

# Evaluating Ecuador's Decision to Abandon the Yasuni-Itt Initiative

Written by Ariana Keyman

This PDF is auto-generated for reference only. As such, it may contain some conversion errors and/or missing information. For all formal use please refer to the official version on the website, as linked below.

## Evaluating Ecuador's Decision to Abandon the Yasuni-Itt Initiative

<https://www.e-ir.info/2015/02/22/evaluating-ecuadors-decision-to-abandon-the-yasuni-itt-initiative/>

ARIANA KEYMAN, FEB 22 2015

### **The State, Oil, and the Fight for Yasuni National Park: Evaluating the Ecuadorian Government's Decision to Abandon the Yasuni-Itt Initiative**

In June 2007, “a big idea from a small country”[1] was unveiled to the world by the then-recently elected President of Ecuador, Rafael Correa, in the form of the Yasuni-ITT Initiative. The Initiative was the proposal by the government of Ecuador to refrain indefinitely from exploiting the oil reserves of the Ishpingo-Tambococha-Tiputini (ITT) oil field, Ecuador's largest oil deposit, and located within Yasuni National Park, in exchange for financial contributions worth 50% of the value of the reserves from the international community. Yasuni National Park, a UNESCO World Biosphere Reserve, is Ecuador's largest national park after the Galapagos Islands, and is “singularly one of the most important sites for biodiversity anywhere on the planet”[2]. Home to 173 mammal species, over 40 percent of Ecuador's rich and diverse bird population, one square mile of Yasuni has as many trees and shrubs species as in the whole of North America.[3] It is also home to the Huoarani indigenous tribe as well as the two uncontacted groups, Tagaeri and Taromenane. As such, upon its announcement, environmentalists and indigenous rights activists alike hailed the largely oil-dependent country's unprecedented initiative as a major victory and step in the right direction.

Nevertheless, in August of 2013, six years after it had been launched, President Correa announced that his government had come to the decision to abandon the initiative and liquidate the Yasuni-ITT trust fund, and would go ahead with drilling for oil in Block ITT. The main reason given for the decision was that only \$13 million – a small fraction of the initially pledged funds of over \$100 million – had actually been donated, and that “the world had failed them”.[4] The government subsequently signed permits for drilling in May 2014, with the intention that oil drilling could begin as soon as 2016.[5]

This study evaluates the decision-making process that led to the Correa government's highly publicized and controversial decision to cancel the Yasuni-ITT Initiative—both in terms of the driving causes for why the decision was made, as well as in terms of the degree of democracy present throughout the decision-making process and consequent distributive fairness of the outcome. Following this discussion, the essay will conclude by assessing the ultimate effectiveness of the decision, given the consequent high levels of civil discontent and public resistance associated with the final decision as it stands today.

### **Setting the Context: Rafael Correa's Presidency, Oil, and the Environment**

The Correa government's decision to open Block ITT to oil exploitation presents us with an interesting case study regarding governmental environmental decision-making processes. This is because the decision was essentially the direct result of the failure of another decision-making process, namely the decision to launch and effectively pursue the Yasuni-ITT Initiative. Therefore, in order to evaluate why and how the government came to this decision, it is essential to grasp the shortcomings of the decision-making process associated with the Yasuni-ITT Initiative. To this end, we must first understand the nature of Rafael Correa's presidency, and the significant implications it has had on Ecuadorian politics and society since his rise to power in 2007.

# Evaluating Ecuador's Decision to Abandon the Yasuni-ITT Initiative

Written by Ariana Keyman

## *Rafael Correa's Presidency and the Aspiration to Pursue a 'New Latin American Left'*

The processes surrounding the development of the proposal of the Yasuni-ITT Initiative and the government's subsequent decision to abandon the idea is intimately related to the idiosyncratic presidency of Rafael Correa. There is no doubt that if it had not been for Correa's proactive and aggressive pursuit of his ideologically-fuelled political agenda, and the policy environment it created, the decision-making process as it stands today would not have come to pass. Indeed, the proposal has come to be identified very strongly with Correa personally and his government. This is evident in language used in the proposal's Terms of Reference document signed with United Nation Development Program (UNDP) in July of 2010, which states:

"President Correa's vision of this pioneer proposal, unprecedented in the history of an oil-dependent country, has been received favourably by several governments and organizations around the world"[6].

Thus, an adequate analysis of the context within which the ultimate decision concerning ITT oil extraction was made first requires an intimate understanding of Rafael Correa's ascent to power and subsequent pursuit of his unique political agenda.

Rafael Correa was elected President at the end of 2006 and took office in January 2007. His political ambitions, taken together with those of politicians such as Hugo Chavez and Evo Morales, can broadly be seen as constituting a regional initiative to foster and develop a 'new Latin American left'. [7] Viewed through these lens, Correa's political agenda and associated policy implications are primarily ideologically motivated and aspire to be fundamentally transformative and grand in scale, targeting nothing less than the refounding of the country's institutions. This has had major implications that are instrumental in understanding both why the Yasuni-ITT Initiative was put forward, as well as the reasons for why the decision to abandon it was finalized.

