatic design provides complete freedom around methods, techniques and procedures that researchers can use to understand the problem. However, this approach also demanded careful documentation of the context of the research and the initiative under study, particularly the social, historical and political contexts (Creswell, 2009). These are described in detail in the present study. The use of semi-structured interviews fit this overall design by allowing the exploration in detail of different stakeholders' views – those of government, NGOs, indigenous communities and the state oil company. The research was primarily concerned with exploring the responses of different stakeholders to this new initiative and how their attitudes and decisions play an essential role in determining its feasibility. This study chose to interpret these views within an ESG framework, as outlined in the previous chapter. The knowledge derived from the interviews was the main source to study the initiative within the framework identified.

This research made use of qualitative inquiry techniques. Qualitative research looks for in-depth and detailed understanding of the issue that is being explored by empowering individuals to share their stories and have their voices heard (Creswell, 2009). It relies on the exploration of individuals' experiences (Liamputtong & Ezzy, 2009). Generation of meaning arose from data collected in the field, and understanding stakeholders' views around the problem or the issue being studied (Creswell, 2007).

However, in this study, meaning was not solely generated from stakeholder views, but was interpreted within a particular governance framework, and at the same time provided a test of the value of that framework. For this reason, the approach was not a grounded theory or inductive theory building approach (Eisenhardt & Graebner, 2007)

A case study approach was used in this research. Case studies aim to obtain an in-depth understanding (Silverman, 2005) of a contemporary event, within a real life context, guided by a prior theoretical development of propositions (Bernard & Ryan, 2009; Yin, 2009). The intent of the research was to focus on governance issues affecting the Yasuni ITT initiative within Ecuador's current wide governance context. The study was thus an instrumental single-case study (Creswell, 2007; Silverman, 2005), done with a purpose in mind and to obtain some insight about particular governance issues and understand more of what is obvious to the observer (Yin, 2011). Data collection in a case study is extensive and it relies on multiple sources that describe the setting for and characteristics of the case (Creswell, 2007; Yin, 2009). In this study, official documentation, grey literature, archival records and stakeholder interviews were used.

5.3 Research Process

This thesis looks at the potential governance challenges that the Yasuni ITT Initiative is likely to face during its implementation. It seeks to look in detail at the possible obstacles and opportunities for the Initiative to be successful, keeping in mind that it is a mechanism not recognized in the Kyoto Protocol unlike the Clean Development Mechanism, and it is currently relying on altruism from the international community, including other nations' governments.

5.3.1 Methods: Addressing the objectives

Objective 1: Establishment of the context for the proposed mechanism The Initiative has emerged as a new mechanism to avoid CO₂ emissions. It is important to explore the drivers underpinning the initiative and how it originated.

- What were its origins, and what is the history behind previous commitments that informal institutions in Ecuador and the Ecuadorian government have made?
- Who are the main proponents of the Initiative and who are the main opponents to date?
- What does the proposed process intend to protect? Why is protection required? Does protection necessarily exclude oil exploitation?

To meet Objective One a variety of sources will be used in distinct formats to illustrate the geographical location, biodiversity information and social and economic situation of the country, drawing in particular on information about the Yasuni National Park.

Fig-5.1. Sources and Information

Objective 2: Description of the initiative The legal and economic features of the Initiative are critical issues, especially for international contributors.

- What is the proposed legal structure of the Initiative, and how would it work?

- What projects are proposed to be developed with the money collected and which institutions will be in charge of carrying out these projects?
- What backup arrangements exist if insufficient funding is collected to enable the Initiative to proceed?

This objective will be answered by reviewing documentation, but also partially supported by semi-structured interviews of the spokespeople of the governmental bodies involved in the initiative. The written information sources will mainly come from the UN Trust Fund documentation and website; the YITTI official web site operated by the government; Ecuadorian governmental documents; and previous studies made by researchers around these issues.

Objective 3: Examine the views of the governance structures of the proposed implemented mechanism Effective governance of the Initiative will play a crucial and decisive role if the Initiative is to become an exemplary part of the global environmental governance system. In exploring the current functioning of governance in Ecuador and how it can affect the implementation of the Initiative, the following questions are examined through the views collected and compared to the framework being used:

- a) How does the mechanism measure up against the “Earth System Governance” framework?
 - Does Ecuador’s system of environmental law provide a clear underlying “system architecture”, e.g. are relevant laws solid, clear, coherent and enforceable?
 - Does the Yasuni ITT initiative present a transparent, legitimate and accountable process?
 - How would the Yasuni area and people be affected by possible spillages from surrounding oil exploitation platforms?

- Who would monitor the compliance of the Yasuni Initiative against the process and performance criteria so it can be credible for contributors?
- Would the different non-state actors (eg. donors, media, citizens, forest-dependent and indigenous communities) be included and able to monitor the advances made with the funds collected?
- How would the on-going accountability and legitimacy of the Initiative be assured during successive governmental administrations?
- Has the Initiative followed a participatory approach to date, especially with indigenous groups; and is this proposed?
- Are proposed formal rules consistent with customary rights and other informal institutions?
- Are the capital and the gains from the trust fund likely to be equitably distributed? Who would receive what and on what basis will allocations be evaluated? If not equitable, can the allocation be sustained over time?
- What are the concerns that commonly arose from the potential internal and external contributors about the initiative?

b) In relation to the governance arrangements for REDD (Reducing Emissions from Deforestation and Degradation)

- In general, what is the governance structure of the Kyoto Protocol mechanisms to reduce CO₂ emissions?
- In what ways is the Yasuni ITT initiative different from these and in what ways are lessons from these mechanisms relevant?

To meet Objective Three, information from several sources is used. In an attempt to examine views around the governance problems the Initiative could face, a conceptual framework based on the ESG model is utilised. Answering these questions requires the information provided in scientific journals; books and specific articles about the Yasuni published by NGOs; well-known local and international researchers; and most importantly information gathered from this study's interviews. It provides useful data on historical events, perceptions, and opinions concerning the Initiative from the purposive data collection process established.

Objective 4: Evaluate whether the initiative is likely to be successful.- This study aims to provide conclusions about the future of the mechanism, in terms of the Initiative's governance, especially its Trust Fund management and future contributions from potential supporters.

- Which key issues in relation to the initiative's governance need to be addressed in order to provide credible expectations and security to the international community?
- Overall, is the initiative likely to succeed?
 - How are concerns likely to be met?
 - What critical success factors can be identified?
- Is this Initiative likely to become a successful mechanism by which the global North will be able to compensate Southern nations for preventing further damage to the world's atmospheric sink?

In answering questions under Objective Four, interviews are relied upon. The interviewees include the main stakeholders such as the international cooperation agency previously involved in scientific and technical studies; local NGOs such as "Accion Ecologica" promoters of the initiative; researchers who have been studying the initiative since it was launched in 2007; and governmental bodies dealing with current negotiations to obtain the funds needed.

5.3.2 Participant selection

In creating a representative sample for a qualitative research study on a developing topic, the selection of participants needs to be strategic, meaningful and topical. There is no specific formula to determine the sample size (Liamputtong & Ezzy, 2009). Generally, qualitative researchers work in a specific context with small numbers of people (Miles & Huberman, 1994). In this case, specific individuals have been chosen on the basis of crucial information they can provide (Creswell, 2007) and a *purposive sampling strategy or judgmental sampling* were used (Bernard & Ryan, 2009; Liamputtong & Ezzy, 2009). Among the stakeholders interviewed were: people from the government involved with the initiative, approachable indigenous communities, local environmental organizations, oil business sector leaders, local and international NGOs and academics undertaking research around the initiative and those involved with the public sector governance. For this purpose, 14 people were interviewed in Quito and/or the YNP. Government officials and indigenous groups will be approached through two main contacts. A *snowball approach* was used, as some of the participants from the primary sampling suggested other people who could contribute to this research.

5.3.3 Collection data methodology

This study made use of *semi-structured interviews* designed to be less than an hour (10-15 questions), a time frame which allowed some interaction between interviewer and interviewee. Interviews were based on a pre-designed set of questions and special topics (Berg & Lune, 2004), with the designing attempt to capture the different stakeholders' perspectives around the problem (Liamputtong & Ezzy, 2009), corroborate facts already established and in some cases provide evidence of the prior history of the situation (Yin, 2009). In doing this asking, listening and recording were key elements to unravel the "hidden perceptions" of participants. *Semi-structured* interviews were designed for the different groups of stakeholders such as policy makers, NGOs and indigenous communities. This type of interview is flexible and it allows researchers to alter the order in which questions are covered (Bernard & Ryan, 2009). In practice, it was able to reflect the different ways in which individuals

understand the world (Berg & Lune, 2004), so “*participants’ own words can be captured*” (Liamputtong & Ezzy, 2009:61).

The interviews were held between August and September 2012. They were conducted in person and typically lasted around one hour. E-mails were sent in advance to potential informants to establish their availability to participate in this research. The questions were in some cases modified, added and adapted to the expertise and concerns of the interviewee. Interviews were tape-recorded and answered via e-mail. Only one of the interviewees refused to be recorded and so notes were taken. Interviews were then transcribed and translated for “quotation purposes”. Interviewees had the option to remain confidential or be identified.

5.3.4 Analysis of data

The analysis of the data in this study required a technique that links the data collected with the literature review and framework previously described. In this sense, qualitative content analysis is a method that allows subjective interpretation of the content of text data by classifying it through codes or identifying themes (Elo & Kyngäs, 2008) or patterns which are relevant to the research question (Walter, 2009). A deductive content analysis (Elo & Kyngäs, 2008), also called a direct content analysis, provides the option to validate or extend conceptually a theoretical framework or theory. The existence of a clear theory and research framework will help to focus on the research question (Hsieh & Shannon, 2005); to improve the understanding of the data collected; and so provide an “analysis structure” to follow (Elo & Kyngäs, 2008).

TABLE 4: Major Coding Differences Among Three Approaches to Content Analysis

<i>Type of Content Analysis</i>	<i>Study Starts With</i>	<i>Timing of Defining Codes or Keywords</i>	<i>Source of Codes or Keywords</i>
Conventional content analysis	Observation	Codes are defined during data analysis	Codes are derived from data
Directed content analysis	Theory	Codes are defined before and during data analysis	Codes are derived from theory or relevant research findings
Summative content analysis	Keywords	Keywords are identified before and during data analysis	Keywords are derived from interest of researchers or review of literature

Figure 5.2: Source: Three Approaches to Qualitative Content Analysis by Hsiu-Fang Hsieh and Sarah E. Shannon, 2005

In content analysis, the first step is coding the text into categories that suit the research. Coding consists of breaking down the text into a word sense perspective, phrases, sentences or themes, resulting in a *selective reduction*, where unnecessary data are dismissed to focus on codes or patterns relevant to the research question (Walter, 2009). Content analysis gives the flexibility to code the data before and during data analysis. Predetermined codes stemming from theories or literature reviews will help to develop a “categorization matrix” that will be the main guide to start coding the data collected (Hsieh & Shannon, 2005) from the interviews.

5.4 Limitations

5.4.1 Limitations of the Research Approach

The case study method has advantages for examining in detail contemporary events within a real-life context and deal with a wide range of evidence (Silverman, 2005). However, a concern often raised by researchers about this method is its apparent *lack of rigour*. The flexibility given by this method, to collect data and interpret it, may allow ambiguous evidence or biased views to influence the research findings and conclusions. The *range of evidence sources* this method allows to use for analysing the case can, at some point, become too long and potentially redundant, resulting in low quality value information (Yin, 2009).

Instrumental case studies, like the one presented here, aim to examine a case in depth, focusing specifically on one of its key dimensions. So a third concern for researchers in using the case study method is its inability to generalize scientifically from a single-case study. Normally multiple experiments are carried out to provide evidence of the occurrence of a phenomena under different conditions. The main objective of a case study method is to expand and generalize theories (Yin, 2009) and see how they work in a specific case. In this study, the use of a range of interviews attempts to provide robustness, but the singular characteristics of the YITT situation means its generalisability remains limited.

5.4.2 *Limitations of this study*

Interviewers

The interviews aimed to obtain a rich range of information to explore the framework being used. However, responses and results obtained, depended greatly on the desire of interviewees to provide key information and facts that can help to enrich this research. In this case, governmental officials provided detailed information about the Initiative about the difficulties that it is actually presenting, the status of the collection of funds and the changes in legislation in order to adapt the Initiative to the requirements of the Yasuni Fund. On the other hand, the approach to NGO's was limited and the responses obtained were brief and to some extent too concrete, limiting the information that could be used for this research.

Indigenous Groups

Although, the members of the Huaorani community cooperated with the interview, there were several constraints with the language and understanding their ideas. Their Spanish was limited and despite the conversations being recorded; transcribing them was a difficult process. Similarly, one of these interviews could not be done properly, since the time was a constraint and at the moment of interviewing the Huaorani leader was accompanied by members of a Spanish foundation who were about to donate some photovoltaic panels.

Location

Another limitation of this study is the place where interviews took place. Quito, the capital, was the city where the most important institutions managing the environmental themes were concentrated. The fact of travelling and coordinating the meeting with representatives became complicated due to the different meetings that were being held to collect funds and the agenda of the representatives. Interviews were conducted in person but two of them were held via email due to the limited time they had to be interviewed.

Chapter - 6

Interview results

6.1 Perspectives from different actors in the governance of the initiative

In this chapter, the results of stakeholder interviews are presented. The interviews took place between August and October 2012 in Quito and the Yasuni National Park. Most of them were carried out face to face, although two were conducted via email. They were designed to obtain information regarding the governance structure of the Initiative. This is Objective Three, and aims to examine the views of the governance structures of the proposed implemented mechanism. Interviews with representatives from the government, NGOs, academics, specialised media, an ex-worker from the state oil company and indigenous groups were used as a reference to analyse their opinions around the management of the initiative, the problems it faces, and its potential to become a recognized mitigation mechanism by the UN, as part of the post-Kyoto regime. Participants were also asked their point of view about the recognition of the Initiative under REDD mechanisms and how likely the Initiative was to succeed and obtain the necessary funds to assure its continuity.

These results contain information from 14 interviews, and are organized into four categories (see Table 6-1). The results are analysed in categories and subcategories defined by the “Earth System Governance” framework, while at the same time addressing the questions identified under Objective Three. Throughout this chapter, interviewees are identified in the text by their initials and the category number they represent. Most of the interviewees asked that their opinions were taken as their informed professional opinions but not as representing the views of the organization they work for. In an attempt to support or challenge the literature reviewed earlier, selected quotes have been taken from the interviews with the selected participants.

Table 6.1: List of Interviewees

Category One: Government Representatives (G)

1. Msc. Erika Paredes, Director of International Affairs – Yasuni ITT Negotiating Team
2. Dr Tarcisio Granizo, General coordinator of Policy, Monitoring and Evaluation of Patrimony Management – Coordinating Ministry of Patrimony
3. Juan Jose Narvaez, Chief of Yasuni National Park – Ministry of Environment (Biologist)

Category Two: Non-state Organizations representatives (N)

4. Marcelo Pazmino, Conservation Projects Manager, ECOFONDO¹³ –Trust Fund OCP¹⁴ and ENCANA¹⁵ for conservation projects in Ecuador.
5. Esperanza Martinez, “Accion Ecologica” Founder - Oilwatch, NGO
6. Dr Yolanda Kakabadse, President, World Wildlife Fund for Nature, Previous member of the Yasuni ITT negotiating team
7. Federico Starnfeld, GESOREN¹⁶ Manager, GIZ- German Technical Cooperation
8. Dr Alberto Acosta, FLACSO Researcher, Ex- Ministry of Energy and Mines and Promoter of the Yasuni ITT Initiative within the government spheres.
9. Dr Carlos Larrea, Researcher, Participated as Technical Director of the Yasuni ITT Initiative
10. Biolog. Andres Vallejo, President, “Terra Incognita” specialized Magazine - Geography, culture, environment and history of Ecuador.

