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## Ecuador's Yasuní-ITT Initiative : Why did it fail ?

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# POLICY DEBATE

## ECUADOR'S YASUNÍ-ITT INITIATIVE: WHY DID IT FAIL?

### EDITOR'S NOTE

This paper is a contribution to the 'Policy Debate' section of *International Development Policy*. In this section, academics, policy-makers and practitioners engage in a dialogue on global development challenges. Papers are copy-edited but not peer-reviewed. Instead, the initial thematic contribution is followed by critical comments and reactions from scholars and/or policy-makers.

In her article 'Pay to Preserve: The Global Politics of Ecuador's Yasuní-ITT Proposal', published in DevPol's special issue on *Energy and Development* in 2011, Pamela L. Martin, Associate Professor of Politics at the Coastal Carolina University in Conway, South Carolina, provided a favourable outlook on Ecuador's innovative environmental governance mechanism. Accordingly, its unique potential lay in its objective of contributing towards sustainable development and social justice and in case of success, the author even predicted a possible replication in other developing countries. Despite its benefits, the initiative was abandoned in 2013. In this paper, Martin revisits the initiative and analyses the reasons for its failure, namely President Correa's public pursuit of a Plan B, entering into negotiations with oil firms interested to explore the ITT reserves. Moreover, the initiative was in stark competition with the national REDD+ programme, the mainstream policy approach to reduce emissions from deforestation and forest degradation against payments, which is being negotiated under the United Nations Framework Convention on Climate Change (UNFCCC).

Pamela L. Martin's article is followed by a response by Dr. Imme Scholz, Deputy Director of the German Development Institute/Deutsches Institut für Entwicklungspolitik (DIE). She examines why Germany, as the largest European donor, withdrew its support for the Yasuní-ITT Initiative. Readers who are interested are invited to contribute to this policy debate on our blog <<http://devpol.hypotheses.org/457>>.

## Ecuador's Yasuní-ITT Initiative: Why did it fail?

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One of the world's most innovative global environmental governance mechanisms was closed on August 15, 2013 when President Rafael Correa announced that he was ending the Yasuní-ITT Initiative (ITT stands for Ishpingo Tambococha Tiputini) to leave nearly 900 million barrels of oil underground in an effort of co-responsibility with the world to combat climate change. While the press and policy leaders have railed against the president for not completing this pioneering plan, a subtle and more important point has escaped us: the very foundations of this plan, *sumak kawsay* / *buen vivir* (the *good life*), and Ecuador's constitutional rights of nature, are threatened. The world may have missed an opportunity to move toward a more sustainable outlook for its future.

Additionally, the only global path that kept carbon in the ground and made it an international policy has been blocked. What we are left with are global financing mechanisms that encourage, or at least do not discourage, extraction and start at the end of the pipe, not leaving the fossil fuels in the ground. Looking at the statistics, scientists are predicting that the world will surpass its 565 gigatons of carbon limit so as not to exceed our 2 degree celsius goal in a mere 16 years. Carbon emissions have been growing at 3% per year globally, and over 9% last year for China, the worlds' largest carbon emitter with the US in second place, racking up 40% of all carbon emissions<sup>1</sup>. Clearly, the current global politics – Kyoto Protocol and emissions trading schemes – are not doing enough to combat our climate crisis.

The Yasuní-ITT Initiative recognizes the impossibility of lowering carbon emissions without creating a post-petroleum future for our planet, and while the initiative is grounded in indigenous concepts of living in harmony with nature (*sumak kawsay* in Quichua, one of their indigenous languages) and creating a community dialogue about sustainability, it also extends beyond the national Ecuadorian border to create a policy of common, but differentiated, responsibilities for taking care of the planet through a multilateral trust fund within the United Nations.

This trust fund is important because it protects the Amazonian Yasuní National Park, a UNESCO Man and Biosphere Reserve, denoted by scientists as one of the most biodiverse places on the planet, and emphasizes the rights of two (and possibly more) indigenous groups that live in voluntary isolation – the Taromenane and the Tagaeri<sup>2</sup>. Previous disasters of oil spills in the Northern Ecuadorian Amazon and more recently in July 2013 have demonstrated the dangers not only to biological diversity, but to human populations and their existence<sup>3</sup>. Thus, the very essence of this global plan recognized the

<sup>1</sup> McKibben, Bill, <http://www.rollingstone.com/politics/news/global-warmings-terrifying-new-math-20120719?page=2> (Accessed 9 September 2013).