## *Yasuni-ITT Initiative as a Manifestation of Correa's Vision of Development*

The most major and apparent implication of the ideologically charged and ambitious nature of the Correa's political leadership has been in the implementation of a number of sweeping reforms and ambitious development policies. These have been in the form of pro-poor policies such as widening social spending through entitlement programs for marginalized socioeconomic groups, raising minimum wage, and boosting public investments. [8] It has also manifested in seemingly pro-environment and progressive political reform. A main example is the new constitution, passed in 2008, which is the first one in the world to grant rights to nature. Another is the power and resources granted to the planning agency SENPLADES, to develop and implement a vision for development along the lines of the notion of 'buen vivir', which builds upon indigenous cosmology. [9] The president has also ordered the renaming and restructuring a number of ministries to symbolize a different vision of societal development; one example is the Ministry of Mines and Oil, which became the Ministry of Non-Renewable Resources.

The tensions arising from the need for income to finance increased public spending, coupled with the overarching pursuit for "putting into practice a different vision ... of development" [10], centered around nature and its sanctity, lies at the heart of the proposal for the Yasuni-ITT Initiative. Due to a number of reasons [11], borrowing necessary funds from international markets to finance, Correa's ambitious public spending has not been a plausible option for Ecuador. As such, oil extraction, which has already been central to Ecuador's national development for over forty years, would seem inevitable in order to generate government revenue for many of Correa's goals. It goes without saying, however, that this would have dire implications for the pursuit of his second primary goal, which was to facilitate a fundamental shift away from environmentally destructive development strategies.

In this context, the Yasuni-ITT Initiative aimed to avoid the exploitation of fossil fuels in areas of high biological and cultural sensitivity, while still guaranteeing income generation for the Ecuadorian government to continue with its heavy public spending. At the same time, it served to promote Correa's ideological agenda of promoting a new development paradigm by asking the international community to take on the collective but differentiated responsibility for the cost of protecting the global common environmental goods provided by Yasuni. The Initiative was proposed to the international community by the president during the 2007 UN General Assembly, where he declared that "the

# Evaluating Ecuador's Decision to Abandon the Yasuni-ITT Initiative

Written by Ariana Keyman

Ecuadorian proposal seeks to transform old conceptions of the economy and the concept of value". It sparked international interest, receiving full backing of Ecuadorian and international environmental NGOs. Soon after, most former Environmental Ministers of Ecuador, the United Nations, and various universities around the world, as well as multilateral lending bodies such as the Inter-American Development Bank, endorsed it.[12] After three years of technical consultation, the Yasuni-ITT Initiative Trust Fund was officially launched in August 2010. Receiving pledges totaling more than its goal of \$100 million by its deadline of the end of 2011, by the beginning of 2012 the government confirmed that it would move forward with the initiative.

At this point, it is important to point out that although the Correa administration's initial framing of the decision-making process largely suggested that resources were exclusively, or at least disproportionately, being spent on the development and promotion the Yasuni-ITT Initiative, this constitutes only one part of the story. In fact, the Initiative was only ever considered but 'Option 1' out of two equally plausible options to address the need for income generation. 'Option 2', or the option to exploit Block ITT in a 'business as usual manner', had been a process in development long before the proposal of the Yasuni-ITT Initiative, involving three other state oil companies: SIPC (China), Petrobras (Brazil), and PDVSA (Venezuela), as well as PetroEcuador, Ecuador's national oil company.[13] Although the Correa government officially endorsed Option 1 early in his presidency, Option 2 was never legitimately dismissed as a plausible option, as was made evident by the Correa administrations later actions, which the following section discusses.

## Explaining the Outcome: Correa's Vision and the Need for Government Revenue

Correa's ideologically charged presidential ambition, while the single most significant factor driving the process behind the Yasuni-ITT Initiative, is also the one of the primary reasons for why the government ultimately abandoned the decision. While the Yasuni-ITT Initiative was an attempt to address both elements of his ambitions – high public spending on pro-poor development policies on the one hand, and maintaining a priority of environmental sustainability on the other – the abandonment of the decision can be seen as a compromise by the government with preference given to addressing the first element of his ambitions over the second. The government's pursuit of oil to this end, and disinterest in seriously pursuing alternative options for income generation, then points us to the disproportionate weight attributed to interests driving oil extraction in itself, and not just the income it generates.

Consequently, the Correa government's decision to abandon the Yasuni-ITT Initiative and move forward with Option 2 can broadly be seen as a result of two sets of factors. The first set of factors are regarding the international community's failure to live up to its commitments, ultimately deeming the strategy an implausible source of adequate financing. The second lie in oil interests and the corporatist model of environmental decision-making by the Correa government. This section will examine each set of factors in turn.

### *The Need for Finances: International Failure to Actualize the Pledged Amount*

At the time that Correa announced the decision that the government would go ahead with drilling, only USD \$13.3 million out of the more than USD \$100 million that had been pledged by the international community has actually been donated. Correa has thus blamed international donors as the primary reason why he went forth with the decision to drill, stating "The world has failed us." [14] This blame directed at the donors in the face of such a dismal response is no doubt, at least partly, warranted. However, a closer examination of the way in which Correa's handling of the initiative, which contributed to a lack of incentives for donors to fully commit to the initiative, is revealing of the nuances in stakeholder and incentives management that contributed to the dismantling of the Initiative.