Category Three: State Oil Company – Petroecuador (S)

11. Eng. Medardo Vargas, Ex-worker from Petroecuador

Category Four: Indigenous communities – Huaorani (I)

12. Moi Enomenga, Keweriono Association Leader
13. Felipe Enqueri, Apaika Leader
14. Gabriel Nenkimo, Tour guide

¹³ EcoFondo is a private ecological trust fund that arose from the voluntary decision of OCP Ecuador S.A. and EnCana Corporation (“EnCana”) and constitutes one of the largest funds destined for the conservation of Ecuador.

¹⁴ Private Ecuadorian company that operates the OCP (Heavy oil pipeline – English) - the second oil pipeline in Ecuador for evacuating its crude oil from the city of Nueva Loja up to the Province of Esmeraldas

¹⁵ **EnCana** is a Canadian company whose affiliates, EnCanEcuador S.A. and AEC Ecuador Ltd. conducted business in Ecuador until 2006.

¹⁶ **GESOREN:** Gestión Sostenible de Recursos Naturales – Sustainable Management of Natural Resources

6.1.1 “Architecture of the system”

As defined by Biermann, architecture can be understood as “*the interlocking web of widely shared principles, institutions and practices that shape decisions at all levels*” (F. Biermann et al., 2009). Architecture is also viewed as “*meta-level of governance*”.

Institutional Interplay and Fragmentation

Institutional interplay

The effectiveness of ESG architecture will heavily depend on the effective vertical interaction of governance system across levels and scales (Biermann, 2006) and the horizontal interaction and the ability of government agencies to make distinct institutional agreements working together and reinforce them (Oberthür, 2009). Participants G (3) and S (11) commented generally about the fragmentation of institutions and how procedures are ruled by certain governmental agencies; interviewee N (10) gave examples of institutional fragmentation in relation to the initiative.

“...neither the state nor the government, the ministries or the institutions within the government are monolithic, I mean there are always opposing views and this is perceived in this initiative, where there is always a battle between those who want to exploit the oil and those who defend the initiative...”

N -10 (Non-state organization)

This illustrates the extent to which actors, those in favour of the initiative and who want to exploit the Block ITT, can influence the institutional interplay. In fact, when Alberto Acosta, the Ministry of Energy and Mines proposed the conservation of the Block ITT, it caused opposition from the Petroecuador authorities whose main institutional objective is the promotion of oil activity (Narváez, 2009). In this sense, several – commitment agreements – were signed with foreign companies such as ENAP-Chile, SINOPEC-China and PETROBRAS-Brazil without the participation of

the Ministry regardless of Art 32 in the Hydrocarbon law.¹⁷ Competition and fragmentation within the governmental spheres can be harmful for an initiative whose success depends greatly on the coordination of action by the institutions involved.

Normally, the complexity of environmental problems requires planning, long-term management of impacts, and complex institutional solutions; therefore the interaction between organizations of government brings a variety of resources to the table in reaching the goals or compromises desired (Ivanova & Roy, 2007) but sometimes this interplay can be unidirectional and asymmetrical (Ostrom, 2002). This idea is illustrated by several interviewees G-3, N-5 and N-6:

"...we are always asked about the money and the funds so we have the process of explaining to them that this is being taken in two different units, we are in charge of the technical system and control and the ITT initiative is in charge basically of the funds negotiation...."

G3 (Government Officials)

"...the local population has been absent from official initiatives...."

N5 (Non-state organization)

"...information about the initiative doesn't flow to the NGOs..."

N6 (Non-state Organization)

The unidirectional and asymmetrical flow of information has left some important state actors without the necessary tools to continue with the socialization of this Initiative, despite their closeness to the indigenous groups and settlers. This is the case of the Yasuni National Park office, a subsidiary of the Ministry of Environment. Their participation in the decision-making process and negotiations around the Initiative is

¹⁷ Hydrocarbon Law, Chapter IV Crude oil and Natural Gas: Art. 32.- the exploitation of heavy oil reservoirs under 15° API, due to the special techniques required for exploration, extraction and processing on-site, the mineral by-products resulting from the related industries, will be the subject of a comprehensive economic planning by the Ministry.

merely in the form of technical information provisions, however the information provided to them about the progress and the possible use of the funds is limited. Similarly, NGO interaction with the government has been quite limited despite their presentation of the idea of an oil moratorium to the Ministry of Environment; the promotion given by them to the initiative; and their proactive role in the protest against the destruction of the Amazon region by oil extraction activities. Moreover, the indigenous communities perceive that they have been uninformed or life uninformed in the past and this prompts them to demand to be included and overall be informed about what is happening in their territories.

“...we have heard from the government that they will announce this, that it will be doing this agreement with other countries. This month they arrived to make a census and I have participated so I said that better not only talk in cities but come and visit us, consult us or others if they want to. Some of us don't want it [the destruction of the jungle] so we can consult and join them [other indigenous groups], exert force and try to defend the Yasuni...”

I-13 (Indigenous Communities)

Institutional Fragmentation

One important function of institutions is to protect and articulate the interests they are serving (VANT, 2005). In doing this, conflicts emerge and actors confront, competing actors seeking to make their rules and interests prevail, so fragmentation becomes a characteristic of institutions.

The persistent conflict between the Ministry of Energy now the Ministry of Non-Renewable Resources, and the Ministry of Environment illustrates this situation. For example, despite the Ministry of Environment being in charge of functions such as EIA approvals, environmental management and issuance of environmental licenses, the final decision will depend on the Ministry of Non-Renewable Energies, which due

to its superior place in the government hierarchy will override any decision made by the Ministry of Environment (Fontaine & Narváez, 2007; Narváez, 2009).

At the community level fragmentation was also found to be a problem. Previous conflicts among leaders have created a perception of unfairness within the people living in the Yasuni National Park. In the past, around 2005, previous indigenous organizations like the ONHAE signed a controversial usufruct agreement with “Eco-Genesis Development”, allowing them to exploit the assets in the Ecuadorian Amazon, specifically the Huaorani Ethnic Reserve for a period of 30 years. This situation set a precedent where Huaorani leaders overrode Huaorani collective rights, put their own interests first and created distrust among their people.

"...only leaders were taken by the town halls, provincial councils and other deputies. They gave them money, but we didn't receive anything from that company...."

"...it [the company] gave a lot of money [to certain leaders] to enter [in the park], we didn't know anything, they gave more to other people and leaders spent a lot, [get leaders] drunk and they [the company] invited them [to eat, drink or pay hotels] when community left...."

I-14(Indigenous Communities)

Policy Consistency – constitutional principles, credible and integrated norms

Consistency

Exploring the governance architecture allows us to compare and analyse the policy domains in a system that is not regulated or dominated by a single institution (Lemos & Agrawal, 2006a). State Policies guide institutional decision-making in order to achieve specific outcomes. Their effectiveness depends on how simple and clear, cross-culturally appealing and unambiguous norms and principles are (Biermann, 2006; F. Biermann et al., 2010).

The management of natural resources is clearly a complex task and the norms and principles governing them need to work consistently in order to achieve a given policy objective. *Policy consistency* has been one of the stumbling blocks of the Yasuni ITT Initiative. In the present study, participants named specific situations that illustrated the lack of consistency of current laws. Some of the most fundamental contradictions mentioned by the participants refer to non-compliance with the New Constitution which prohibits extractive activities in protected areas and grants the right to indigenous groups to live within their territory and not to be disturbed, in order to protect their culture. There was also a broad agreement among non-state organizations and indigenous groups about poor compliance with constitutional principles and norms.

"...I think it would have been an excellent policy of the government to integrate the Block 31 into the Yasuni ITT plan In the future I think it would be reasonable because the Constitution says that the extractive activity is banned in protected areas....."

N-9 (Non-state organizations)

"..well to start we shouldn't be talking about this, due to the Constitution; the law is absolutely clear and there can be no exploitation within a protected area , I mean, the Yasuni ITT initiative, if the law is to be fulfilled in this country, there wouldn't be any reason for it to exist..."

N-10 (Non-state organizations)

".....in here we, Apaika, Keweriono, those inhabiting this area, we don't want them to open more roads, let us live in peace and that our children have the life, our language, culture, the identity we have is our life....."

I-13 (Indigenous communities)

Most of the respondents emphasized the need for harmonizing and linking the current legal instruments (the Constitution and specific laws). Participants N-4, G-1, N-9 and N-8 mentioned that the new Constitution is still not aligned with subordinate laws.

"...we need to recognize that our legislation is largely outdated and that every ministry worked on its own..."

N-4 (Non-state organizations)

"I don't think the laws are operationalized to internalize the rights of nature that are in the Constitution; it is clear there is a delay about that....."

N-10 (Non-state Organizations)

Integration

One of the ESG framework's normative ambitions is achieving sustainable development by the integration of ecological, economic and social sustainability (Biermann, 2006). Sustainable development requires a range of linked environmental and economic policies to address the complexity and extent of environmental problems. Too often, policy continues to be specialized, sectorially-oriented and treated individually (Nilsson, Pallemmaerts, & von Homeyer, 2009) leading to the prioritization of specific institutional objectives without considering integration (Brundtland, 1987). For example, one government official highlighted an example where conservation objectives neglected the social dimension and left peoples' welfare outside the agenda.

"...much of the problem a long time ago was the establishment of protected areas or "desk reserves", I mean I took a map and pointed out the area that would be protected even when I had people living there..."

G-3 (Government Officials)

However, reforms are taking place and another governmental official described how the government is working to integrate the environmental, social and economic realms by adopting a holistic approach when it comes to policy design.

"....We are thinking about the rational and sustainable use of our rich biodiversity.....and one of the things we are thinking about is what the National Plan for the Good Living says- an economy and a society of bio-knowledge, the use of Bio-knowledge about biodiversity to obtain the products and resources that will replace eventually oil"

G-2 (Government Officials)

Although governmental officials mentioned there is a clear intention of the government to achieve sustainable development through policy integration, indigenous communities keep demanding the government provide “win-win” solutions, where the government obtains the revenues that it needs while respecting their environment and offering them sustainable options for daily living.

"...well one of the problems is with oil so I said we have a way out of this. I also said [if] ITT [works], will help me with the tourism!!!, because I can [manage it], my community can [manage it], all the Huaorani can develop in that way. I say I don't ask for money but I want a structure [a plan for us]..... I mean what we want is what you [Ministry] you told me about the Galapagos, what you informed us about here, but we said that [they want to be part of ecotourism projects] but we don't want to be affected by so much tourism, what we want is a good impact that respects our culture...."

I-12 (Indigenous Communities)

Credibility

According to Biermann the credibility and stability of ESG require its basic norms to be enforceable (Biermann, 2006); this means the compliance with norms needs to go hand in hand with the implementation performed by governmental agencies. The majority of participants in this study stressed their concerns into how the credibility of the Initiative has been compromised several times by the actions undertaken within the National Park and its boundaries. The divergent views, between the government and

those aiming to protect the park and its surroundings, about what is embraced by the notion of protecting National Parks and the natural and cultural resources within them, have translated into a lack of trust between Ecuador and potential contributors to the YITT fund.

1. The exploitation of Block 31:

The blocks that made up the Block 31 are within the limits of the Yasuni National Park (86.97% is located in the Park).¹⁸ Some interviewees stated that the projected reserves of Block 31 are too small to justify the current infrastructure and drilling investment that is being carried out. For this reason, people involved with the Initiative think that this investment would only be justified by the future exploitation of the ITT Block, creating some doubts around the intentions of the Government, in terms of leaving the oil underground.

Figure 6.1: Projections and comparison between the production of Block 31 (presented in the Environmental Impact assessment prepared by Petrobras) and Block ITT

¹⁸ Environmental Impact Study presented by PETROBRAS.

According to the Environmental Impact Assessment presented by Petrobras – at the moment they hold the license – for Block 31, the amount of oil to be extracted initially is around 30,000 barrels per day, but in 18 years it would decrease to 3,000 barrels per day. By contrast, Block ITT is projected to be able to produce 108,000 barrels per day for about 17 years, reaching 58,000 barrels per day after 29 years (Martínez & Acosta, 2010).

"...it is indispensable that the Block 31 become part of the Yasuni ITT initiative....the quantity of oil is minimal and it will be profitable only if they exploit the ITT field..."

N-8 (Non-state organization)

"...some German parliamentarians during their last visit to Ecuador showed their concern for this attitude of the state regarding the Block 31, so I think that is a policy that the government doesn't necessarily show in all its actions a consistent support to the initiative..."

N-9 (Non-state Organizations)

"...The expansion of the frontier of the zone due to the extension in the agreement for Block 16, the change in the geographical limits from Block 14, the progress in the infrastructure for the development of the ITT fields in Eden and Pañacocha, and the infrastructure related in Tiputini, generate the suspicion that conditions for exploiting the ITT are being left ready..."

N-5 (Non-state Organizations)

2. **The construction of the Manta – Manaus Multimodal Axis:** One of the issues that reduces the credibility of the Initiative and is perceived as going against the environmental and good living principles established in the Ecuadorian Constitution is the construction of the Manta-Manaus Multimodal Axis. This corridor seeks to connect the northern part of the South American continent and facilitate the production and circulation of global goods production and circulation; it also means the transportation of local goods as well as the construction of factories and sweatshops around the axis (Bonilla, N/D)

Figure 6.2: Manta-Manaos Axis and Amazon Basin. Source: CEECEC - Civil Society Engagement with Ecological Economics - <http://www.ceecec.net/case-studies/manta-manaos/>.

"...you have the oil frontier expansion within the Yasuni National Park, you have the opening of the south-east to the mining and the oil, you have this whole dynamic of development that will be generated by the Manta-Manaos Multimodal Axis and the commerce that comes with it, you also have the support of the government for the bio-fuels so really it [the initiative] is insignificant if there is no wider coherence [in actions taken]..."

N-5 (Non-state Organizations)

There is a lot of concern within the Huaorani community about this project and the consequences they might face with the construction of this corridor, in terms of exposure to commerce and the incursion of various potentially hostile groups.

"...we [want to] make the nation be respected. We said this is our last war, there is no more, and the war will start if they want to build the Manta-Manaos [Multimodal Axis]. I don't know the route, but for sure the Colombian guerrillas will enter, the peruvian guerrillas, and the Huaorani community will have [to face] a conflict..."

I-12 (Indigenous communities)

3. **The simultaneous promotion of Plan B and Plan A:**

Most of the participants interviewed disagreed with the development and promotion of a Plan B, as the next option in case the international compensation target sought is not reached. Many of the participants agreed the strategy adopted by the government is showing a lack of commitment on the part of the Ecuadorian government to leave the oil underground.

"...the Plan B is a disaster, unfortunately the government should have never launched it. I think this reduces the credibility of the Initiative's approach and shows the government in fact has two possible policies...."