<sup>2</sup> Bass, Margot S., Matt Finer, Clinton N. Jenkins, Holger Kreft, Diego F. Cisneros-Heredia, et al. 2010. Global Conservation Significance of Ecuador's Yasuní National Park. *PLoS ONE* 5 (1): e8767. doi:10.1371/journal.pone.0008767; Hernandez, Jose, "Yasuní: No Estropear Mas la Zona," *El Diario Hoy*, 9 September 2013, <http://www.hoy.com.ec/noticias-ecuador/yasuni-no-estropear-mas-la-zona-590366.html>, (Accessed 9 September 2013).

<sup>3</sup> Langewiesche, William. "Jungle Law." *Vanity Fair*. May 4, 2007 <http://www.vanityfair.com/politics/features/2007/05/texaco200705> (Accessed 7 January 2014).; Solano, Gonzalo, "Ecuador Oil Spill Pollutes Amazon Tributary," *Huffington Post*, June 4, 2013, [http://www.huffingtonpost.com/2013/06/05/ecuador-oil-spill\\_n\\_3390138.html](http://www.huffingtonpost.com/2013/06/05/ecuador-oil-spill_n_3390138.html) (Accessed 9 September 2013).

rights of nature to exist (according to the Ecuadorian Constitution) and the rights of humans to live within a healthy environment. It moved the global conversation of sustainability out of the theoretical doldrums of international conferences to address the reality of indigenous peoples and their communities that are increasingly threatened by the global race to drill for fossil fuels in ever more remote and pristine areas, i.e., the arctic and other tropical regions. It also provided funding – USD 350 million per year for 10 years, half of what was expected to be earned from petroleum – to be invested in moving Ecuador's energy matrix away from petroleum. This was a plan that could have provided a route for other biologically diverse countries from the South, including neighboring Peru. Despite President Correa's call to rescind the initiative, Ecuadorians are organizing to continue it and are calling for a national referendum to save Yasuní and its peoples.

### New Pathways

Yet the innovative structure and normative underpinnings for this proposal also present opportunities for lessons learned for creating global mechanisms to keep oil in the ground and represent the challenges that such policies face. Leaving oil underground as a national policy was considered utopian in a country that depends on oil extraction for over 35% of its national budget. But this initiative changes the global systemic dynamic of “top-down, elite-driven global management,” “end of pipe” solutions, and adaption and mitigation (greenhouse gas emissions), on the one hand, toward a transformative norm of no emissions, on the other<sup>4</sup>.

The impetus for this initiative lies not only in its emission-saving graces, but also in the normative underpinnings of a plan that deliberately challenges conventional notions of development while proposing alternative visions of sustainable development based on the indigenous concept of *sumak kawsay* (*buen vivir* in Spanish and *the good life* in English). *Sumak kawsay* calls for humans to live responsibility within nature and with nature for the present state of the planet and for future generations, and Ecuadorian leaders also recognize the inevitable decline in petroleum production and the increasingly dangerous impacts of fossil fuel emissions on the planet. But establishing new development pathways beyond fossil fuel-based economies and societies is not without conflict and negotiation.

### Lessons and Concessions

From the very beginning of the plan and following its announcement in 2007, President Correa reminded the world that he had a backup plan, a Plan B – to drill for oil if contributions were not received. Not only was Plan B an officially recognized alternative policy, but it was being pursued at the same time they were collecting contributions to keep the oil in the ground. While the Ministry of Foreign Affairs and President Correa called for an “ecological revolution,” Plan B (drilling in the ITT block) proceeded on, weakening international buy-in and lowering potential contributions.

<sup>4</sup> Princen Thomas, Jack P. Manno, and Pamela L. Martin, *Ending the Fossil Fuel Era and Keeping Them in the Ground*, MIT Press, forthcoming.

In late-October 2009, according to *El Universo* newspaper, President Rafael Correa met with his then-Russian counterpart, Dimitri Medvedev, during which time both countries signed an agreement of cooperation to allow Russian companies, Oao Zarubezhneft and Oao Transgaz, along with Petroecuador “to explore and exploit Block 31,” the adjoining block to ITT, also within Yasuní National Park and the Waorani Ethnic Reserve<sup>5</sup>. Some members of society were so outraged that they demanded an expansion of the initiative to bordering Block 31 and the Southern Amazon, which was open for bidding in early 2013 for 13 new oil blocks – a turn away from keeping oil in the ground and a nod to more fossil fuel funding from China<sup>6</sup>.