Many critics of the process point to the fact that Correa himself largely discouraged potential financial contributors. This was largely a result of seemingly confused aims and strategies, manifested clearly in Correa's public attack on the UN and his own negotiation team.[15] This was also clear in the president's refusal to abandon Option 2 to exploit ITT, and his increasingly frequent reminders to donors, after the early stages of the launch of the Yasuni-ITT Initiative, that the Ecuadorian government would abandon the plan if contributions were not received. In fact, not only was Option 2 an officially recognized alternative policy, but it was being pursued at the same time they were collecting contributions to keep oil in the ground.[16]

# Evaluating Ecuador's Decision to Abandon the Yasuni-ITT Initiative

Written by Ariana Keyman

This is evident in a number of events. For example, in October of 2009, according to *El Universo* newspaper, Correa met with his then-Russian counterpart Dimitry Medvedev, during which time both countries signed an agreement of cooperation to allow Russian companies, along with PetroEcuador to explore and exploit Block 31, which is the adjoining block to ITT and also located within Yasuni National Park and the Waorani Ethnic Reserve. It is also evident in Correa's announcement of the process of applying for licenses for drilling in the ITT block in March of 2010.[17] Moreover, in 2011 China's oil block 14 (operated by the partly Chinese-owned Petro Oriente in Ecuador) expanded to border the ITT block, creating an 'oil corridor', meaning that Petro Oriente was now just one step from Tiputini.[18] Furthermore, the following year, the so-called 'ecological trail' was built into Block 31 where the deposits are so small in comparison to ITT that critics say the real reason is to lay the infrastructure for an eventual move into the ITT Block next door.[19] All of this taken together worked to raise a series of red flags regarding the commitment to the Yasuni-ITT Initiative and hurt the national and international campaign.

## *Corporatist Decision Making: The Role of Oil Interests and the Exclusion of Environmental and Indigenous Civil Society*

There is no doubt that Correa administration's mishandling of the process contributed to the government's decision to abandon the Initiative. However, interests in oil extraction for its own sake drove much of this decision, rather than for the income it would generate. In fact, upon closer examination, the decision to abandon the Yasuni-ITT Initiative is illuminating of the degree to which the Correa government's decision-making regarding the ITT Block can be inherently characterized by a corporatist model of decision-making.

### 1. Ecuador's Historical Relationship with Oil

Over the past 40 years, oil has been, and continues to be, central to Ecuador's national development. In 2008, oil represented 22% of the GDP, 63% of total exports, and 46% of the government's general budget, while providing 47% of the country's energy sources.[20] This reliance on oil has led to the government promoting further expansion of oil exports through increased foreign direct investment, especially since 2000. This has resulted in the exploitation of new reserves of heavy oil in the central Amazon region, the construction of a new pipeline, and the exploration in the pristine forest areas of Yasuni National Park. Since then, rises in oil prices from \$41 in 2005 and then to \$160 in 2008 have not provided necessary incentives to promote the diversification of the national economy, or to develop economic strategy based on the sustainable use of the country's biological and cultural diversity.[21] The current government has, therefore, found it difficult to resist the short term incentive of continuing to expand oil production, despite the Correa regime's stated interest in environmental sustainability in the face of very serious ecological damage caused by the expansion, and a full awareness of the low quality of oil being extracted and of proven limits of existing reserves.[22]

This has, instead, manifested in contradictory government policies. Whereas some policies aim at preserving national sovereignty over natural resources, others have promoted privatization and foreign direct investment, while the government has also called for a renegotiation of benefit-sharing contracts.[23] As such, less than a year after his election, President Correa expressed his intention to secure firm national ownership over all extracted oil, requiring foreign companies operating in Ecuador to renegotiate their contracts so that they would be receiving a lower portion of revenue. This resulted in a number of companies leaving Ecuador since 2006.[24]

The two alternative proposals for the ITT Block – in the form of Option 1, or to pursue the Yasuni-ITT Initiative, and Option 2, to exploit the IIT for oil – provide an excellent example of the dilemma this policy environment created. The dilemma is summed up nicely in the following question:

“Should Ecuador develop this major oil and gas field under firmer state control, or should it try to combat climate change and preserve biodiversity by keeping the oil underground, and find alternative ways of generating state revenues?[25]”

### 2. Corporatist Decision-Making and the Role of China

# Evaluating Ecuador's Decision to Abandon the Yasuni-ITT Initiative

Written by Ariana Keyman

The factors that tipped the ultimate decision to drill for oil lie in the influence of oil interest groups within the context of Correa's corporatist decision making, where these groups were able to act as 'insider groups' to relay their interests to the government. This model decision-making, purported by Roberts in her chapter "Environmental Policy Making in Government", is described as one where insider groups are in close cooperation with government, not just making policy but involved in its implementation. Policy is then mostly made behind closed doors, with groups bargaining with each other and with the government until a consensus is reached. Power is tightly concentrated in the model, and outsider groups are largely excluded from influence.[26] Interests represented in the preservation of the park, primarily in the form of environmental and indigenous civil society, were then considered 'outsider groups' and thus largely excluded from the decision-making process.