N-8 (Non-state organizations)

"...The Plan B has always been a persuasive element that has been criticized at the international level. The initiative has always put demanding deadlines"

N-7 (Non-state organizations)

"...if the government talks so frequently about the Plan B, in some ways this has led to a series of actions that shows that it is not simply an idea on paper but there are specific steps that can lead to the project execution..."

N-9 (Non-state organizations)

However, governmental officials provided some justification for Plan B on the being of the social needs of the majority of Ecuadorians.

".....if adopting Plan B.....is going totally against the National Plan of Good Living that has as one of its principal axes the rights of Nature, but this is not that easy, we need to recognize that the collection of the fund is essential since 20% of our oil reserves are over there, our main income is the oil, so the Ecuadorians need to eat and in that sense the president finds himself in a dilemma...."

G-1 (Government Officials)

4. The guarantee of the funds

The provision for the return of the funds in the event that extraction of the YITTI oil reserves went ahead has been one of the main obstacles the Ecuadorian government and its team have had to work on. The design of mechanisms that support its return has been made through the issuing of YGC (Yasuni Guarantee Certificate). However, according to one of the participants, these certificates do not have the legitimacy of a bond given the nature of the document.¹⁹

In order to provide credibility to the Initiative by assuring the contingent return of the funds, the Ecuadorian government has made some changes in law to recognize these certificates as a “contingent debt”.²⁰ At the same time, government officials involved with the Initiative have mentioned they are starting to implement the investment of funds especially in renewable energy projects, one of the Initiative’s main objectives. By doing this, they want to show the commitment of the government to change the energy matrix, the extent of the financial support needed to do it, use this as a bargaining tool for further negotiations.²¹

".....There is already a portfolio of projects, there are already ongoing projects, there are a lot of hydroelectric, solar, wind and even geothermal projects. There is one project in Chachimbiro in the North of the country that is really important, so the will of the government to change the energy matrix exists and what we want with the initiative is that it supports these projects..."

G-1 (Government officials)

¹⁹ Starnfeld Federico, Personal Interview, 23 August, 2012.

²⁰ Tarsicio Granizo, Personal Interview, Sept. 2012

²¹ Paredes Erika, Personal Interview, August. 2012

Regime Effectiveness – effective outcomes, right tools

Regime effectiveness is determined by the smooth functioning of the architecture of the system. The effective application of norms, verification procedures, regulatory measures and the administrative apparatus are essential to the effectiveness of a regime (Biermann, 2006; Mitchell, 1994), and its contributions to problem solving (Mitchell, 2008). An effective regime can be defined as the use of a set of instruments to solve a problem recognising that any regime is prone to failures and successes as part of its implementation, due to the dynamics of the problem or the influence of its actors.

The Yasuni ITT initiative has been designed to support a sustainable development model, in which the harmonization of human aspirations and nature stands as its most important objective. However, regimes will need to be adapted to these new objectives, and resolution of conflicts and contradictions is a central process.

The study's participants pointed to the management of the National Parks in Ecuador as one of the main weaknesses of previous and current governments' regime implementation. They also clarified that though there have been significant improvements, this area continues showing failures in terms of compliance, enforcement and regulations.

"The current policy is not necessarily a policy that leads to an effective protection of the National Parks, maybe because of the lack of resources or maybe because of a tradition of the low priority given to environmental policies..."

N-9 (Non-state organizations)

"...The good thing is that resources are being allocated and efforts are being made to conserve at least these parts but what is outside of the reserves we can do whatever we want. There is not an ethic of coexistence with nature but rather confining nature in these exceptional sites..."

N-10 (Non-state organizations)

"...it would be good if there were a few laws even not necessarily really good but that they are accomplished that is the problem, it is not a problem of laws but nobody cares about its compliance..."

N-10 (Non-state organizations)

Huaorani communities have also mentioned that the governments' environmental regimes have not been effective enough to protect their territory and resources they depend on. For example, in the 1960s and 1970s they were removed from their traditional territories so oil companies could carry out oil extraction activities on the South Bank of the Napo River (Fontaine & Narváez, 2007). Consequently, they have been affected by the contact they have had with missionaries, oil companies and external agents, who have damaged and even displaced them from their territories (Rivas & Lara, 2001).

"....anyone can enter into the National Park, everybody even guerrillas get in here but this is not controlled because we are controlled by the state [the state is who decides how much control is needed] ..."

I-12 (Indigenous communities)

"...missionaries arrived to make contact with us, all the "huaos" have gone up from the bottom to the top to see and join them but they thought that land was going to be there, so when we went up through the headwaters of the Napo river to Curaray river, there, the missionaries negotiated with the oil people, loggers, rubber people..."

I-13 (Indigenous communities)

These following situations show why communities lack confidence and faith in the governmental actions and demonstrate government is unable to protect its people from external threats (Mason, 2008) that may threaten their lives and their environment. Previous experiences have proved the inability of regimes to protect the environment and the welfare of the indigenous groups living within the Amazon region.

6.1.2 “Agency beyond the state”

Emergence of new actors – Cooperation

The appearance of new actors (non-state) who bring new perspectives, knowledge, additional expertise and sometimes innovative solutions becomes necessary to tackle the sort of earth system transformations required to address climate change and change the course of events or the outcome of the process (Dellas et al., 2011).

The Yasuni ITT initiative exemplifies the emergence of new non-state actors, ranging from international bureaucracies to environmental alliances, public-private partnerships, to scientific networks and even business associations (F. Biermann et al., 2009), with new roles in regard to environmental protection and the defence of human rights. Each actor has had a specific role in shaping and giving form to the Initiative by providing research, advice, informing the public or giving feedback. Cooperation has been one of the pillars of an Initiative that needs support at every stage. Respondents explained how a range of actors have been involved and how new actors are becoming part of the Initiative.

a. Non-state actors – NGOs, scientists & corporations

The NGOs involved in conservation and human rights defense in Ecuador have grown in number and importance over the last two decades. The alliances they have established with communities have been essential in making indigenous groups aware of their rights and providing them with the necessary advice for legal actions against the oil companies (Narváez, 2009); thus the relationship has become one of mutual cooperation (Fontaine & Narváez, 2007) that may cause serious damage to brand identity (Biermann & Pattberg, 2012). Additionally, research institutes and academics have played significant roles in documenting the environmental and cultural richness in the YNP and the likely adverse effects that oil activities would have on this richness. The information provided by these actors characterise itself for being objective and with moral authority of “speaking truth to power” (Biermann & Pattberg, 2012).

Agency in a multilevel context also includes the private sector, and it is argued that corporations have multiple identities: creators of environmental problems but also critical support for deploying environmental protection efforts (Biermann & Pattberg, 2012). Two of the participants N-8 and N-4 explained the role TEXACO's legal case and the negative impacts of its activity played in the emergence of this initiative. On the other hand, corporations have joined the Ecuadorian government in stating support for putting international norms into practice. The case of the Yasuni ITT initiative has placed multinationals/transnationals as potential strategic allies at a time, when economic crisis makes it difficult for international communities to commit the necessary funds for the initiative. The extent to which private institutions can contribute to mitigation is mainly based on the markets shares they can reach by displaying a responsible image and concern for the environment (Dryzek & Stevenson, 2011).

"....this initiative comes primarily from the resistance to oil companies, specifically TEXACO"

N-8 (Non-state Organizations)

"...when the Yasuni project was launched once again, the project ITT in 2004 for extracting the oil [was also being promoted], a solution was being sought, and "Accion Ecologica" was the first organization in proposing the idea of compensation for the ITT field..."

N-8 (Non-state Organizations)

"... I think it was rather an initiative that was defined in a pre-determined sphere, more at the academic level, and it gained strength in the extent to which the government also took possession of his ideology, more focused on the social area..."

N-4 (Non-state Organizations)

"...Now our priority is oriented to have businesses, this is at an international level....., with marketing alliances like Coca-Cola, for every bottle of Dasani sold you give one cent to the Yasuni so they are alliances with corporations."

G-1 (Government Officials)

b. Non-state actors - International Bureaucracies

International bureaucracies are key actors in earth system governance through their influence on the knowledge and belief system of actors; funding and administration of research; development of policy proposals, problem framing, policy assessments and others activities (Biermann, 2006).

Since its beginnings, the Yasuni ITT initiative has been largely a concept without a great deal of technical support.²² International bureaucracies have contributed significantly to giving this idea the necessary shape and form to become a bargaining tool. The support from this type of bureaucracy has come in the form of technical advice and research, funding assistance, policy assessments, etc. For example, the Multi-Partner Trust Fund Office (MPTF Office) of the United Nations Development Programme provides administrative support in regard to the contributions entering into the Initiative's Trust Fund, while the German and Spanish technical cooperation agencies funded the technical studies that were necessary for its promotion (Larrea, 2009; Martínez & Acosta, 2010).

As mentioned by one of the respondents, any government decision had to take into account previous situations where indigenous communities, supported by international treaties and conventions, took the Ecuadorian government to the international courts and claimed compensation after their territories were polluted and the resources they depend on were severely damaged.

²² Starnfeld Federico, Personal Interview, 23 August, 2012

"....before taking a decision over the Yasuni... [the Ecuadorian] government needs to realize that just recently there was some influence from the [International] Court of Human Rights around the Sarayaku issue...."

N-4 (Non-state Organizations)

For the reasons mentioned above, participants and the literature on the subject both support the idea that the initiative does not have an owner as such, and instead it has been the result of a range of actors exercising agency, directly or indirectly, in order to give the Initiative the momentum it needed.

"The Yasuni ITT initiative doesn't have an "owner manager", nobody is owner of the idea, it has been built between everyone and it has been improving and becoming deeper with international and national contributions, with ideas and reflections from everyone."

N-8 (Non-state Organizations)

Capacity to act – effectiveness of new actors

Solutions to global climate change are not anymore exclusively the domain of state actors but are co-produced with non-state actors and while state actors claim legitimacy based on the democratic legitimacy of the state and the control it holds over state institutions, non-state actors appeal to moral arguments, expertise, participation or their problem solving ability (Dellas et al., 2011).

Indigenous communities

Indigenous communities have had a vital role in bringing their concerns and perspectives into the regional and national political agendas. The indigenous people participating in this study described the actions they have taken as an expression of their demand for respect for their rights and ancestral territory.

"... I have done as much as possible during these 8 years; we signed an agreement 3 years ago to make loggers, oil companies respect that nobody can enter at any time the ITT area, due to so much opposition from Huaoranis, the President knew...and he said better we protect a unique zone where oil will not be touched..."

I-12 (Indigenous communities)

"... I enter as part of a mission to work with the indigenous groups of Peru and Ecuador so I can talk with indigenous people and talk with the Peruvian and Ecuadorian governments, so both countries we are there, I entered into the commission to have a dialogue and depending on what they think, support us and work with the Peruvian embassy to mobilize the Peruvian indigenous people and make a claim here...."

I-12 (Indigenous communities)

"...we [our people] were losing territory, we were losing a lot in this zone, we lost a lot and then we as an organization got informed and then we stopped them: not anymore, no more roads, it is not working anymore there...."

I-14 (Indigenous communities)

Civil Society

Civil society characterizes itself as a voluntary social sphere that includes the public but excludes the government and organises itself to pursue determined aims (Gemmill & Bamidele-Izu, 2002). In fact, the capacity of reorganizing a behaviour aligned with the planet's ecological limits, lies mainly in the hands of ordinary citizens (Dryzek & Stevenson, 2011). Governmental officials and representatives from non-state organizations agree on the fact that the role civil society, through mobilizations or referendums, is a determinant for the continuity of the initiative.

"....in case it [ITT exploitation] happens we would mobilize civil society to make the government comply with the Constitution, the President cannot exploit the ITT because he wants to, he needs to ask permission of the National Assembly to make the oil exploitation an issue of national interest and so the Assembly can call a referendum...."

N-8 (Non-state organizations)

"....As more people support the idea of leaving the oil underground, it will be easier to convince politicians that the cost of extraction is too high in all senses: political, social and economic...."

N-5 (Non-state organizations)

"Opting for Plan B is not so easy, the government would have to make a referendum, and second, the disapproval of the international community would be immediate due to the support we have now....."

G-2 (Government Officials)

Additionally one of the participants, who worked in the oil wells and interacted for a long period with indigenous groups, described the negative effects non-state actors, with some source of authority or power, can have on weaker groups such as indigenous communities in an attempt to pursue their own interests.

"...the indigenous people are used by the settlers. The settlers do it with a double intention, because they already have their properties and will do what is needed for them to make a road in front of their property...."

S-11 (State- oil Company)

"....the NGOs, we are invaded by NGOs, and not all acts in good faith, there is always an interest or the "interests of the people" or the eagerness of figuration..."

S-11 (State Oil Company)

6.1.3 "Adaptive state"

Adaptiveness can support collective, individual actors or social-ecological systems that aim to protect essential functions for survival. However, the adaptive state can be

challenged by dependence on other states, the increased requirements of legitimacy and the need to respond to sudden environmental changes. (Biermann, 2006; F. Biermann et al., 2009).

Interdependence

The nature of environmental problems and how they transcend boundaries has created interdependence between states, where the activities of one affects the others (Biermann, 2006). In this study, the continuity of the Yasuni ITT initiative depends largely on the decisions and support that states can provide to it. Nevertheless, the potential international contributors may be impeded in contributing significantly due to the economic crisis affecting much of the world in recent years, especially developed countries. At some point, the initiative not only depends on the ability of the Ecuadorian government to collect the funds, but on the willingness of other states to provide funding.

"...for example the negotiation with Germany was unsuccessful because one ministry did not agree, because if we had only finalised the negotiation with Germany, the commitment there would have been really high, basically we had covered 100 million dollars per year, so the idea is continuing this process; but now this is complicated by the economic crisis in the European community, almost no country wants to commit...."

G-1 (Government Officials)

The location of the Yasuni National Park also makes it difficult to achieve an effective and comprehensive protection since it needs the coordination of the countries sharing the borders of this Park. However, countries with different perspectives on the value of preservation and oil can jeopardize the idea of protecting the environment and the indigenous groups living within the Yasuni. One of the governmental officials stressed the danger of oil extractive activities taking place in Peru.

".....it is dangerous that all the Peruvian [oil bearing] sector is already being drilled...."

G-1 (Government Officials)

The interdependence between social groups is also a key factor when it comes to protecting the functions of ecosystems and the actors living in them. Indigenous groups are aware of the damage that Peruvian extractive activities may cause to the environment; conversely the Peruvian indigenous groups are seen as the best allies to defend the environment and the indigenous groups' rights.

"....I said to the President: "any problem with Huaorani, we are not attacking you, we are going to attack others and this is going to affect the country, so I told Peruvians to join in the fight with all the indigenous people, we can fight...."

I-12 (Indigenous Communities)

Legitimacy of the initiative – state of action

Currently, activities around the world depend heavily on the continuous supply of oil. This makes it difficult for interested countries to commit to an initiative that seeks to leave oil underground. Mitigation mechanisms like the Initiative may benefit future generation but at the same time put a lot of economic pressure on the present generation.

".....It is in some ways against the interests of those countries that need cheap oil, leaving the oil underground, I mean there are countries that even go to war so they can exploit the oil from Iraq and the Middle East, so paying to leave the oil underground would be too altruistic [for them]...."

N-10 (Non-state organizations)

Most of the literature and even one of the participants in this study, however, argue explicitly that the interest of all countries is to pull together on their efforts to reduce emissions and mitigate climate change.