In March 2010, President Correa announced the process of applying for licenses for drilling in the ITT block, which raised another red flag regarding his commitment to the Yasuní-ITT proposal and hurt the national and international campaign for its funding. Moreover, China’s oil block 14 (Petro Oriente in Ecuador) expanded to border the ITT block. Secretary of State for the Yasuní-ITT Initiative, Ivonne Baki, sought funding from Iran for the initiative, a country with which Ecuador shared a spot on the list of countries that the Financial Action Task Force (FATF) designated as having deficiencies in its financial regulations regarding money laundering<sup>7</sup>. The policy disjuncture between the Administrative Committee for the Initiative and the president, and presumably the Ministry of Non-Renewable Resources, outlines the complications involved in moving toward a post petroleum society and state, while still functioning within the current, fossil fuel-driven economy and system.

Put in a global perspective, the financial crisis that began in 2008 has put pressure on Ecuador’s international sources of finance. This tightening of credit has in turn put emerging market economies, like China, in the position of being able to tie their financial support and loans to extractive industries in places as diverse as Sudan, South Sudan, Russia and Ecuador. While such financial strings threaten the Yasuní-ITT, they also strengthen the Ministry of Non-Renewable Resources in Ecuador and its equivalent in other developing world countries, as new sources of funding for energy enter the government coffers. In 2011, 11 percent of Ecuador’s GDP was owed to Chinese development banks, totaling about USD 7 billion. 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<sup>8</sup>. China is also one of the primary investors along with Venezuela in a USD 13 million oil refinery on Ecuador’s coast, which expects to be refining 300,000 barrels per day by 2015<sup>9</sup>. These global pressures

5 *El Universo*, “Correa firmó ayer amplio pacto económico con Rusia,” October 30, 2009, Available at <http://www.eluniverso.com/2009/10/30/1/1355/correa-firmo-ayer-amplio-pacto-economico-rusia.html>, (Accessed on February 9, 2011).

6 Interview November 2009 with various NGOs in Washington, DC after a visit with CAD officials; “Ecuador Inicia Licitaciones Petroleras en Pekin,” *El Comercio*, 25 March 2013 [http://www.elcomercio.com/negocios/Ecuador-inicia-licitaciones-petroleras-Pekin-petroleo-campos-amazonia\\_0\\_889111210.html](http://www.elcomercio.com/negocios/Ecuador-inicia-licitaciones-petroleras-Pekin-petroleo-campos-amazonia_0_889111210.html), (Accessed 9 September 2013).

7 Financial Action Task Force, July 12, 2012, <http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/fatfpublicstatement-22june2012.html>, (Accessed 9 September 2013).

8 Erazo, 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>, (Accessed 9 September 2013).

9 “Ecuador Minister: Met With China’s ICBC On Strategic Projects,” *The Wall Street Journal*, 20 July 2012: <http://online.wsj.com/article/BT-CO-20120720-700049.html> (Accessed 9 September 2013).

for fossil fuel energy and ease of funds to governments create challenges to efforts such as the Yasuní-ITT Initiative to leave crude oil under the ground.

### Mitigating Global Challenges

Compared to funding an initiative like Yasuní-ITT to leave oil underground, funding adaptation and mitigation initiatives is almost easy. The UNFCCC COP 16 talks in Cancun concluded with a promise of USD 100 billion of joint funding per year by 2020 for mitigation and adaptation purposes through a Green Climate Fund with the World Bank as its trustee<sup>10</sup>. Having rejected World Bank financing for other projects, Ecuador might have jeopardized funding for the Yasuní-ITT Trust Fund. In addition to the Green Climate Fund, the World Bank, with other multilateral banks, has established the Clean Technology Fund, a USD 40 million fund that supports technology and programming for lower carbon emissions. There is also the South-South Trust Fund through the World Bank in which developing countries share technology and ideas on sustainable development initiatives from the South. Finally, World Bank Climate Investment Funds have totaled over USD 6.14 billion in donations from the industrialized world to support climate programs in the developing world, most specifically in the area of pilot projects for mitigation and adaptation, for offsets and trades, none of which actually prevents fossil fuels from coming out of the ground<sup>11</sup>. The Yasuní-ITT Initiative thus challenges the global status quo institutions to go beyond end-of-pipe solutions.

The financing of United Nations Programme for Reducing Emissions from Deforestation and Forest Degradation (UN REDD and REDD+) is another policy that directly impacts on the Yasuní-ITT Trust Fund and its ultimate success. REDD+ is a leading competitor for funds at the global level. Rather than combating climate change directly from the source – fossil fuels – it attempts to mitigate carbon emissions through forest protection and absorption of carbon. The UN Environment Programme, and the Food and Agriculture Organization also manage funding for REDD+ through a Multi-Partner Development Fund through the UNDP. While preserving the world's forests is a key part of moving toward reduced atmospheric carbon, UN REDD+ does not confront the issue of subsoil rights, which are generally owned by the governments in the developing world; national sovereignty trumps UN REDD authority regarding land rights. Additionally, indigenous communities in Ecuador and around the globe have argued that participating in the program in some countries can threaten their land rights. Thus, UNREDD may protect the forests, but not the soil below them, leaving room for owners to be paid for forest protection and for oil extraction below it. The Yasuní-ITT Initiative directly confronts leaving oil unemitted and in the ground.