An inspection of the extremely controversial development process of the neighbouring Block 31, directly to the west of Block ITT, right before Correa's election reveals this as evident. The exploitation of the block by state-owned Brazilian oil company Petrobras was made possible by the highly contested presidential decree in 2004, which annulled the law exempting protected areas from oil development. This led to the launch of the 'Save the Yasuni' campaign by a coalition of concerned scientists, environmentalists and indigenous rights NGOs. Indigenous Huaorani people, who marched in Quito in July 2005 and organized various local and regional protests against the Brazilian oil company, demanded the company's expulsion from their territory, as well as a full ban on oil development in Yasuni. A range of organizations supported the Huaorani mobilization. However, despite mounting protests from civil society, Petrobras' environmental license was not fully revoked, and rather suspended on the grounds of irregularities – and the exploitation has been pursued since.[27]

In this context, looking at the question of Block ITT, we see that oil companies had been closely involved with the process surrounding Yasuni-ITT Initiative from the start, with clear incentives for its failure. Only a few days before the Initiative was proposed by the Ministry of Mines and Energy to the government in April of 2007, Correa had signed a memorandum of understanding with the President of Brazil regarding the participation of Petrobras in the development of ITT.[28] Furthermore, there had been widespread "rumors about pressures exercised by giant state oil companies (Petrobras from Brazil, Sinopec and CNPC from China, PDVSA from Venezuela, Lukoil from Russia, Elf from France, and others) anxious to be selected for this major project"[29] to develop Block ITT. Petro Ecuador had been developing the ITT project with backing from various governments before Correa came to power, and the initial design for its development goes back to Shell's intentions regarding the Block starting from the early 1990s.[30]

At the same time, the Ecuadorian government under Rafael Correa finds itself particularly sensitive to the interests for oil extraction. The reasons for this relate to the financial crisis that began in 2008, which has put pressure on Ecuador's international sources of finance. This tightening of credit has granted emerging market economies such as China the ability to tie their financial support to extractive industries in countries such as Ecuador. As such, in 2011, 11 percent of Ecuador's GDP was owed to Chinese development banks, totaling about USD \$7 billion.[31] Repayment for some of the loans is in the form of crude oil to China, including one report that identified an increase of 72 000 barrels per day.[32] Furthermore, according to government documents uncovered and publicized by the *Guardian*, the Ecuadorian government had been negotiating a secret \$1 billion deal with a Chinese bank to drill for oil under Block ITT the whole time while pursuing the high-profile 'scheme' to keep the oil under the ground.[33] The proposed deal traded drilling access in exchange for Chinese lending for Ecuadorian government projects. In the face of the revealed document, even past ambassadors of the Yasuni-ITT Initiative have made statements such as "This raises serious doubts about whether the government was truly committed to keeping ITT oil in the ground"[34], expressed by Atosaa Soltani from NGO Amazon Watch.

## Evaluating the Decision-Making Process: Degree of Democracy and Distributive Fairness

It is clear that the corporatist decision-making process that drove the Correa regime to abandon the Yasuni-ITT Initiative lacked democracy, especially with regard to representation of civil society, resulting in weak distributive fairness in outcomes. However, the need for financing coupled with the influential and long-standing presence of oil interests driving this lack of democratic representation only paints part of the picture. In order to fully evaluate the process in terms of its degree of democracy and associated outcomes' distributive fairness, it is important to

# Evaluating Ecuador's Decision to Abandon the Yasuni-ITT Initiative

Written by Ariana Keyman

elaborate on one other important aspect of Correa regime's presidency – namely, his aspirations to consolidate power in executive governing bodies, and primarily the presidency.

## *Degree of Democracy in the Decision Making Process: Yasuni-ITT Initiative as the State's Consolidation of Executive Power*

A major implication of Correa's presidency on the decision-making process regarding the Yasuni-ITT Initiative concerns his clear interest in increasing the consolidation of power in the hands of the executive decision-makers. According to some, a number of relatively drastic changes in government, promoting an emphasis on state-led development and reform, have led to increasing authoritarianism in Correa's presidency. A clear example of this is evident in constitutional reform, which has opened up space for the consolidation of power in the executive branch, and particularly in the presidency, as well as the possibility of two more terms of election.[35] The Correa regime has since not shied away from using its newly strengthened power to confront his political opponents, including members of the press and the media. His increasingly aggressive political tactics have also been directed at environmental and indigenous activists, who only recently had been his allies, in cases where they have opposed his policies. An important example of this was the highly controversial and short-lived attempt to shut down the influential environmental organization Accion Ecologica and the arrest of the indigenous leader Pepe Acacho.[36] He has also infamously described environmental and indigenous groups as "infantile" and the greatest threat to his political agenda.[37]

The Correa regime's contradictory behaviour in targeting environmentalists in the context of his seemingly proactive pursuit of environmentally progressive development strategies is revealing of the degree to which the expansion and consolidation of the state is central to his political agenda. Correa does not only want to see a transformed Ecuador, but he wants this transformation to be state-planned and state-executed, through capturing the space traditionally occupied by civil society. This is evident upon closer examination of the process leading up to launching the proposal of the Yasuni-ITT Initiative.