“....the only way of achieving an effective reduction of global warming that limits the warming to two degrees.....this can only be achieved if only half of fossil fuels already discovered in the world are consumed, so the idea is to not exploit the known reserves of fossil fuels...”

N-9 (Non-state organizations)

Adaptation and mitigation measures

The challenge of adaptiveness is mainly managed by the implementation of policies, programmes, projects, institutions and actions at different levels (F. Biermann et al., 2009). Procedures and networks designed to promote adaptive capacity may create injustice by changing the distribution of benefits, power and involuntary risks and lead to conflicts, provoking unintended consequences.

Despite the Yasuni-ITT initiative being primarily an action that mitigates climate change by promoting the use of renewable energies; it is also an initiative that embraces the protection of biodiversity, water and respect of nature and people's rights²³. Currently the government has started to change the energy and productive matrix of the country, and governmental officials commented about the different projects being carried out.

".....On the other hand, we are making a serious effort to eliminate fossil fuels in Galapagos, we want at the beginning of the next year for Galapagos to become the first territory free of fossil fuels in Ecuador...."

G-2 (Government Officials)

²³ Martinez Esperanza, Personal Communication (e-mail), October 2012

"....we are talking about a package of measures to preserve the environment, for example the change in the energy matrix but also the productive matrix..."

G-2 (Government Officials)

Despite the significant contribution (22%) of hydroelectricity to the energy matrix, hydropower can bring severe ecological and social impacts both downstream and upstream (Finer & Jenkins, 2012). Ecuador started in 2006 a massive investment on hydroelectric dams but it has neglected renewable energy sources such as wind, sun, geothermal and tidal power. Nonetheless, the Government has concentrated its efforts on mega-hydroelectric projects without a coherent management policy for watersheds and deforestation activities, provoking high levels of sedimentation in the current dams, consequently shortening their lifetimes.

It is essential that policies reconcile the interests of stakeholders regarding the management of natural resources, so development and conservative positions are both accorded some priority (Adams et al., 2004). Effective conservation and the prevention of deforestation is part of the Yasuni ITT aims, but this may become contradictory with the livelihood activities of indigenous groups. Aware of this reality, government officials pointed out the actions being taken around this subject.

".....The idea is to preserve, trying to give them other forms of production because we can't tell them "we are not going to cut the trees, you can't touch them"; from what are they going to live?....So we are trying to give them other forms, other mechanisms and that is what we are starting to do with the ECORAE and the "productive agenda""

G-1 (Government Officials)

During the last decades, indigenous groups have reacted to previous disturbances and how this can affect their current capacity to adapt to future changes, not only from climate change but from adjacent extractive activities. Their survival techniques have

been undermined by introducing them to the western culture, jeopardizing their resilience and capacity to face upcoming impacts within the Amazon region.

“...we have moved so far, we almost are living near the road again, it is worse, too complicated, life is too complicated. The company [and the damages they caused] is not only about the oil, then [in terms of additional impacts] comes the alcoholism too, then comes the drugs, all the young people start to migrate to the cities.....so I told my mom, better I am not going over there, I am not going to be like that, it is better I left, I am going to change to a new life and see how I can fight to live with my family, so my mom said ‘Let's go’....”

I-13 (Indigenous Communities)

“..... I don't like [the fact they are exploiting our forests], I don't think it is ok. I want young people to love their culture, language, land, the water we have, that is what we want...”

I-13 (Indigenous Communities)

6.1.4 “Accountability and legitimacy problem”

The effectiveness of Earth System Governance is not only about how well institutions work, but it also considers accountability, and related legitimacy, transparency and democracy, of decision-making around evolving public regulations, private arrangements and those going beyond the nation state. (Biermann & Gupta, 2011). However, disparities in representation may arise as a result of the financial requirements (F. Biermann et al., 2010) and other requirements of democratic participation, preventing interested stakeholders from holding their governments accountable and monitoring its performance.

Accountability-Legitimacy components

Accountability reflects a willingness to accept responsibility or be answerable for one's actions. Legitimacy describes a state where legal and political norms and requirements are followed and are accepted by affected stakeholders, and actions

justified as consistent with norms. The increased number of new forms of governance including non-state actors has made access to decision-making processes difficult (Biermann et al., 2012).

In the case of the Yasuni ITT initiative, a crucial factor in this governance process is the right of citizens and the international community to hold Ecuadorian authorities accountable for the management of funds, the achievement of the goals proposed by the Initiative and the compliance with norms regarding the protection of national parks and indigenous groups. In the event of non-compliance, sanctions will be imposed such as: the return of the funds to the contributors or expressions of disapproval of the international community. Likewise, the legitimacy of the initiative depends largely on the inclusion of the affected stakeholders in the decision-making process and their perception about the fairness and effectiveness of the processes around the initiative.

Transparency

Transparency has been roughly defined as disclosure of information, with the main objectives of empowering the weaker and less informed, and holding accountable to the powerful. When it comes to oil extractive activities, Ecuadorian government agencies have largely depended on training and information provided by the same oil companies they should have regulated. This situation has promoted that environmental decision-making and monitoring is carried out behind closed doors, without the necessary information and inclusion of affected stakeholders, but instead empowering oil companies and allowing them to disclose only the information they consider necessary.

Against this background, the Initiative is in principle a transparent mechanism co-managed by the UNDP and the Ecuadorian government. Government officials and people involved at some point with the initiative emphasized that information is constantly released through the Multi-partner Trust Fund Website administered by the UNDP.

"All the information is public and the fact that a great part of the funds, not everything because there are others that come in the form of technical cooperation [grants], pass through the international trust that is managed by the United Nations is one of the mechanisms of great transparency we are giving....."

G-1 (Government Officials)

".....The function of the UNDP is exactly what you said, guaranteeing the transparency and effectiveness of the funds and besides that the funds are totally open: if you can monitor them you can do it..."

N-9 (Non-state organizations)

Additionally, respondents representing the Government affirmed that the media have been informed about the process of the initiative at every stage and that they are considered allies due to their role of diffusing information about the Initiative. Indeed, publicity may support accountability by acting as a tool encouraging administrators to do only what is publicly justified (Smith, 2007).

"The Initiative reports and the media have an important role in diffusing this information to the population"

G-2 (Government Officials)

"...all we do we communicate, I mean we are always open to any journalist.....we seek the media talking about us, for us this is a plus..."

G-1 (Government Officials)

Inclusiveness- Participation

As noted above, the inclusion of different stakeholders is considered a way of securing accountability and legitimacy. The World Bank, for example, holds that participation can improve the effectiveness of development projects and programmes and so ensure their long-term sustainability. Participation also empowers people by providing

information that allows them to analyse problems, reflect and take action to correct any mistakes being made.

The inclusion and participation mechanisms of the Initiative were not initially as participatory as they have become more recently. An inherent issue is that “isolated communities” cannot be consulted, contacted indigenous groups hold the right to live in isolation according to International treaties and even the new Ecuadorian Constitution. There are many people in the indigenous communities who do not yet know about the initiative and the benefits it might bring to them and their territory. These people do not have the power to reflect and take action on any contradictory action the government takes. Governmental officials mentioned several reasons why the initiative was not promoted since its inception within the indigenous communities and the action that is being taken now.

“.....In effect a lot of people didn't know about the initiative bit by bit they will know about it, let's remember we are talking about scattered areas, and scattered populations where it is not easy to travel....” G-2 (Government Officials)

"....We hire a consultancy with the ONWO-Organization of Waorani Nationalities of Orellana" and they identify 10 young Huaorani people that go to all the communities....and they are who are [the ones] taking the initiative to the communities" G-1 (Government Officials)

Currently, indigenous groups appear to understand the intention of the Government to make them part of the initiative. At the end, those more interested in taking care of the integrity of the park are the groups who considered it their main source of livelihood, in terms of shelter, food and spiritual practices.

".....I explained all to the President and he said: "I want to talk with the Huaorani people, I want to make a summit so all Ecuadorians can participate and so all can agree and in that way we can work"

I-12 (Indigenous communities)

On the other hand, non-state organizations' representatives also gave their point of view about their perceptions of the inclusion and participation of communities in the initiative and how local governments now play an important role in the development and implementation of the initiative. One of them also pointed out how the inclusion of a member of civil society (representative of the Huaorani indigenous group) enhanced the process of participation and helped it to influence decision-makers who are responsible for the allocation of resources (Smith, 2007).

"...there was little participation since they (Government) didn't want to create expectations until there was some assurance that the project would be real...."

N-6 (Non-state organizations)

"....the Yasuni ITT initiative was created in a context of NGOs and after it was taken over by the Government, it became distanced at the moment of turning it into public policy..."

N-7 (Non-state organizations)

"....The participation in general of the civil society and from the local governments is one of the objectives of the initiative, and this is very clear in the formation of the Steering Committee of the Initiative, where there is a representative of civil society..."

N-9 (Non-state organizations)

Despite the representation of the civil society within the steering committee, the current mechanisms according to one of the study's interviewees simply give indigenous people and society the right to be consulted. However, this is one of the weakest forms of participation, in which decision makers only advise but do not

necessarily follow the recommendations and demands of the community (Smith, 2007).

“...the Constitution simply gives endorsement to prior consultation but is not necessarily binding; it simply talks about the need of people to be informed....”

N-4 (Non-state organizations)

Rule-setting process

The degree of legitimacy of any norm or decision is reflected in its acceptance within the community and the characteristics of the rule setting process; that is, if it has been formulated following the norms and constitutional principles already established. By providing civil society and other non-state actors with channels to access the governmental system, a balanced involvement can be achieved that avoids stakeholders taking a negative view (Biermann & Gupta, 2011) due to their being marginalized.

In general, political centralism in Ecuador has promoted a system with little participation and representation (Fontaine & Narváez, 2007), the local government's participation has been limited not only in authority but also by limiting its financial resources. The dynamic of the Yasuni ITT initiative requires local institutions and governments, which are closest to the communities, to have a say and empower them to explain the Initiative and implement some of the projects involved in it.

"....In the influential zone of the Yasuni we are starting next week a pilot programme in the city Aguarico that is the biggest from the YNP and we are going over there with SENPLADES, ECORAE, the municipalities, the communities and the United Nations , so what we are doing over there is prioritizing projects....”

"...The idea is that the representative actors.....sit and that they tell us "ok, we have these plans and these are our priorities....."

G-1 (Government Officials)

However, indigenous communities still face a contradictory message from the central government. While they are told the Yasuni initiative aims to leave the oil underground and protect their lands from further extractive activities, the state oil companies continue entering into their territories nearby, challenging their authority and reminding them that the state is the superior power.

"...We have already done demonstrations, protests, we didn't want more violation of Huaorani areas, we did not want more oil workers; since this way of thinking made government say 'Let's protect Tagaeri and Taromenane'..."

I-13 (Indigenous communities)

"...now Petro-Amazonas said the government is the one who rules, we [Huaorani] don't have authority, that is why they are exploring [for the oil], so now they are going to exploit. So what can we [Huaorani] do? Although government governs we also can rule because we [Huaorani] are owners, we are the ones who conserve Yasuni..."

I-12 (Indigenous communities)

6.1.5 "Allocation and access"

Factors such as population growth, the increased pressure on the environment and the finite nature of the resources on which nations and people depend, have heavily influenced the distribution of resources among different Ecuadorian stakeholders. The continuous struggle to achieve a fair allocation of and access to resources among users and uses (Gupta & Lebel, 2010) is one the main concerns of Earth System Governance (F. Biermann et al., 2009).

Regarding the Yasuni ITT initiative, the problem of access is interpreted as the ability of communities to obtain the basic minimum resources and ecospace to survive; and how the Initiative's dynamic make up requires government and its institutions to involve communities' concerns in the governance process. Allocation on the other

hand, explore the fair distribution of the funds from the Initiative between those owning the land and resources; and the State. The extent to which resource allocation is fair may allow amendments up to some point the way oil rental has been distributed until now.

The local distribution of resources

In an attempt to recover control over natural resources, post-colonization claims have led independent states, such as Ecuador, to call for the nationalisation of assets and the re-establishment of sovereignty over its natural resources (Schrijver, 1995). The current Ecuadorian government has increased control and oversight over its hydrocarbon resources through its Constitution (Perreault & Valdivia, 2010) and the renegotiation of oil contracts (Acosta, 2009). Reforms seek a fair profit sharing for the state and the local community, who are directly affected by the impacts of extraction activities.

Two interviewees emphasised the importance of the reforms made by the Government regarding the fair distribution of oil revenues with the state and profit sharing with local governments.

"...a first valuable step was reforming the compensation payment made by oil companies.....now everything will be managed through the 12% of local governments, these are oil royalties when oil exploitations take place; this cash is derived from the federal budget and goes to the local governments."

G-3 (Government Officials)

"...it is known that part of the royalties can remain in the areas from where the resources are extractedif at any time it exploits the Yasuni, this logic will have to be applied..."

G-4 (Government Officials)

The Yasuni ITT Fund is intended to be mainly invested in changing the energy matrix of the country while the interests generated from it will be used for the development of social capacities and facilities, especially for those people located in the Amazon region. The government, according to its officials, is conscious about the situation of the Amazon region and the debt the government owes to them.

"...The government is conscious about the debt it has to those in the Amazon region, an historic debt, because despite being the region from where oil is extracted, it has for a long time continued being the poorest region..."

G-2 (Government Officials)

"....the President has said that the Amazon regions are the ones that need to progress because these regions have provided the resources and all these years they have been [effectively] neglected..."

G-3 (Government Officials)

The Constitution in Art. 57(6) grants rights to indigenous-people to participate in revenues coming from renewable resources located on their land. But rights do not enforce themselves, they need from systems of implementation and justice (Perreault & Valdivia, 2010). Therefore, the central government plans to allocate resources for indigenous and local communities in the Amazon, so that they can achieve some degree of sustainable economic and social development.

".....there is a specific fund that we are leaving for this zone of the Amazon, specifically for the Yasuni, and it will expand later and this is the process we started and the ECORAE already sent us the "Productive Agenda of the Amazon", for activities that are not invasive"

G-1 (Government Officials)

"....the majority of people live from this resource (logging) So the objective would be to establish a model of sustainable development or productive development jobs, for the people within the area, that is environmentally friendly"

G-3 (Government Officials)

However, indigenous groups firmly believe that the preservation of the Yasuni rainforest will produce more benefits for them than extracting the oil from it and not being able to demand the revenues which they have the right to..

" I think if we take care of the forest, the government will support us. It is important to preserve primary forest, because [if] we damaged [the forest] then there will be no money....it [the forest is the only thing that] would remain. [if companies come] they will dig territory, only technicians will stay and they [will be the only ones] managing [our territories] and we can't [won't be able to] work...."

"...there is no oil inside, it is empty, we are losing a lot, lot of millions of dollars we are losing, so better to keep it there...."

I-14 (Indigenous communities)

Additionally, interviewees stressed the importance of preserving this small place for future research and the rights of future generations, local and global, to have access to it.

".....You can have permanent centres of scientific research, the amount of medical knowledge we can obtain here [is huge].....Bioprospecting is another potential activity, [as long as it is] respecting the ancestral knowledge and communities' rights...."

N-8 (Non state Organizations)

".....we have a sanctuary there and we are making it available for the whole world because we are leaving that intact for future generations -yours and ours...."