The challenge for the Yasuní-ITT Initiative, and for others who may want to replicate it, is to convince leading industrialized nations to go beyond above-

<sup>10</sup> Draft decision -/CP.16 Outcome of the work of the Ad Hoc Working Group on long-term Cooperative Action under the Convention, 2010, Available at [http://unfccc.int/files/meetings/cop\\_16/application/pdf/cop16\\_lca.pdf](http://unfccc.int/files/meetings/cop_16/application/pdf/cop16_lca.pdf) (Accessed on 10 February 2011).

<sup>11</sup> World Bank Climate Investment Funds, Available at <http://www.climateinvestmentfunds.org/cif/>, (Accessed on 10 February 2011).

ground measures, whether protecting forests or erecting windmills, and fund leaving fossil fuels in the ground. UN REDD+ provides an easy alternative for industrialized nations to claim to act on climate change initiatives without having to reduce fossil fuel production and consumption – hoping that the remaining forests on the planet in the developing world will help offset emissions from the global polluters. Germany was one of the initiative’s initial supporters and had promised Yasuní ITT Trust Fund support, yet it backed out of its commitment in the fall of 2010, in favor of placing its funding in REDD+ programs in Ecuador, called *Socio Bosque*, which only protect the land *above* the ground, thus leaving open the possibility of oil extraction. Recognizing the above-below ground gap, the German parliament unanimously supported the Yasuní-ITT proposal in 2009 and has given 300,000 euros toward researching the trust fund and its global governance mechanisms<sup>12</sup>. Why such a sudden change of course?

While one answer to the problem of financing could be President Correa’s suggestion to license oil blocks (or renegotiate oil contracts), another answer could be at the global level. Many European donor countries have diverted their deforestation and climate funds either directly or indirectly to REDD and REDD+ funding in an effort to consolidate their deforestation initiatives. Norway, Denmark, and Spain are currently giving the majority of funds to the multi-donor trust fund. However, Germany has also stated its support of REDD+ activities through the German International Cooperation Fund (GIZ, in German *Deutsche Gesellschaft für Internationale Zusammenarbeit*)<sup>13</sup>. Other European countries, including France and Italy, that have vocalized support for Yasuní-ITT are also donating funds to REDD activities. US AID contributes USD 5.7 million to REDD+ activities in Ecuador. The Long-Term Cooperation Action (LCA) Ad Hoc Working Group proposals focused on new mechanisms beyond Kyoto may have the unintended effect of creating competition between new initiatives like REDD+ and Yasuní-ITT. The real solution is to protect the forests above *and below* the soil.

The danger of failure of the Yasuní-ITT Trust Fund is not just one of empty coffers, but a lost opportunity to institutionalize the norms around which the initiative was built. This includes a national dialogue and policy of achieving its goals of operating in “harmony with nature,” moving toward the “good life”, protecting indigenous peoples – contacted and uncontacted, – and transitioning to a post-petroleum economy, all with constitutionally protected rights to nature. Unlike REDD programs that attempt to protect forests (and, then, only above ground), the Yasuní-ITT Initiative represents a much more ambitious national effort, one of transforming key social norms including those surrounding subsoil rights<sup>14</sup>. In Ecuador, the constitution does grant sub-soil rights to the state. Thus, a change in policy course and funding toward REDD+ activities would not guarantee avoided emissions from natural resource extraction (in this case, petroleum) let alone the associated conse-

<sup>12</sup> Decreto Ejecutivo 1572, 2; budget information per Interview with Natalia Greene Quito, Ecuador. February 12, 2009.

<sup>13</sup> Multi-Partner Trust Fund UN REDD Programme, <http://mptf.undp.org/factsheet/fund/CCF00>.

<sup>14</sup> K. Lawlor, E. Weinthal, and L. Olander, *Institutions and Policies to Protect Rural Livelihoods in REDD+ Regimes*, Global Environmental Politics, vol. 10 no. 4 (2010), pp. 1-11.

quences to forest ecosystems and their peoples. The loss of such an initiative is also in its applicability to other mega-diverse countries of the developing world and the protection of rights to their peoples and forests.