Although the Yasuni-ITT proposal is closely associated with Correa personally, the intellectual roots of the idea actually predate the regime and emerged from outside of the government.[38] However, many of the leading names behind the idea have subsequently joined the government, and continued to work on the proposal not as members of civil society, but as a part of Correa's political project. A main example is Alberto Acosta, an influential figure with a background in business and academia, credited with creating much of the groundwork for the formation of the idea, who was appointed Minister of Energy and Mines in 2007. Another example is Maria Fernanda Espinoza, who was the regional director of the International Union for the Conservation of Nature (IUCN) before moving into state to serve as the Minister of Coordination of Heritage. These examples constitute the most prominent of a series of appointments that brought individuals coming from civil society to work for the state.[39]

In the face of this, Eduardo Pichilingue, a leading figure within the Ministry of Environment, who himself was also recruited from nongovernmental work, has stated that "civil society weakened to a great extent due to a shift of several civil society figures to positions within the state's machinery." Consequently, he argues that the agenda of civil society, especially with respect to environmental and human rights, "were cosigned to oblivion".[40] Indeed, throughout the development of the Yasuni-ITT Initiative up until its unveiling, and later signing with the UNDP, civil society members, and particularly indigenous organizations, have been kept largely outside of the process.[41] The proposal was ultimately primarily discussed between the Ecuadorian state and international actors at the institutional level; thus, a large range of stakeholders was excluded from the decision-making process. Therefore, what had started as a long-standing indigenous and environmentalist resistance to oil exploitation in the Amazon had effectively been appropriated by state machinery to become first and foremost a "state strategy".[42]

In the context of governmental environmental decision-making, the power to influence decision-making is closely related to the ability to make effective representation to policy makers.[43] With its recruitment of many important civil society members in the process to formulate the Yasuni-ITT Initiative, the Correa government effectively captured the interests conventionally held and advocated for by civil society organizations and networks and appropriated them in to the state machinery. In doing so, it reduced the multiplicity of stakeholders representing different interests

# Evaluating Ecuador's Decision to Abandon the Yasuni-ITT Initiative

Written by Ariana Keyman

in the decision-making process on the Yasuni-ITT Initiative, inhibiting the degree of democracy involved in the process. This translated in to little democracy associated with the ultimate decision to abandon the Initiative as well.

This appropriation of an environmentalist agenda by the state, resulting in an effective “change of ownership”[44] of the issues, while serving to silence and exclude environmentalists, has had a particularly disproportionate affect on the representation of the interests of indigenous communities. The Yasuni-ITT Initiative has been portrayed by the state as a key policy demonstrating its concern for indigenous livelihoods and well-being. However, implicit in this concern driving the state’s policy-making for, or in the name of, indigenous people, is a paternalism that necessarily dismisses the real voices of indigenous groups in decision-making. According to indigenous activist Manuela Ima, who is chairwoman of the Association of the Waorani Women of Ecuadorian Amazon, state policies concerning the indigenous have never been anything more than a clear case of trespassing, the government stepping in to an area that belongs first and foremost to indigenous people.[45]

The primary implication of this paternalistic concern for the indigenous, similar to that of the state concern for the environment, has rather been in the proliferation of bureaucratic processes to incorporate these concerns in to the state system.[46] In doing so, the state has both left little room for participation from civil society in these matters, but also granted itself the right to executive decision-making in what it deems the best interest of relevant stakeholder. The real reasons driving the ‘concern’ for indigenous populations, namely, the consolidation of state power and the consequent insincerity of this concern, are then evident in the ultimate decision made. Indigenous civil society was not only granted no say in the ultimate decision to exploit Block ITT, despite its extremely disproportionate consequences on their well being, but activists defending their territories have since been criminalized on a number of occasions as well.[47]

## *Evaluating the Outcome of the Decision: Distributive Fairness*

The undemocratically made decision to abandon the Yasuni-ITT Initiative will benefit the state by opening up a direct source of revenue-generation to continue financing public spending. Thus, it will indirectly benefit those who are affected by this public spending as well. It will also obviously benefit oil companies and states, primarily China and Brazil, which operate the relevant oil companies. However, Yasuni’s significance as a mega-biodiverse area, coupled with the Yasuni-ITT Initiative’s symbolic significance as an attempt to promote a new paradigm of environment-centered development, means that the decision to abandon the Initiative will have far-reaching implications for a wide variety of other stakeholders who were excluded from the decision-making process as well.

First, given that the project will require the perforation of 133 wells, the building of several hundred kilometers and roads, as well as a major electric plant, opening the ITT Block for drilling will no doubt “put an end to the integrity of the Yasuni National Park”[48]. As such, there are a large number of ecological and societal implications that the environmental damage will cause itself, such as loss of biodiversity, increased greenhouse gas emissions from deforestation and combustion of the extracted oil for energy, and pollution. It is also anticipated that the project will lead to large swaths of people entering the area in search of land and work, as has been done everywhere else in Ecuador where oil has been exploited, which will exacerbate preexisting environmental damage associated with the project.[49] However, the decision will also deeply hurt the environmentalist cause – both locally and internationally. This will primarily affect local and international environmentalist civil society, as well as the general public and scientists concerned with the health of the Amazon.