G-1 (Government Officials)

The issue of international compensation

Industrialized countries produce around three quarters of global emissions instead of the quarter that they should be emitting based on population (Martinez-Alier & Temper, 2007). But countries which emit less GHGs per capita have found it difficult to hold countries with greater emissions accountable for the excess of pollution in the atmosphere. The Yasuni idea is that the global community pays for the preservation of global goods, such as rainforests, and compensates tropical countries for restrictions in the use of their natural resources (Biermann, 2006); this is a clear principle which the Yasuni ITT initiative aims to exemplify.

"....we appeal to [global] co-responsibility because after all the industrialized countries have become rich using the atmosphere without anyone allowing it, and we also have the right to develop....."

G-2 (Government Officials)

6.2 Yasuni as part of Kyoto and REDD+?

The Kyoto Protocol and the Yasuni ITT

The flexible mechanisms under the Kyoto Protocol were designed with the intention of promoting “emissions reductions” in the cheapest (lowest marginal cost) locations around the globe; so industrialized countries would find it economically and morally attractive to join the Protocol, taking into account that their per capita emissions are many times greater on average than those in developing countries. However, criticisms have arisen such as that the flexibility mechanisms have tended to commoditise the Earth’s atmosphere and have not been able to promote a transition to a low-carbon economy (Hepburn, 2007); and that the mechanisms have achieved limited results in

terms of the reduction of CO₂ emissions which continue increasing at a rate of 2 - 3% per year (Rival, 2010, cited in Earth Policy Institute, 2008). Nevertheless, the economic argument has been that flexibility mechanisms have lowered the overall cost of emissions reduction (Stern, 2007).

Quite independently of the CDM, the Yasuni ITT has shown to be an innovative mechanism for reducing GHG emissions. However, it fits poorly among the mechanisms recognized by the Kyoto Protocol, especially the CDM. Studies have agreed that the initiative is unable to meet some basic requirements of the CDM, specifically: 1. The logic of the CDM is reducing emissions by avoiding the use of fossil fuels and not by discontinuing the supply of oil; 2. The CDM puts a value on the emissions reduction achieved not on the carbon stored in a given reservoir; and 3. The CDM works with a BAU emissions baseline and not with policy decisions that can be variable and flexible. In light of this, participants mainly from non-state organizations have indicated the need to look beyond what Kyoto can offer and seek alternatives that actually offer different mechanisms besides that of the CDM.

“...if we don’t expand the notion of “emissions reduction” that was the first interesting idea raised in 1997 within the Kyoto Protocol and we don’t expand it to “avoided emissions”, not only for deforestation but for other causes, we simply will not have any hope of an international agreement that can work in the future.....”

N-9 (Non-state organizations)

“...we don’t share their criteria, because they are confusing and finally they are linked to the classic market-based mechanisms of commodisation of the environment...”

N-5 (Non-state organizations)

REDD+ and the Yasuni ITT

Despite deforestation accounting for around 17% of all annual anthropogenic GHG emissions (Gorte & Sheikh, 2010), it has been largely excluded from international negotiations to fight climate change (Alvarado & Wertz-Kanounnikoff, 2008). The Programme on Reducing Emissions from Deforestation and Forest Degradation emerged as an alternative mechanism and broad-based approach to mitigate climate change. It focuses on forest carbon stock enhancement, forest conservation and sustainable forest management (Sedloff, 2012) by offering people economic incentives for the preservation of the forests within their lands. Although it is an important step to involve developing countries in the fight against climate change, its methodological difficulties, political differences and issues around interpretation and the Marrakesh accords (Martínez & Acosta, 2010) have complicated its inclusion in the Kyoto Protocol. This prevents it from entering into the compliance markets that will assure the long-term flow of funds (Alvarado & Wertz-Kanounnikoff, 2008).

Some of the people involved with the Yasuni ITT initiative have argued that it is likely to become the basis of REDD+ improving its ability to overcome the current difficulties of its approach, which mainly refers to reaching an effective emissions avoidance, especially when the oil underground could be replaced with oil from other locations.

There are some arguments against including the Yasuni ITT initiative within the REDD+ mechanisms. First, the Yasuni ITT initiative embraces the concept of avoided deforestation and emissions based on leaving the oil underground, and it is argued that just the former one can become part of REDD+ (Honty, 2010). Second, there is also opposition to the idea on the basis that being part of REDD+ will simply jeopardize the integrity and the essence of the initiative by putting it into the carbon market.

“....The Yasuni ITT initiative proposes payment for avoiding oil [based] emissions, a new concept for the convention. It challenges decision-makers to prioritize biodiversity when this [claim] to have a higher value than non-renewable resources. ...”

N-6 (Non-state Organizations)

“...The initiative is not simply a commercial logic, it departs from the principle of justice, ecological justice, the principle of common but differentiated responsibility. You don’t make a business from it. They are paying because they [rich countries] have destroyed the environment...”

N-8 (Non-state Organizations)

“...it is about expanding the concept of “avoided emissions to include fossil fuels, it has a component of avoided deforestation and it is really important, but it goes beyond it...”

N-9 (Non-state organizations)

Additionally, the amount of money that might be obtained from REDD+ does not cover the expected compensation from the government. REDD+ accounts for about a third of the trade on voluntary carbon markets and the trade of REDD+ credits on this market is at a 80 - 90% discount compared to the price European Allowances (VoF, 2009).

“.....the amount of money that can be obtained through REDD+ mechanisms is minimal compared to what the initiative aims to obtain....”

N-7 (Non-state Organizations)

“...the voluntary market would be the only alternative but its size is really small. If you offer [to the voluntary market] the quantity of emissions reductions that the initiative provided, you will drive the price the carbon to the floor...”

N-7 (Non-state Organizations)

Additionally, one of the participants mentioned the unintentional perverse incentives from putting the initiative within the REDD+ mechanisms.

“...One thing that is really dangerous in REDD+ is that it is a market, this means the value of the compensation is a function, among other things, of the risk to which the ecosystem and forest is subjected. If you [plan to] build a road in a specific site, eventually the risk increases and it [REDD+] pays you more for conserving the forests, so there are always perverse incentives.....”

N-10 (Non-state organizations)

SUMMARY

In this chapter, the governance issues around the Yasuni ITT initiative have been examined within the Earth System Governance Framework, which identifies five potential governance problems: the architecture of the system, the agency beyond the state, the adaptive state, allocation of and access to resources, and the accountability and legitimacy of the system. Participants’ opinions and points of view as well as written material concerning the Yasuni ITT initiative have helped to illuminate the five analytical dimensions mentioned by the framework. However, each analytical issue comprises a number of factors that influence its outcomes. Due to space constraints, the current study has only been able to offer selected illustrations from participants’ perceptions of the dimensions at issue.

Despite the optimism shown in favour of the Initiative by state and non-state actors, a feeling of uncertainty and doubt still surrounds it. In light of this, the Earth System Governance Framework provides a holistic view of the difficulties that can be present in a governance process, especially when it refers to environmental issues, which are commonly constrained by the need of economic and social development; and the resulting earth system transformations. Among the main issues examined, there is great concern around the lack of political will, the weak enforcement and compliance with constitutional principles, the effective use of funds, the willingness of the international community to contribute during thirteen years and the degree of involvement that stakeholders are actually having in the Initiative.

Additionally, comments relating to the possibility of the Initiative becoming part of REDD+, were also reported in this section. Although there is some sympathy around this idea, in case funding is not reached, those who oppose to commoditize the nature reject this possibility. Participants highlighted some key issues when comparing the initiative and the current REDD+ mechanism. They draw attention mainly to the fact that by turning the Initiative as part of REDD+ mechanism, the integrity of the initiative will be jeopardized not only because it won't achieve the funds required, but most importantly because it does not embrace the idea of avoiding emissions from oil extraction and use.

Chapter - 7

Discussion

The aim of this study was to look at the potential governance challenges the Yasuni ITT initiative may face and how these may influence its likely overall success. This chapter, which answers objective four, draws on the main findings already developed relating to the previous objectives, and discusses how they have contributed to answer this overall aim.

7.1 Addressing the governance issues challenging the initiative

Environmental problems, such as climate change, are considered a by-product of economic and social development, making it difficult for policy makers to manage the dynamic and complex relation between economy, society and environment (Evans, 2012). At the international level, the increasing awareness of environmental damages has placed environmental concerns onto international agendas. The emergence of global environmental governance (GEG) and associated issues of environmental instruments, organisations and institutions has been an expression of efforts to turn collective concern and action into agreements aiming to protect the environment. However, most international environmental agreements have proved weak or toothless when enforcing them, particularly when particular nations' interests are at stake (Lemos & Agrawal, 2006b). Despite this situation, attempts at GEG have provided a basis for the development of more holistic frameworks such as “earth system governance”, which aims to assist policy responses by addressing problems related to architecture, agency, adaptiveness, accountability and allocation, and access to resources.

It is often asserted that mitigation actions are the primary responsibility of countries and sectors with the highest levels of GHG production (Lemos & Agrawal, 2006a). Despite this, but taking into account the uneven distribution of costs resulting from

climate change, the Yasuni ITT initiative has emerged as a project being promoted by a developing country whose annual GHG emissions per person barely reach 2.3 tonnes of CO₂ compared to a world average of 4.18 tonnes of CO₂ per person (Martínez & Acosta, 2010). In this sense, the Yasuni Initiative creates a mechanism where emissions are avoided by leaving the oil underground, preventing the production of CO₂ that would come with its use, but also preventing the deforestation associated with the infrastructure necessary to extract the oil. Not surprisingly, it faces major internal and external obstacles that need to be overcome.

Among the problems the Initiative is facing, five main categories of governance challenges have been identified, each of them with subcategories. The challenges focused on here are architecture, agency, adaptiveness, accountability/ legitimacy and allocation of and access to resources. The discussion also addresses how these challenges can be addressed in order to provide credible expectations and security to the potential contributors to the Initiative Fund. The discussion also addresses whether the Initiative is likely to be successful, and which factors weaken or boost its chances. Finally, it evaluates how likely the Initiative is to become a mechanism through which the North compensates the South for the use of the atmosphere as a sink for CO₂ emissions.

Architecture

It has been noted that the coordinated and effective performance of different institutions, private and public, is essential for the effective functioning of the architecture of the system. Results have shown positive and negative facets regarding the institutional interaction. The conflicts between different governmental agencies and the emphasis on economic development have turned the Initiative into a “battle field” where conservation and economic interests compete in trying to lead governmental policies. On the other hand, results have also reflected the ability of governmental institutions (ECORAE, Yasuni ITT negotiating team, SENPLADES and local governments) to coordinate actions and exchange information to carry out the

objectives stated in the Initiative. The planning undertaken to provide communities with options that can help them to generate incomes and so improve their quality of life are valuable steps and are examples of different institutional objectives working together.

In terms of communication and information flow, there are still perceptions among NGOs and local governmental agencies that the Initiative is being managed at the upper governmental levels, and consequent concerns about local governmental institutions having enough information to keep civil society and indigenous communities informed. The subsidiary status held by some of these agencies limits their exercise of powers, especially when the responsibility is shared with other governmental entities (Spagnuolo, 2011). Consequently, information exchange among governmental agencies and with related non-state actors can be characterized as poor, asymmetrical and insufficient.

The Initiative has been the result of collaboration and joint work between private and public institutions, which do not necessarily share the same objectives, principles or constituencies. Although this diversity has brought more knowledge and innovative ideas into the Initiative's arena, the conflictive fragmentation resulting from the incompatible desires of conserving the park intact and extracting the oil that lies beneath has brought unintended results for the Initiative by sending contradictory messages and so affecting its image. Conflict reflected the overlapping authority among government agencies and the competing interests revealed at the time it is promoted. Continuous disagreements between ministries and other government agencies have exposed the different interests, the imbalances of power within the government and the short-termism of policy makers. Similarly, indigenous communities statements have suggested some degree of fragmentation within the community and distrust in their leaders arising from previous events, in which the individualism of leaders overrode the collective welfare of their groups. This situation

has weakened the capacity of the community to act as a homogeneous collective group and prioritise the defence of their natural resources.

A weak and inconsistent governance system has paved the way for this outcome. Although the Initiative can be considered a creative and constructive idea, the results of this study have revealed widespread policy inconsistency, including a disregard of Constitutional principles, institutional fragmentation and the ineffectiveness of regimes for enforcing compliance with legislation. The existence of the Initiative has even been questioned in terms of the status the Yasuni area already holds as a National Park, ecologically sensitive natural area, biosphere reserve and the habitat of endangered cultural groups. This status, which is enshrined in the Constitution and international treaties and conventions, has not been truly respected and reflected in policy design processes. This situation has become a continuing challenge for successive Ecuadorian governments who generally have ignored provisions protecting the environment and indigenous groups for the sake of substantial revenue flows with fiscal and political benefits.

The new Constitution can be considered a turning point in Ecuadorian legislation in terms of “granting rights to Nature” and ceasing to consider Nature an object for exploitation but rather a holder of metaphorical rights representing a presumption to protect it. Nonetheless, participants raised some critical points around associated legal instruments (codes, decrees, laws) not being able to enforce and monitor compliance with Constitutional principles and norms; and being currently outdated and not aligned with the recent Constitution, creating contradictions with the primary legal text. In short, the need for reforming current laws, aligning them with the Constitution, becomes essential to give effect and sense to the goals and objectives established in the legislation.

Within the architecture of the system, credibility is a critical variable for any policy to succeed. The extent to which norms, principles, and laws are credible and reinforced

by multiple institutions determines the sense of trust and fairness among those affected by them and most importantly the necessary support to make the system work. Ecuador's policies have shown to be weak when it comes to protecting natural areas and promoting responsible economic activities (natural resource extraction, tourism) within these lands, creating not only a feeling of distrust but rejection by likely affected communities and disapproval from related stakeholders. For the Yasuni ITT initiative, gaining credibility has been one of the greatest challenges. The different proposals and projects being undertaken currently have put in doubt how effective compensating Ecuador might be, given that there are various risks and other factors which may harm the integrity of the YNP. Notable examples are: the current exploitation of Block 31 which is in the National Park next to the Initiative area; the official proposal for the construction of the Manta-Manaos Multimodal Axis which is likely to result in the fragmentation of the Amazon Rainforest as a result of the construction of roads and ports, and economic activity along the expressway; the simultaneous development of Plan A (leaving oil underground) and Plan B (oil extraction); and the arrangements and guarantees for the return of funds in case the exploitation of the ITT block takes place in the future. All these factors according to interviewees have created doubts among potential contributors not only integrated to the consistency of actions being undertaken, but also in some cases the judgement of the government. For example, the costs of oil development projects (like Block 31) may outweigh the real welfare benefits it may bring. Responses have suggested that the Yasuni National Park is just a small piece of the Amazon rainforest and despite its high levels of biodiversity is not significant enough to strongly protect the Amazon region in the long term, and that collateral effects from adjacent oil exploitation can still severely affect the integrity of the YNP. It has been asserted that habitats functionally connected by allowing species to migrate easily are less prone to extinction than those isolated by human arrangements and activity (Noss, 1993). Additionally, the recent leasing of 16 more oil blocks in the South East region of the Ecuadorian Amazon confirms the additional pressure being put on the Initiative, and

the inability and to some degree the unwillingness of the Ecuadorian government to make a real transition to a post-oil development model.