Nevertheless, there is no doubt that the most severely affected, and who were at the same time the most excluded from the decision-making process, will be the indigenous people who’s territories the project will impact. The group that will be specifically impacted is the Waorani, a semi-nomadic group of hunter-gatherers, who have lived in the Yasuni National Park for centuries. Already, the only remaining parts of the Waorani are the Tagaeri and the Taromenane tribes as a result of the destruction of Waorani lands associated with nearly a century of oil exploration. Given the unique significance of land and environment in ethnic and cultural identity for indigenous groups, in the case of a threat to their land and its integrity, what is often on the line is nothing less than the very existence of their individual and group identity. Therefore, oil drilling, which has had severe environmentally destructive consequences in the past, and will no doubt have destructive consequences in the case of drilling for Block ITT as well, has stark

# Evaluating Ecuador's Decision to Abandon the Yasuni-ITT Initiative

Written by Ariana Keyman

existential implications for the Waorani people. As such, the consequences of the decision in the context of distributional fairness will inevitably be extremely skewed, through attaching value to short-term gains of the decision for some stakeholders as enough to justify risking the very existence of other affected groups.

## Concluding Remarks: An Effective Decision for the Correa Government?

The lack of democracy associated with the decision-making process to drill Block ITT, resulting in the dire lack of distributive fairness associated with the decision, has fuelled a high degree of currently ongoing civil discontent in Ecuador. According to the Yasuni-ITT Trust Fund, 78% of Ecuadorians were against the drilling of the park at the time the Initiative was scrapped in 2013. As such, the decision to drill has been faced with widespread opposition and a large degree of organized and aggressive resistance, which President Correa had not anticipated.[50] This resistance first manifested in large organized protests in cities across the country, immediately after the announcement of the decision. The government's response to the protests was to use extraordinary police force to block streets on which protestors were marching, firing rubber bullets and beating peaceful protestors.[51]

Ever since, environmental groups and conservationists have continued to fight to protect Block ITT from drilling. One of the main ways this has been done is through a referendum launched by the anti-exploitation group YASunidos, which brings together environmentalists and indigenous groups, asking the question "Do you agree that the government of Ecuador should leave the crude of ITT, known as Block 43, below ground indefinitely?"[52] According to Ecuadorian law, a national referendum on a given subject can take place if a campaign can canvass signatures in favour from 5% of the electorate, which currently represents about 600,000 people in Ecuador. The organizers were given until early April 2014 to collect necessary signatures, and the campaign was finalized with 850,000 signatures. However, in May 2014, electoral authorities validated only about 360,000 of them, stating that some were repeated or were incomplete. In response, YASunidos has claimed that the council is biased, citing fraud, and the movement has since vowed to take the issue to the Inter-American Commission on Human Rights.[53] Further, it would seem that the controversy surrounding the decision has actually been fuelling a more general mobilization by civil society to denounce the increasing criminalization of social protest, and to demand open political debates and protection of the right to dissent. In this sense, some analysts have interpreted the decision as having triggered the manifestation of an underlying, larger, and more fundamental growing resistance to Correa's presidency.[54]

The unrest associated with the decision, manifested in the mentioned series of events, has since required considerable crisis-management efforts by the government, evident in a number of actions the government has taken in the form of passing laws and changing government to quell opposition, as well as to control media since. And if the question of the referendum is indeed taken to the Inter-American Commission on Human Rights, the ensuing legal work will be an arduous process and costly for the government to manage, while revealing the Correa government's increasing authoritarianism open to scrutiny from the international community. Moreover, in the case that the request for a referendum is found legitimate, analysts predict that it is likely to pass given that a large number of Ecuadoreans remain in favour of the Yasuni-ITT Initiative, risking the possibility for oil-extraction from Block ITT completely.[55] All of this brings in to question the effectiveness of the decision by the government to abandon the Initiative. The shortcomings of the decision-making process, in the process' lack of democracy and the resulting highly unjust consequences, could very likely backfire on the Correa government's ability to achieve its desired results of income-generation and positive relations with international financing bodies.

While the fate of Block ITT remains to be seen, the decision-making processes surrounding the launching and abandonment of the Yasuni-ITT Initiative form an illuminating case study concerning the factors driving governmental environmental decision-making in the context of fast-growing transitional economies. The trade-offs associated with conserving valuable biodiversity in face of the need to generate income to finance economic development, are not unique to Ecuador. Governments of emerging economies in many regions of the industrializing world are facing similar, difficult decisions, especially given enhanced ability for citizens' mobilization through the advent of information and communication technology on the one hand, and rising concerns of climate change and global environmental degradation on the other. As such, as the ultimate outcome of the Yasuni-ITT Initiative decision-making process is yet to be determined, so is the evolution of the dynamics driving sustainable and just environmental decision making in different parts of the world.



# Evaluating Ecuador's Decision to Abandon the Yasuni-ITT Initiative

Written by Ariana Keyman

## References

- Arsel, Murat and Natalia Avila Angel. "Stating Nature's Role in Ecuadorian Development: Civil Society and the Yasuni-ITT Initiative." *Journal of Developing Societies* 28, 2 (2012): 203-227.
- Blair, David. "Ecuador's Novel Plan to Save Rainforest." *Financial Times*. January 3 2011. <http://cachef.ft.com/cms/s/0/7493ad72-1766-11e0-badd-00144feabdc0.html#ixzz1Gj5ZSwNd>.
- "Ecuador Rejects Vote on Amazon Oil Drilling in Yasuni Park." *BBC News*. 6 May 2014, <http://www.bbc.com/news/world-latin-america-27303717>.
- "Ecuador: Yasuni Campaign Remains Under Threat Despite Progress." *Eye on Latin America*. March 21 2014. <https://eyeonlatinamerica.wordpress.com/2014/03/21/yasuni-threat-despite-progress/>.
- "Ecuador Yasuni-ITT Trust Fund: Terms of reference." *United Nations Development Program*. Accessed at: <http://mdtf.undp.org/document/download/4492>.
- "Ecuadorian Indians Protest Petrobras Oil Development." *Amazon Watch*. July 12 2005. <http://amazonwatch.org/news/2005/0712-ecuador-indians-protest-petrobras-oil-development>.
- Fraza, Katerine. "La 'revolución' trae 'boom' económico de China en el país." 3 June 2012. *El Universo*. <http://www.eluniverso.com/2012/06/03/1/1356/revolucion-trae-boom-economico-china-pais.html>.
- Hill, David. "Ecuador Pursued China Oil Deal while Pledging to Protect Yasuni, papers show." *The Guardian*. 19 February 2014. <http://www.theguardian.com/environment/2014/feb/19/ecuador-oil-china-yasuni>.
- Hill, David. "Why Ecuador's President is Misleading the World on Yasuni-ITT." *The Guardian*. 15 October 2013. <http://www.theguardian.com/environment/andes-to-the-amazon/2013/oct/15/ecuador-president-misleading-yasuni>.
- Larrea, Carlos. "Yasuni-ITT Initiative: A Big Idea from a Small Country." *United Nations Development Program*, accessed at: [mdtf.undp.org/document/download/4545](http://mdtf.undp.org/document/download/4545).
- Martin, Pamela L. "Ecuador's Yasuni-ITT Initiative: Why did it Fail?." *International Development Policy*. 2014, <http://poldev.revues.org/1705>.
- Picq, Manuela. "Ecuador: Chronicle of a Death Foretold." *Al-Jazeera*. 10 September 2013. <http://www.aljazeera.com/indepth/opinion/2013/09/20139685837115845.html>.
- Rival, Laura. "The Yasuni-ITT Initiative: Oil Development and Alternative Forms of Wealth Making in the Ecuadorian Amazon." *QEH Working Paper Series*. December 2009. Accessed at: [http://www.qeh.ox.ac.uk/publications/wps/wpdetail?jor\\_id=338](http://www.qeh.ox.ac.uk/publications/wps/wpdetail?jor_id=338).
- Roberts, Jane. "Chapter 6: Environmental Policy Making in Government" in *Environmental Policy*, 2<sup>nd</sup> Edition (London: Routledge, 2011):145-174.
- Vaughan, Adam. "Ecuador Signs Permits for Oil Drilling in Amazon's Yasuni National Park." *The Guardian*. 23 May 2014. <http://www.theguardian.com/environment/2014/may/23/ecuador-amazon-yasuni-national-park-oil-drill>.
- Vidal, John. "Race to Save Ecuador's Yasuni National Park from Oil Lobby." *The Guardian*. 23 August 2013. <http://www.theguardian.com/environment/2013/aug/23/ecuador-yasuni-national-park>.
- Walsh, Katherine. "Development as *Buen Vivir*: Institutional Arrangements and

# Evaluating Ecuador's Decision to Abandon the Yasuni-ITT Initiative

Written by Ariana Keyman

(De)colonial Entanglements." *Development* 53, 1 (2010): 15-21.

Watts, Jonathan. "Ecuador Approves Yasuni National Park Oil Drilling in Amazon Rainforest." *The Guardian*. 16 August 2013. <http://www.theguardian.com/world/2013/aug/16/ecuador-approves-yasuni-amazon-oil-drilling>.

[1] Carlos Larrea, "Yasuni-ITT Initiative: A Big Idea from a Small Country," *United Nations Development Program*, 2009, accessed at: [mdtf.undp.org/document/download/4545](http://mdtf.undp.org/document/download/4545).

[2] Murat Arsel and Natalia Avila Angel, "'Stating' Nature's Role in Ecuadorian Development: Civil Society and the Yasuni-ITT Initiative", *Journal of Developing Societies* 28, 2 (2012): 213.

[3] David Blair, "Ecuador's Novel Plan to Save Rainforest," *Financial Times*, January 3 2011, <http://cachef.ft.com/cms/s/0/7493ad72-1766-11e0-badd-00144feabdc0.html#ixzz1Gj5ZSwNd>.

[4] Jonathan Watts, "Ecuador Approves Yasuni National Park Oil Drilling in Amazon Rainforest," 16 August 2013, <http://www.theguardian.com/world/2013/aug/16/ecuador-approves-yasuni-amazon-oil-drilling>.