Overall the architecture of the wider Ecuadorian governance system supporting the Yasuni ITT Initiative has shown some flaws which have influenced the effectiveness of the Initiative's regime designed to protect the environment and the welfare of indigenous groups. The damages already left by logging and oil industries in the communities and their environment; and the current extraction activities taking place in the Amazon region reveals this. The driving to extinction of some indigenous groups, the high cancer rates among indigenous people living in the region where oil extraction has taken place, the deforestation rates, the river pollution, the indigenous groups' exposure to western culture and the consequent loss of culture and identity are just some examples that illustrate regime ineffectiveness. It has also been suggested that the current environmental regime does not embrace a holistic or "systems" approach and so has been unable to provide an effective protection for the ostensibly protected areas, not only for extractive activities but also from intruders. In other words, the norms, principles and institutions in operation have failed to provide solid foundations for environmental governance processes within the YNP. In addition, the YNP's image has been undermined by discrepancies of views among its main promoters, creating concerns about the capacity of the Ecuadorian government to deal with environmental problems and their consequences.

Agency beyond the state

As noted before, the difficulty that the Ecuadorian state has had in dealing with the complexity of environmental problems and the general ineffectiveness of the environmental and social policy regimes currently in place have promoted the emergence of new non-state actors, who are actually taking a proactive role in defending the environment and requiring the compliance of the government with Constitutional principles.

The Yasuni ITT initiative is a clear example of how a range of actors have exercised agency and acquired a degree of power to influence the decision-making process, so changing the course of events and, potentially, outcomes (Dellas et al., 2011). During the course of the development of the Initiative, the agency has been exercised in different ways and the continuous interaction between the different actors has been important to it. But how effective has the agency exercised by the emergent actors been, and to what extent has it made a difference in this process?

It has been asserted that non-state actors are no longer limited to protests, advocacy, lobbying or advising national government in rule creation or implementation (F. Biermann et al., 2010). They have adopted more strategic and influencing roles. Indigenous groups, who rely on the services and resources from the forest (Schroeder, 2010), have been recognized for their historic resistance to the extraction activities in their territories and lately their capacity to take the national government to court and request compensation for the damages already caused by the oil companies who were granted the right to develop the oil wells within their territories. In the Yasuni case, the Huaorani community has expressed its desire to be informed at every stage in order to be able to contest or challenge any decision taken by the government that may affect their lifestyle or override their rights, even by requesting support from the international community and the courts. The recent awareness of indigenous groups about their rights, including the right to information, empowers them and improves their capacity to hold governments accountable for their actions.

NGOs have had a more prominent role, not only in developing the initial stages of the Initiative and documenting the negative consequence of oil exploitation but also by informing indigenous communities. In specific cases they have acted as information providers, legal advisers and allies to the communities when it has been necessary to protect the environment and defend their rights. Regarding the Yasuni, perceptions of exclusion were endangered by the remoteness of the place, with communities being told that they have to mobilize in the main city in order to participate in forums or

meetings. Additionally one of the participants in the study perceived these gatherings as harmful and convenient for specific interests, and normally not the interests of the indigenous groups. These situations have revealed the meagre efforts of non-state organizations to undertake organising activity in remote areas and the negative results, in some cases, from the agency exercised by these organisations.

International bureaucracies, especially cooperation international agencies, have also been a cornerstone in this Initiative. Normally their policies are designed to support the interests of weaker actors and advance collective international interests (Biermann & Siebenhüner, 2009). In the present case, they have provided the technical support needed to disseminate the idea of the Initiative at an international level, and the logistics for the funds management (UNDP), and have also contributed significant funding for the Initiative. In fact, results and responses in this study suggested that the promotion of the Initiative would not have been possible without the technical assistance provided by these agencies. However, they have also been the critics of the Initiative's process by emphasizing contradictions with government actions.

Additionally, private institutions have become a relatively important source of funds for the Initiative. The role of transnationals and their relationship to a growing civil society has promoted the emergence of private institutions as convenient allies for governments. The effectiveness of these institutions depends on their ability to design activities that influence the way people behave and facilitate responses to the ecological crisis (Falkner, 2003). For example, the Yasuni negotiating team has put some effort into the search for alliances with private institutions that can allow them to continue collecting funds, despite the economic crisis. One of the governmental officials interviewed highlighted the importance of these institutions in supplying the funds required due to the nature of their activities.

In short, the emergence of new actors has promoted new forms of hybrid governance and it has given some impetus to the Initiative. Additionally, this situation has revealed

the capacity of different actors to act and exert influence in the governmental decision-making process and in rule making, in an attempt to reflect their interests, the value assigned to ecosystem services and the rights held around these natural resources. Previous results (for example indigenous rights to not be disturbed or protected by the government) noted that the capacity to act tends to be based on the rights each of these actors hold. In the case of affected communities, they may aim at being an active part of the Initiative based on their ancestral rights over their lands. And local public opinion may be able to defend the YNP by claiming the right to enjoy a healthy environment, while other participants may also exert an influence up to a point, based on factors such as contributions of ideas and funding to the Initiative. However, the way the Initiative is being managed and disseminated at the national level, the participation processes it is following and the extent to which it can constrain the government's decision-making power suggest the powers of these actors are severely limited and mostly their influence is confined to simply advice and suggestions around the decisions being made.

The adaptive state

As earth system transformations continue taking place, the negative impacts that they can bring to a country's economy and its people's welfare become critical, especially for developing countries who tend to face a greater burden of costs from climate change. In light of this, the Yasuni ITT initiative has been designed not only as a mitigation mechanism but also one that seeks to enhance the ability of the country to adapt to the likely impacts of climate change by promoting a post-oil development model. In doing this, the Initiative requires the support of other nation states, the acceptance of the Ecuadorian public, and most importantly that the Ecuadorian state is capable of dealing effectively with the burdens created by its strategy.

The transboundary nature of environmental problems has made states dependent on the actions of other states (Biermann, 2006). The spatial and temporal interdependence created by the Initiative calls for the commitment of different countries in different

ways to protect the exceptionally biodiverse location of the Yasuni National Park and avert the oil development threatened. According to respondents the Initiative depends greatly on the monetary contributions made by the international community, making the Initiative's success dependent on the ability of the negotiating team to collect the necessary funds, the willingness of the international community to create a legacy for future generations and perhaps most importantly the current economic situation of potential contributors. Most of the interviewees agreed that countries which are responsible for greater levels of pollution should largely fund the Initiative, based on the principle of common but differentiated responsibilities and the moral responsibility around the debt they hold in the global south.

However, funding is not enough for the Initiative without an effective institutional framework that promotes cooperation and collaboration between States. Representatives from government and non-state organisations remark on the fact that the continuous extraction activities taking place on the Peruvian border may jeopardize the integrity of the Yasuni National Park, its functions, and the ability of local communities to adapt to changes driven or accelerated by climate change. They pointed out that the commitment of the Peruvian government is important to make the Initiative work in terms of integrated protection. At the community level, one of the indigenous respondents asserted that the collaboration between indigenous groups from both countries is found to be vital for defending their rights and territories, especially the YNP and its surroundings, and for exercising influence at both local and global levels.

Although the Initiative looks forward aiming to mitigate the likely impacts of climate change and provide a healthy environment for current and future generations, the implicit cost of leaving a reserve of the main fuel of the world economy untapped poses a serious burden on the willingness of other oil dependent countries to support the initiative. One of the participants commented that some countries even go to war to obtain oil. So privileging future generations by leaving a natural legacy such as the

YNP intact, avoiding the aggravation of climate change, while arguably compromising the interests of the present generation by requiring changes in current lifestyles, put in doubt the legitimacy of State action. It requires a far-sighted State and public to see that this sacrifice may be warranted, and that damage to the YNP and short-term oil-based development are not sustainable.

Achieving an adaptive state requires the government to design and implement policies, programmes, projects and institutions able to deal with earth system transformations (F. Biermann et al., 2009), while at the same time explaining to the public its strategic logic. The stress created by earth system transformations combined with the need for economic and social development have led the Ecuadorian government to take actions that disregard in some cases the collateral effects of their actions. Statements made by indigenous groups implied that the incursion of oil companies and missionaries, accompanying oil extraction, have not only undermined the ability of indigenous groups to adapt to future changes but exposed them to western ideas which have arguably detrimentally affected their culture, language and the natural resources they depend on; and changed the priorities and beliefs of some members of the groups.

On the other hand, government officials contended that they are aware about the need for reconciling conservation and socioeconomic realms. In doing this, the government is actually working on programmes designed to promote adaptiveness in the poorest regions of the Amazon, which have mainly focused on giving communities the chance of developing livelihoods by using efficiently and sustainably their natural resources, and most importantly through the stimulation of activities suitable for the type of ecosystems in these locations. This may help communities to be self-sufficient and provide them with a source of income to live decently and at the same time protect their habitats from overuse or overconsumption.

Accountability and legitimacy

The complexity of the Initiative and the involvement of an increasing number of non-state actors has made it difficult to secure the accountability and legitimacy of actions taken around the Initiative's process and structure. The Initiative still continues to create controversy around the way the government has dealt with it, in terms of transparency, stakeholder inclusion and legitimacy. The interviews revealed that legitimacy has been both enhanced and undermined at the same time, creating doubts and insecurities for those contributing to the Initiative and those living within the YNP.

Interview results showed that the transparency of the Initiative is being subject to hard questioning, especially from non-State actors. The way information has flown to stakeholders has not provided the necessary visibility and clarity to the decision-making process. Although performance reporting, annual reports and evaluations have been constantly released by the Government, UNDP and the media, revealing the progress of the Initiative, remote places and communities have not been consistently reached. The failure to communicate with and keep communities constantly informed about the progress and intent of the Initiative have prevented them from having the necessary tools to exercise an "upward accountability" and expose their concerns and doubts about how the Initiative will affect or benefit them. However, governmental officials have pointed out that actions are being carried out to address this situation and that they have already identified 10 young Huaorani people who are being informed and trained to take the Initiative to remote communities. Likely, they recognized the Initiative is being strategically diffused, globally and within the main cities of Ecuador, and that efforts to inform the zones of influence have recently started now the Initiative is a reality. However, while information is being disclosed through the UNDP portal, only those having access to these means are able to track the progress of the Initiative.

It has been hard to perceive real deliberative democratic processes at work, in which the public, especially indigenous groups, have been able to hold political decision-making accountable (Biermann & Gupta, 2011). Both inclusive and exclusive processes have been part of the Initiative's trajectory. Government participants have recognized the importance of including different stakeholders in the decision-making process. The inclusion of a member of the Huaorani community in the Yasuni Steering Committee; the efforts to promote the 'socialization of the Initiative' in remote areas where indigenous groups live; the joint work being carried out by local governments, central authorities and communities to develop projects that meet indigenous groups' needs have shown the intentions of the government to bring different groups' concerns into the decision-making process. However, despite current official governmental statements and Constitutional principles are couched in terms of protecting the rights of indigenous people to be informed about any extractive activity in their territories, the input they can practically provide continues to be essentially a formality, and in practice the government is not bound to take their concerns into account in any decisions taken.

Moreover, it can be inferred that external legitimacy has proved to be difficult to achieve. Instances of exploitation of oil continue in nearby areas, along with concerns about future exploitation, sending confusing messages to communities, challenging the authority of indigenous groups and making less likely the acceptance of norms. Respondents from indigenous communities mentioned that their authority over these lands has been continuously challenged by oil companies, especially because companies normally argue that the Government supports the oil extraction. In fact, after carrying through these interviews, recent events may indicate a worsening situation. The likely opening of new blocks and the recent demonstrations of resistance to the management of oil blocks in Huaorani territory²⁴ are a sign of the continuing

²⁴ On 26 December 2012 there were demonstrations of resistance by Huaorani communities: they closed the access to a Petrobell oil well, in Cuchiyacu near Bataburo, claiming the company had reduced the number of job vacancies for the people living nearby, and demanded the faster construction of 67 houses offered under the governmental agency "Ecuador estrategico" as well as asking the Ministry of Education to provide jobs for Huaorani teachers.

marginalisation of indigenous community views about decisions made around their lands and how their ancestral rights continue being overridden.

In a formal sense, the Initiative's accountability has been well handled, especially with the participation of the UNDP as a multi-partner fund, a fact repeatedly highlighted by interviewees, and continuous information release about the progress of the Initiative. Nevertheless, the scarcity of information received by communities reveals not only some accountability flaws but also the limited number of participation channels these groups have access to. Indeed, for people around the area information access is one of the greatest challenges, where normally only leaders are able to participate in negotiations and speak for the whole community.

The participation of different stakeholders in the Yasuni Steering Committee has been regarded as a way to enhance legitimacy, but the interview results suggest the voices which continue to carry the greater weight and decision-making power in this committee belong to the government. It is true that the recent empowerment of communities by involving them in the design of projects for their region has shown the commitment of the government to enhance the legitimacy of the Initiative through the projects it aims to develop. Nevertheless, the socialisation of the Initiative after five years since it was launched internationally and the recent protests of indigenous groups, continue to suggest the marginalisation of indigenous interests at the time important decisions need to be taken. This raises the risks associated with the Initiative, especially if international stakeholders lose confidence in the Initiative's legitimacy.

Allocation and access

The Constitution has been a key element to establish allocation and access rights for the state and indigenous groups, regarding the management of natural resources. But rights unsupported by consistent systems of implementation and justice are ephemeral. In this sense, the Ecuadorian government has taken important steps in defending the

sovereignty of its natural resources and requiring the oil companies to offer a fairer distribution of profits with the state and the communities. However, recent protests from Huaorani groups continue to show the inability of governmental institutions to deliver and enforce a fair allocation of benefits, responsibilities and risks associated with extractive activities.

The development of the Yasuni ITT initiative has revealed the existing problems of allocation and access but at the same time the Initiative's objectives have promoted some essential changes to the benefit of the wider community. Although the capital of the Yasuni ITT Fund will be used for changing the energy matrix, government officials have given assurances that there is a specific fund that will be used in coordination with the ECORAE for promoting sustainable and non-invasive economic activities for communities to become more self-sustaining. The creation of this specific fund and the development of a "productive agenda" recognizes the access rights of communities to forest resources in order to meet their basic needs in a sustainable way. It also takes into consideration that the money entering into the Fund is mainly due to the conservation of this National Park, so that part of the collected funds not only should be allocated to protecting the integrity of the Park but need to be shared with the people watching over the Park, in the form of medical attention, schools and the design of programmes that secure the continuation of these groups' culture and customs.

Another major issue that this Initiative addresses is the access right of current and future generations to an intact, rich and diverse natural resource base, from which scientific and medical research can be developed as well as bioprospecting activities. Many of the respondents in this study stressed that the protection of the Park can enhance the principle of "intergenerational equity" not only by guaranteeing the quality of this environment, so future generations are able to use and benefit from this legacy but also by providing flexibility to achieve their goals and so avoid the present generation's actions preventing them from following an optimal development path.

Similarly, indigenous communities asserted that oil extraction will not destroy their lands but that the resources coming from it will not go to them, so at the end they prefer that the oil stays underground.