[5] Adam Vaughan, "Ecuador Signs Permits for Oil Drilling in Amazon's Yasuni National Park," *The Guardian*. 23 May 2014, <http://www.theguardian.com/environment/2014/may/23/ecuador-amazon-yasuni-national-park-oil-drill>.

[6] "Ecuador Yasuni-ITT Trust Fund: Terms of reference", *United Nations Development Program*, 2010, Accessed at: <http://mdtf.undp.org/document/download/4492>.

[7] Arsel, 207.

[8] Ibid.

[9] Katherine Walsh, "Development as *Buen Vivir*: Institutional Arrangements and (De)colonial Entanglements", *Development* 53, 1 (2010): 18.

[10] Arsel, 209.

[11] This is primarily due to the substantial downgrading of Ecuador's credit rating throughout Correa's presidency, which is a consequence of the president ordering the ceasing of interest payments on debts accrued under, what he termed, Ecuador's previous 'immoral and illegitimate' administrations, as well as negotiating the buyback of some of Ecuador's debt early in his presidency.

[12] Laura Rival, "The Yasuni-ITT Initiative: Oil Development and Alternative Forms of Wealth Making in the Ecuadorian Amazon," *QEH Working Paper Series*, December 2009, accessed at: [http://www.qeh.ox.ac.uk/publications/wps/wpdetail?jor\\_id=338](http://www.qeh.ox.ac.uk/publications/wps/wpdetail?jor_id=338), p. 7.

[13] Ibid, 4.

[14] David Hill, "Why Ecuador's President is Misleading the World on Yasuni-ITT," *The Guardian*, 15 October 2013, <http://www.theguardian.com/environment/andes-to-the-amazon/2013/oct/15/ecuador-president-misleading-yasuni>.

[15] Ibid.

[16] Pamela L. Martin, "Ecuador's Yasuni-ITT Initiative: Why did it Fail?," *International Development Policy*, 2014, <http://poldev.revues.org/1705>.

[17] Ibid.

# Evaluating Ecuador's Decision to Abandon the Yasuni-Itt Initiative

Written by Ariana Keyman

[18] Hill, "Why Ecuador's President is Misleading the World on Yasuni-ITT".

[19] Ibid.

[20] Rival, 3.

[21] Ibid, 3.

[22] Ibid, 4.

[23] Ibid.

[24] Ibid.

[25] Ibid.

[26] Jane Roberts. "Chapter 6: Environmental Policy Making in Government" in *Environmental Policy*, 2<sup>nd</sup> Edition (London: Routledge, 2011): 154.

[27] "Ecuadorian Indians Protest Petrobras Oil Development," *Amazon Watch*, July 12 2005, <http://amazonwatch.org/news/2005/0712-ecuador-indians-protest-petrobras-oil-development>.

[28] Rival, 3.

[29] Ibid, 6.

[30] Ibid, 5.

[31] Martin.

[32] Katerine Frazo, "La 'revolución' trae 'boom' económico de China en el país," 3 June 2012, *El Universo*, <http://www.eluniverso.com/2012/06/03/1/1356/revolucion-trae-boom-economico-china-pais.html>.

[33] David Hill, "Ecuador Pursued China Oil Deal while Pledging to Protect Yasuni, papers show," *The Guardian*, 19 February 2014, <http://www.theguardian.com/environment/2014/feb/19/ecuador-oil-china-yasuni>.

[34] Ibid.

[35] Arsel, 208.

[36] Ibid, 205.

[37] Ibid, 206.

[38] Ibid, 214.

[39] Ibid, 215.

[40] Ibid, 216.

[41] Ibid, 217.

[42] Ibid, 218.

## Evaluating Ecuador's Decision to Abandon the Yasuni-Itt Initiative

Written by Ariana Keyman

[43] Roberts, 150.

[44] Arsel, 218.

[45] Ibid.

[46] Ibid.

[47] Manuela Picq, "Ecuador: Chronicle of a Death Foretold," *Al-Jazeera*, 10 September 2013, <http://www.aljazeera.com/indepth/opinion/2013/09/20139685837115845.html>.

[48] Rival, 6.

[49] John Vidal, "Race to Save Ecuador's Yasuni National Park from Oil Lobby," *The Guardian*, 23 August 2013, <http://www.theguardian.com/environment/2013/aug/23/ecuador-yasuni-national-park>.

[50] Picq.

[51] Ibid.

[52] "Ecuador: Yasuni Campaign Remains Under Threat Despite Progress." *Eye on Latin America*, March 21 2014, <https://eyeonlatinamerica.wordpress.com/2014/03/21/yasuni-threat-despite-progress/>.

[53] "Ecuador Rejects Vote on Amazon Oil Drilling in Yasuni Park," *BBC News*, 6 May 2014, <http://www.bbc.com/news/world-latin-america-27303717>.

[54] Picq.

[55] Vidal.

—  
*Written by: Ariana Keyman*  
*Written at: University of Toronto*  
*Written for: Douglas Macdonald & Becky Raboy*  
*Date written: December 2014*