The Yasuni ITT initiative is not only a mechanism of mitigation but a mechanism of compensation (North-South) that emphasizes the important role of the global community in providing support to the Initiative, especially when Ecuador shows already low emission levels in comparison to the world's average emission levels per capita. In this specific case the Initiative has not only elicited the support of the international community but the contribution of significant funds from a number of developed countries. However, the willingness of developed countries to compensate developing countries for the preservation of natural areas has been largely limited by external factors such as the economic crisis and the unsurprising reluctance of many politicians to support an Initiative that may impinge on the interests and welfare of their countries, when, for example, those countries are engaging in oil extraction in sensitive natural areas. Despite Southern country representatives continuing to complain that the North's financial support remains well short of what is needed to meet current needs, the North in general continues to place a priority on maintaining its own prosperity and lifestyle.

7.2 Creating secure and credible expectations

The governance problems described above are just some of the challenges the Initiative is currently facing. The architecture of the system has been found to be the most problematic issue and consequently the flaws it presents affect the whole structure of the Initiative and the environmental governance processes, the agency exercised, the allocation and access of resources, the ability of the state to adapt and the levels of accountability and legitimacy.

Strengthening the architecture of the system may provide the basis for the credible expectations that contributors are awaiting. The existing institutional fragmentation

and the conflicting interests among them have resulted in concerns about the real intentions of the Ecuadorian government in regard to keeping the oil underground. In addressing these concerns, it would be desirable for governmental institutions to cooperate and work as a homogeneous group toward one common objective in order to channel efforts in one single direction.

In like manner, the need to harmonize Constitutional principles and subordinate laws becomes critical for the Initiative's credibility and consistency. However, the existence of loopholes in the Ecuadorian legislation facilitates successive governments taking decisions in favour of the short term and special interests, and consequently neglecting the government's responsibilities for the protection of the Amazon and the indigenous groups living within the park. The synchronization and improved consistency of Constitutional principles and the laws that should be enforced and monitored may help to improve the effectiveness of regimes of governance, which as indicated by historical acts of resistance and indigenous group's protests have failed to serve the interests of the weak and minorities. It is also important that the government revisits the extractive/infrastructure projects being currently carried out that are likely to adversely affect the biodiversity, ecological functions and the human groups in the Amazon. After all, even if the Yasuni ITT initiative is successful, saving just one block in the Amazon does not guarantee the long-term integrity of this ecosystem and the survival of indigenous cultural groups.

The Initiative has made clear that tackling large environmental problems cannot be exclusively a task for the government. Earth system governance calls for the involvement of many actors to provide a holistic view not only of the problem but the most suitable solutions for everyone. The agency exercised by indigenous groups and NGOs has been decisive in promoting consciousness in the government about the benefits of leaving the oil underground, but still lacks the power to persuade policy-makers. The historical disregard of indigenous rights and the irreversible damages caused by government inaction in the face of extractive private sector activity are prior

illustrations of this lack of power. Additionally, the international bureaucracies and private institutions who are regarded as potential contributors have also exercised some agency by requiring the government to extend guarantees and in some cases questioning the actions led by the government at the expense of the image of the Initiative. Consequently, a closer interaction of state actors and non-state actors is seen to be desirable to bring higher levels of acceptance, tolerance and in some cases, support to legal norms adopted and the accommodation of different interests, fostering its success and its consequent continuity. In the case of the Initiative, this may yet yield the desired results for all parties and show potential contributors the commitment of different groups to the Initiative and some real implementation of the transition to a post-oil development model.

The Initiative has promoted cooperation between states and highlighted the importance of carefully managed public-private partnerships, where national governments are unable to provide the monetary resources to achieve environmental goals. Additionally, developing the Initiative has allowed a long view of the challenges to the adaptive state in terms of how the consequences of previous economic, social and environmental policies have facilitated or hindered the capacity of indigenous groups to adapt to current situations. The ineffectiveness of regimes established to protect indigenous groups from hostile incursions that threaten their culture, customs, identity and the natural areas they depend on is currently impeding indigenous communities in adapting to earth system transformations.

Throughout this study, it has been increasingly evident that the proposed Initiative continues struggling to deliver adequate levels of legitimacy and accountability. Currently a narrative of accountability, supported by the UNDP, is being used to inform about the Initiative and its progress, generally showing significant levels of transparency. However, moving to a deliberative accountability would allow representatives and those directly affected to exchange vital information about the Initiative, so that communities can hold the government more accountable for its

actions, including its actions to monitor and regulate investors. Doing this requires the creation of effective institutional channels that ease communication between the state and non-state actors, but more importantly allows advice and concerns emerging from deliberation to be seriously considered in the decision-making process. By building trustful and collaborative relations with these groups through the design of projects that recognise and prioritize their needs, not only is the legitimacy of the process enhanced but the cooperation of indigenous groups to protect the Park and underpin its continuity is assured.

With respect to the allocation of and access to resources, an historical debt to the Amazon region has been recognized by the government. Indeed the Initiative is not only meant to facilitate a transition to a post-oil development model, but it seeks to recognize the right of the Amazon region's people to participate using the funds obtained thanks to the protection of their lands. However, the social development of this area goes beyond primary acts such as securing food sources; it needs to focus on additional issues such as education, health, land protection and most importantly the preservation of indigenous culture, language and identity. Consequently, more holistic plans and projects need to be developed in accordance with current living conditions within the forest and so promote the capacity of the community to be self-sufficient and not depend on the continuous provision of external funds. Another major positive point perceived in this Initiative is that allocation of resources has started to be carried out based on the priorities outlined by indigenous communities; this is no longer such a top-down process, but involves bottom-up project planning.

7.3 At the end, is it likely to succeed?

Although it may be considered a very ambitious Initiative, its foundations are logical and coherent with current efforts to fight climate change. The holistic concept of this Initiative goes beyond the mitigation of climate change consequences by promoting the transition to a post-oil development model and protecting the last isolated indigenous groups as well as the Huaorani community. Although raising the

compensation funds required by Ecuador to keep the oil underground has proven to be a difficult challenge for the negotiating team, efforts to obtain more followers and supporters continues to be its primary short-term objective. Nonetheless, the governance process continues to be challenging and even debilitating, in an environment that hinders the task of the negotiating team.

It is clear that the future of the Initiative depends critically on an adequate level of funding support from international stakeholders, but this in turn depends on the demonstration of sound governance of the Initiative. For example, the internal political support for the Initiative; the degree of institutional conflict; the provision of adequate and consistent policies that go hand in hand with the Initiative's objectives; the appropriate use of funds; and the appropriate legal security to guarantee the funds are all important concerns that have arisen since the Initiative was launched. Even though some of these concerns have been met through the provision of a more secure national legal framework; the undertaking of some small clean energy projects; the inclusion of the UNDP as a fund administrator; and civil society members as an active part in the decision-making process, there are still concerns that continue to undermine the Initiative's credibility and reputation.

Despite the existence of factors that may impede the continuity of the Initiative and provoke the consequent extractive development of the ITT block, there are critical factors that may prevent the government from exploiting the block. Until now the support received from the international and local community has continued to increase and private institutions are also becoming important sources of funding for the Initiative. Additionally, surveys in the main cities of Ecuador have revealed high levels of support for the Initiative; this indication of the Initiative's legitimacy, may become critically persuasive in preventing the Government from opting for oil extraction. If Ecuadorians support the Initiative and realise the need for an oil moratorium to stop the destruction and pollution of the Amazon rainforest, they can be a powerful force, for the Government and the Assembly, when it comes to taking decisions on the

exploitation of resources in natural protected areas or ancestral territories. It is also important to take into account the role social actors have recently played in the political life of the country and how they have organised coalitions and mobilisations to claim their rights, and even take the Ecuadorian government to international courts to demand compensation for damages suffered.

Another factor that may support the Initiative is the resilience being achieved through the diversity of sources of funding it receives. The strategic alliances already set up with transnational can become a potential funding source, despite the current economic crisis. Similarly, “debt for nature” swaps are currently a financing source that promises to be an important part of the Trust Fund, especially given that Belgium along with other members of the EU are exploring the possibility of a continuous cancellation of Ecuador’s debt.

In brief, optimism is perceived among many of the participants in the Initiative about the prospects for the Initiative (funding promised or deposited since 2011 reaches around US\$300 million (Vidal, 2012)), and the benefits it can leave to the country in terms of economic and social development; integral environmental protection; and the respect of indigenous rights. Nevertheless, the skepticism generated mainly by the uncertainty of obtaining funds, the parallel plans for oil extraction being developed even while the Initiative is being promoted, and the economic crisis affecting potential contributors has put in doubt the future success of the Initiative.

7.4 A mechanism to address an ecological debt

The Initiative is a mechanism by which Ecuador is obtaining some compensation for leaving the oil underground and preserving one of the remaining pristine natural areas in the Amazon. Although it has been said that the idea may be replicated by those mega-biodiverse countries with significant oil reserves in their territories, the willingness of countries to keep on contributing to initiatives of this kind is unclear; such commitments do not seem to be compatible with the current neoliberal realist conventions and interests.

Leaving the oil underground has important implications for countries of both the global South and North. While Northern countries may claim not to be able to provide the required funds to all those countries matching the criteria of the Yasuni ITT Initiative, despite the extent of their historic responsibility for damaging the world's atmosphere, the key factor may be the issue of exploiting underground oil reserves, and exploitation's centrality to the economic narrative of the majority of developed and developing countries. In short, oil (along with other fuels) remains fundamental to fueling their economies. The pressure put on successive governments of Ecuador and other Southern countries to deliver quick economic results may turn the attention of policy makers to easier and known means, even if environmentally unsustainable ones, to secure economic development instead of preserving forests, whose benefits are not seen immediately but in the long run. Moreover, Southern countries may feel bound to continue exploiting their natural resources in order to support their fiscal budgets and so be able to address the pressing social problems that affect them.

Future prospects

At some point, it will be critical to achieve a consensus among developing and developed countries about the mutual benefits of preservation of remaining globally significant pristine natural areas and other global commons, such as the atmosphere, if these commons are to be preserved. The Initiative and its contribution to "avoided emissions" are valuable, despite it going beyond the Kyoto Protocol. It represents an innovative and holistic idea and approach, whose inclusion as part of the market-based mechanisms of the Protocol or its successor agreements may take time, especially when REDD+ is still struggling to be part of them. However, it is clear that the Initiative needs to proceed for the sake of its global commons significance, whatever the current status of its acceptance within the evolving Protocol or the Durban Platform.

As argued above, the Initiative has captured much international attention and even though funds have not flown easily, the willingness of many stakeholders to contribute and support this idea is evident. Contributions continue entering the Fund, ranging from personal and state contributions, to funds flowing from strategic alliances with corporations, tax exonerations and even debt swaps. The future of the Initiative may be positive but the attraction of more contributors and the ongoing commitment of those already participating depends largely on how the Ecuadorian Government manages the internal governance challenges which the Initiative faces. The future contributions regime, in effect, requires that uses of the funds comply with the Initiative's main stated objective: the consolidation of a new model of human development based on the sustainable use of natural resources where social development, the protection of nature and the enhancement of the energy matrix are crucial factors to achieve it.

Chapter - 8

Reflections and Conclusions

8.1 Reflections on methodology

This study has been conditioned by different factors especially my knowledge of the subject and its historical context. At every stage of this research new facts have emerged, especially during the interviews, and consequently some of the study's objectives have been adjusted. Additionally the wide scope of the Initiative and the range of issues it raises have made it difficult to explain all of them in this study and only relevant results were reported.

Regarding participation, some participants sought were unavailable or did not reply to the e-mails sent to set a date for an interview. For this reason some were replaced with other actors who fitted into the group that was targeted. A major difficulty was found with governmental officials in the upper levels, due generally to their busy agendas. Key representatives from NGOs involved with the Initiative also claimed to be busy and some of them did not reply to e-mails. Some responded to the questionnaire via e-mail but unfortunately their responses were brief and so limited the information that could be used.

Regarding the indigenous groups, a major obstacle was communication. The native language of these groups is the "Wao Terero" and their Spanish is quite limited due to the only recent contact they have had with the outside world. Despite the interviews being recorded, at the time of making the transcriptions some statements needed to be reinterpreted in order to give sense to their words. In fact, one of the participants needed some clarification of the questions he was being asked, and sometimes clues were needed to make the questions clearer for him, what may have biased to some extent the answers provided.

The State oil company participants were under-represented in this study, due to the sensitive situation created by the Initiative, especially when this company has already

carried out studies and their representatives have shown their intentions to favour Plan B. Although an attempt was made to contact company representatives, it was difficult to contact those involved directly with the Initiative.

8.2 Conclusions

This research has shown that the transboundary and intertemporal nature of environmental problems means these problems can go beyond the capacities of states to address them individually (Weiss, Gordenker, & Watson Jr, 1996). The emergence of hybrid forms of governance has proved to bring more input into the decision-making process as well as more fairness. Similarly, this study has emphasized the need for developed countries to take some responsibility for the current levels of pollution in particular by deploying significant resources to tackle the negative impacts of climate change, in line with the principle of common but differentiated responsibilities. Although current emission reduction mechanisms support the development of projects that aim to promote sustainable development in poor countries, they have not been enough neither to reduce effectively CO₂ emissions nor to improve the quality of lifestyle of developing countries.

Secondly, the need for countries to attain higher levels of economic and human development has turned natural resources into a major source of finance. In the case of Ecuador, it has been reflected in the continuous expansion of its oil frontier. However, Ecuador has already experienced the negative effects of the extraction of its natural resources and the long term consequences it can bring to the environment and indigenous communities' survival. In an attempt to change the extractive model that has led the country for several years, Ecuador is promoting an initiative that aims to leave the oil underground by requesting the international community to contribute the equivalent of half of the revenues coming from the projected sale of oil. Nonetheless, the success of the Initiative is dependent on the willingness of the international community to provide the necessary funds and most importantly the will and commitment of current and future Ecuadorian governments to protect the remaining pristine areas in the Amazon.

Thirdly, the Initiative has shown to be an innovative one and has gone beyond the current Kyoto emission reduction mechanisms. However, the governance processes that currently support it have revealed some governance flaws, which are jeopardizing the image and the results that the Initiative may be able to deliver. One of the key findings is that the most important factor determining the continuity of the Initiative is the credibility it offers to contributors and consequently the image that this is projecting to the world. This credibility comes down to the need of demonstrating a policy consistency over time and across agencies. The effective management and use of natural resources for sustainable internal development of Ecuador is important to assure the continuity of funding and most importantly the compliance of the objectives stated in the Initiative. So the requirement of a more coordinated and collaborative action from governmental agencies becomes critical in order to reduce the risk of an emergence, of future conflicts and align different institutional arrangements into one same purpose: the economic growth and social development of the country. Similarly it is essential the government stop relying on shortsighted policies, that favour economic growth and disregard the threats posed to the environment, as a solution to the social and economic needs of the country. In fact, while it is likely that the future exploitation of the YNP is a “matter of national interest”, it is critical that Ecuador has the capacity to make a sound evaluation of the benefits and costs in both a short and long term sense.

Providing credible expectations of potential contributors will not only help to maintain current levels of funding but it may increase the number of contributors and so the number of actors to monitor the proper functioning of the Initiative and use of funds. Additionally, the inclusion of different stakeholders in the decision-making process, enhances the legitimacy and accountability of the process and most importantly it receives support from communities and brings valuable input to the decisions taken. The distribution and allocation of resources may become one of the most important achievements of the Initiative, by benefiting the region and the people who guard those natural areas. The mechanisms of resource allocation and distribution have proved so far to be improving and taking into consideration communities’ main concerns.

However, major efforts to meet the Amazon region's needs continue being contested due to the high levels of poverty shown in this region, especially remote areas which are the most affected by the extraction activities and whose self-sustaining activities are negatively affected.

Fourthly, despite the ups and downs of the Initiative, contributions continue to flow into the Fund and countries continue to show their attachment and sympathy for the future of this National Park and its outstanding levels of biodiversity. Recent events have shown the “debt-for-nature swap” element may become an important source of funds, especially with creditors in the EU. Nevertheless, the fiscal self-discipline of the country and the mechanisms that it uses to check the effective use of these funds are issues that need to be explored more deeply. Some US\$64 million has been deposited, and US\$187 million overall has so far been pledged for this Initiative by countries such as Belgium, Brazil, Lebanon, Qatar, Indonesia²⁵, Spain, and Turkey. At the end some questions remain. What do contributing countries need to see to motivate them to finally disburse this money? Have the new oil exploration contracts negotiated in November 2012 affected their willingness to contribute? If a post-oil development model is to be reached, why do Ecuador and countries in a similar situation continue expanding the oil frontier? And ultimately, if the Initiative is replicated, how will the international community compensate all of the communities that fulfil appropriate criteria?

²⁵ This country contributed (June 21, 2013) with 1 million dollars for the Initiative, as this thesis was being revised.

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APPENDICES

Appendix A: Extractions from the Ecuadorian Legislation

Ecuadorian Constitution 2008 (selected extracts)

TITLE II: RIGHTS

Chapter I: Fundamental Rights

Entitlement, Application and Interpretation Principles of the Fundamental Rights

Art.10 Rights Entitlement.- Persons and people have the fundamental rights guaranteed in this Constitution and in the international human rights instruments. Nature is subject to those rights given by this Constitution and Law.

Chapter two: Rights of the good way of living (buen vivir)

Second Section – Healthy Environment

Art. 14. The right of the population to live in a healthy and ecologically balanced environment that guarantees sustainability and the good way of living (Sumak Kawsay) is recognized.

Environmental conservation, the protection of ecosystems, biodiversity and the integrity of the country's genetic assets, the prevention of environmental damage, and the recovery of degraded natural spaces are declared matters of public interest.

Chapter 4th: Rights of communities, peoples and nations

Art. 57.The territories of the peoples living in voluntary isolation are an irreducible and intangible ancestral possession and all forms of extractive activities shall be forbidden there. The State shall adopt measures to guarantee their lives, enforce respect for self-determination and the will to remain in isolation and to ensure observance of their rights. The violation of these rights shall constitute a crime of ethnocide, which shall be classified as such by law.

The State shall guarantee the enforcement of these collective rights without any discrimination, in conditions of equality and equity between men and women.

Chapter 7th: Rights of Nature

Art. 71. Nature or Pachamama, where life is reproduced and exists, has the right to exist, persist, maintain and regenerate its vital cycles, structure, functions and its processes in evolution.

Every person, people, community or nationality, will be able to demand the recognitions of rights for nature before the public organisms. The application and

interpretation of these rights will follow the related principles established in the Constitution.

The State will motivate natural and juridical persons as well as collectives to protect Nature; it will promote respect towards all the elements that form an ecosystem.

Art. 72. Nature has the right to restoration. This integral restoration is independent of the obligation on natural and juridical persons or the State to indemnify the people and the collectives that depend on the natural systems.

In the cases of severe or permanent environmental impact, including the ones caused by the exploitation of non-renewable natural resources, the State will establish the most efficient mechanisms for the restoration, and will adopt adequate measures to eliminate or mitigate the harmful environmental consequences.

Art. 73. The State will apply precaution and restriction measures in all the activities that can lead to the extinction of species, the destruction of the ecosystems or the permanent alteration of natural cycles.

The introduction of organisms and organic and inorganic material that can alter in a definitive way the national genetic patrimony is prohibited.

Art. 74. The persons, people, communities and nationalities will have the right to benefit from the environment and form natural wealth that will allow wellbeing.

The Environmental services cannot be appropriated; their production, provision, use and exploitation, will be regulated by the State.

TITLE VII: THE GOOD WAY OF LIVING SYSTEM

Chapter II: biodiversity and natural resources

Section Three: Natural assets and ecosystems

Art. 407. Activities for the extraction of non-renewable natural resources are forbidden in protected areas and in areas declared intangible assets, including forestry production. *Exceptionally, these resources can be tapped at the substantiated request of the President of the Republic and after a declaration of national interest issued by the National Assembly, which can, if it deems it advisable, convene a referendum.*

Law of Hydrocarbon (selected extract)

Art. 94 .- Workforce participation.- in the case of workers linked to hydrocarbons activities, they will receive 3% from the profits and the remaining 12% will be paid to the state and the decentralized autonomous governments, who will allocate it to social investment projects and land development in areas where hydrocarbon activities are taking place. These projects will need to be harmonized with the National Development Plan.

THE ORGANIC CODE OF PLANNING AND PUBLIC FINANCES (selected extracts)

CHAPTER IV PUBLIC DEBT COMPONENT SECTION I CONTENT AND PURPOSE

Art. 123.- Content and purpose

The contingent liabilities have their facts that can or cannot happen. The obligation is effective upon the occurrence of one or more conditions specified in the legal instrument that produced it. The contingent liabilities are not part of the public debt. A contingent liability only will constitute public debt, in the amount corresponding to the part of the obligation that was due.

The contingent debt can originate:

1. When the State, on behalf of the Republic of Ecuador, grants the sovereign guarantee to entities and organisms from the public sector that contract public debt.
2. By issuing bonds and securities intended to ensure contributors a return on their contributions.
3. By signing contracts of guarantee to ensure the use of not refundable contributions.
4. For contingent liabilities made by the Ecuadorian State, in accordance with the law, or other obligations under agreements with international lending agencies.

The contracting of contingent debt should continue the process of public debt, as relevant

Appendix B: Description of projects contrary to Plan A

<u>Projects contrary to Plan A</u>	<u>Main facts</u>
Elimination of two T's from the ITT initiative	<ul style="list-style-type: none"> * First option in case the first US\$100.000 was not collected * Although, Tiputini block is part of the Yasuni Biosphere of reserve, it is not within the YNP. * Horizontal exploitation could be applied in Tambococha to avoid several environmental damage
The correction of Intangible Zone Coordinates	<ul style="list-style-type: none"> * Leaving outside this non-extractive area the existing platforms from Ishpingo wells * Avoid the construction of new platforms
The Construction of the Pacific oil refinery	<ul style="list-style-type: none"> * Built to refine heavy oils and produce agrochemicals * Possibility of refining the heavy oil coming from the ITT Block
Manta-Manaos Multimodal Axis	<ul style="list-style-type: none"> * It involves the construction of roads 10kms away from the north head of YNP * The building of ports that may threaten the location where the greatest number of tree species and bushes
Exploitation of Block 31	<ul style="list-style-type: none"> * Huge investment vs. scarce reserves to be exploited * Block located within the YNP

Projects contrary to the promotion of Plan A. Sources: (ANDES, 2011; N/R, 2012; Olmos, 2010)

Appendix C: Top 10 contributing countries for Yasuni ITT Fund

Appendix D: Interviews schedules

Government Officials

1. What is your role in the government, and in relation to the YITT?

Current Status

2. What is the current status of the Yasuni ITT Initiative, in terms of:
 - a. Collection of funding
 - b. International Community Involvement
 - c. Local Community reaction
 - d. The process of receiving oil well bids?
3. Initiative Implementation:
 - a. Now the Initiative has begun to be implemented, what would happen if at any time the government is unable to collect its projected revenue?
 - b. What is the threshold level for the initiative before starting the bids again?
4. In relation to Block 31:
 - a. Is Block 31 likely to become part of the ITT initiative?
 - b. If the initiative continues and taking into consideration that Block 31 is inside and next to Yasuni National Park, how will any damage from exploiting Block 31 be addressed?
5. The Yasuni Fund will be used for renewable energy projects, biodiversity protection and social development:
 - a. Who will be in charge of developing the projects related to Renewable Energy
 - b. Are the enlargement of National Parks and control of logging activity considered among the options to protect biodiversity?
 - c. How will local governments be involved with the design and implementation of future projects?

- d. Is any institution, local or international, appointed to look after transparency and accountability issues besides the steering committee, eg. External audits?
 - e. Will media be part of the monitoring of the Initiative?
- 6. According to some researchers the initiative has been the result of joint work between non-state actors like NGOs and government. However, surveys show that only small percentage of the population who live around YNP know about the initiative:
 - a. Is the Yasuni ITT following a participatory approach, and if so, to what extent?
- 7. How does the government plan work to allocate resources between the different Ecuadorian regions having in mind that the Yasuni National Park belongs to the Amazon region? How will the government assure people from Orellana will benefit from this initiative?
- 8. Previous studies have argued that it will not be feasible for the Yasuni Initiative to be part of the international emissions trading systems: Has the government already sketched a figure to represent the Initiative's emissions avoided, to be included as part of the post-Kyoto negotiations?
- 9. How has current and past policy influenced the protection of National Parks in Ecuador, and how can future policy be improved?
- 10. From the recent negotiations with international partners, what have been the common concerns raised by potential contributors? How will they be addressed?
- 11. According to some articles, contributors are relying on the bona fide assurance of Ecuador. How can potential contributors be sure that the money will be refunded in case the oil in the YITT blocks is exploited by future governments, taking into account that they are not enforceable in International Courts?
- 12. According to Yasuni Web sites and several publications about Yasuni, the steering committee will have decision making power. However, what would happen if the Ecuadorian government does not agree on a decision taken by the steering committee? How do you think it will affect to the credibility of the initiative?
- 13. Do you foresee a promising future for the Yasuni ITT initiative?

NGOs

1. What is your role in relation to the Yasuni Initiative?

Current Status

2. What is the current status of the Yasuni ITT Initiative in terms of:
 - a. Collection of funding
 - b. International Community Involvement
 - c. Local Community reaction
 - d. The process of receiving oil well bids (Plan B)
3. Now that the Initiative has begun to be implemented, what would happen if at any time the government is unable to collect its projected revenue? What role would NGOs and institutions interested in the protection of the Yasuni play in this situation to avoid the bids of ITT oil blocks located in the Yasuni?
4. In relation to Block 31:
 - a. Do you think Block 31 is likely to become part of the ITT initiative? Have you been able to talk to governmental entities about this?
 - b. Have you perceived a firm intention from the government to include it into the Initiative's scope?
5. In your opinion how is Yasuni different from the REDD+ mechanism, taking into account the benefits accruing to the country?
6. The Yasuni Fund will be used for renewable energy projects, biodiversity protection and social development:
 - a. Who will be in charge of developing the projects related to Renewable Energy?
 - b. Are the enlargement of National Parks and control of logging activity considered among the options to protect biodiversity?
 - c. How will local governments be involved with the design and implementation of future projects?

- d. Is any institution, local or international, appointed to look after transparency and accountability issues besides the steering committee, eg. to do external audits?
 - e. Will media be part of the monitoring of the Initiative?
- 7. According to some researchers the initiative has been the result of teamwork between NGOs and government. However, surveys show that only a small percentage of the population who live around YNP know about the initiative:
 - a. Do you think Yasuni ITT has followed a fully participatory approach? If so, to what extent?
 - b. Have you held any type of meetings with indigenous communities? How often?
 - c. Have the reports and studies made by your organization relied to some extent on indigenous communities' knowledge?
- 8. Allocation of resources:
 - a. How resources from the fund should be allocated between the different Ecuadorian regions having in mind that the Yasuni National Park belongs to the Amazon region?
 - b. On what basis do you believe the distribution of resources should take place?
- 9. Have you worked with the government to estimate to represent the initiative's emissions avoided, to be included as part of the post-Kyoto negotiations?
- 10. Do you think it will be feasible for the YITT to be recognized under International Emission Trade mechanisms?
- 11. How has current and past policy influenced the protection of National Parks in Ecuador, and how can future policy be improved?
 - a. Do you consider the "Law of Environmental Management" and the Constitution are adequately aligned?
- 12. From the recent negotiations with international partners:
 - a. What have been the common concerns raised by potential contributors and how will they be addressed?

- b. How can potential contributors be sure that the money will be refunded in case the oil in the YITT blocks is exploited by future governments, taking into account that is not enforceable in International Courts?
- 13. According to Yasuni Web sites and several publications about Yasuni, the Steering Committee will have decision making power. In your view,
 - a. What would happen if the Ecuadorian government does not agree on a decision taken by the steering committee?
- 14. What type of future do you foresee for the Yasuni ITT initiative?

Indigenous communities and civil population around YNP

1. How long have you lived in or around the Yasuni National Park? Can you tell me what the Yasuni National Park means to you and for your culture?
2. How have you been affected by previous oil activities? Can you tell me a personal experience or an impact you are personally familiar with?
3. Do you feel your community has lost anything from the last decades of oil extraction and if so, what?
4. Have oil companies brought any benefit to your community, for example, Have you seen any improvement in the region coming from oil rentals?
5. How do you think your community will be affected if Yasuni oil wells are developed?
6. Are you aware of the Yasuni ITT initiative, and if so can you please tell me about the Yasuni ITT initiative?
7. Do you think the Yasuni Initiative will benefit your community and, if so, how in terms of:
 - a. Forest protection
 - b. Illegal activities (eg. Logging, hunting)
 - c. Infrastructure for your community
 - d. Education and Health services
 - e. Welfare in general
8. In relation to the information received about the Initiative:
 - a. Have the central or local government been updating you about the current status of the Yasuni initiative?
 - b. How many times have government officials and NGO's have held meetings with your community?
9. Should Block 31 be included in the Yasuni initiative, why or why not?
10. Has the Yasuni National Park been adequately protected by the Ecuadorian Government?

Business Sector

1. Are you currently participating in an oil extractive activity around the Amazon Region?
2. What type of problems have you faced so far while developing the oil blocks?
3. Indigenous groups:
 - a. How have you dealt with the issue of uncontacted indigenous groups surrounding the Oil Blocks you are actually developing?
 - b. Have you approached other indigenous groups in order to negotiate with them?
4. Taking into account previous oil spillages from broken pipes:
 - a. Do you consider there is a risk of adverse environmental impacts of oil spillages for the community and for the environment?
 - b. How have you handled them in the past?
 - c. Have you experienced directly or indirectly any major or significant inconvenience in production?
5. How have you worked together with the Ministry of Environment and the community to minimise any damage from oil production activities e.g. from road construction, water pollution?
6. How do you dispose of the waste from the oil blocks you are actually developing?
7. Overall what do you see as the advantages and disadvantages of the Yasuni ITT initiative?
8. Do you think the Yasuni Initiative is likely to succeed and why or why not?

Appendix E: Human Ethics Committee Documents

a) Human Ethics Committee Approval

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MEMORANDUM

TO	Lourdes Guerrero Ocaña
COPY TO	Ralph Chapman
FROM	Dr Allison Kirkman, Convener, Human Ethics Committee
DATE	25 June 2012
PAGES	1
SUBJECT	Ethics Approval: 19375 Analyzing the governance structure of the Yasuni ITT Initiative

Thank you for your application for ethical approval, which has now been considered by the Standing Committee of the Human Ethics Committee.

Your application has been approved from the above date and this approval continues until 28 February 2013. If your data collection is not completed by this date you should apply to the Human Ethics Committee for an extension to this approval.

Best wishes with the research.

Allison Kirkman
Human Ethics Committee