Rather than blaming the world for having “failed” to meet President Correa’s contribution levels and timeline, a better perspective may be to view the institutional inconsistencies of the Yasuní-ITT proposal from its inception and the global dynamics that challenge its revolutionary appeal. Ecuadorians largely support the initiative, reflected in polls that suggest nearly 80% wish to leave oil underground,<sup>15</sup> and global voices are supporting the initiative as well. In July 2012, one group marched from the Amazonian city of Coca (near Yasuní National Park) to Quito in support of leaving oil underground in the ITT block. The march took place on the 25<sup>th</sup> anniversary of the spearing of Alejandro Labaka and Ines Arango, missionaries who tried to contact the Taromenane and Tagaeri indigenous groups who live in voluntary isolation in Yasuní National Park. One participant in the march explained:

The forest is not for sale; we love it and we defend it. We do not want investment (in oil extraction) if it means destruction of the forest. You don’t sell Yasuní; you defend it<sup>16</sup>.

The challenges to the Yasuní-ITT proposal are far greater than the nine days of oil that would be extracted from this block. It represents *the good life* for the future of the planet and for the peoples who live there.

<sup>15</sup> Encuesta de Perfiles de Opinión Sobre Yasuni ITT, *Amazonia por la Vida*, <http://www.amazoniaporlavida.org/es/Noticias/encuesta-de-perfiles-de-opinion-sobre-la-iniciativa-yasuni-itt.html> (Accessed 25 August 2013).

<sup>16</sup> Olmos, Jose, “Homenaje a religiosos se volvió una denuncia contra Yasuní-ITT,” *El Universo*, 22 July 2012, <http://www.eluniverso.com/2012/07/22/1/1447/homenaje-religiosos-olvio-denuncia-contra-yasuni-itt.html> (Accessed 23 July 2012).



## Toward a Revolutionary Path: Ecuador's Yasuní-ITT Initiative

Reply to Pamela L. Martin 'Ecuador's Yasuní-ITT Initiative:  
Why did it fail?'

### Imme Scholz

Deputy director of the German Development Institute/Deutsches Institut für Entwicklungspolitik (DIE). Dr. Imme Scholz is a sociologist, published extensively on the interface between development and environment and participated in the PPG7 between 1999 and 2002 as advisor to the environment department of the State of Pará (Brazil) for German development cooperation.

→ Scholz, I. (2014) 'Toward a Revolutionary Path: Ecuador's Yasuní-ITT Initiative', *International Development Policy*, no. 6.1, <http://dx.doi.org/10.4000/poldev.1706>.

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Pamela L. Martin's article on the Yasuní-ITT Initiative is an interesting analysis of its innovative potential and the reasons for its failure. According to the article, its innovative potential is related to its objective of keeping considerable oil reserves underground (against international contributions to compensating for 50 percent of the lost profits) and thereby reducing potential carbon dioxide emissions, avoiding likely deforestation (as an indirect effect of oil exploitation) and connected biodiversity losses, and protecting the rights and livelihoods of indigenous groups that live in voluntary isolation. Why has such an innovative initiative not been able to gather international support for implementation? The author gives two answers: First, parallel to announcing the Yasuní-ITT Initiative in 2007, Ecuador's President Rafael Correa openly explored a Plan B by entering into negotiations with oil firms interested in exploring the ITT reserves and adjoining blocks. Under the pressure of the credit crunch following the financial market crisis in 2011, Correa also concluded a loan agreement of USD 7 billion with the Chinese development bank, to be partially repaid in the form of crude oil exports. This did not foster trust in Ecuador's will to engage in this ambitious and innovative initiative. Second, the Yasuní-ITT initiative was being framed by the Ecuadorian government as an alternative approach to REDD+, the mainstream policy approach to reduce emissions from deforestation and forest degradation against payments which is being negotiated under the United Nations Framework Convention on Climate Change (UNFCCC) and includes direct and indirect linkages to carbon markets. Ecuador belongs to the alliance of countries advocating against market-based instruments in the UNFCCC as they are seen as promoting the privatisation and commodification of nature and thus as obstacles for strategies aiming to improve collective human welfare in harmony with nature. However, one important difference between the Yasuní-ITT compensation fund and REDD+ is the fund's foundation on opportunity costs which, in the case of fossil fuels, potentially lead to enormous needs for international payments.

Why did Germany as the largest European donor withdraw its support to the Yasuní-ITT Initiative in 2010? This is a question raised by the author which I will try to answer in this short reply.

### **Germany's position: from initial support to opposition**

In June 2008, the German parliament supported the Yasuní-ITT Initiative, with a statement proposed by the two parties in government at that time, the Christian democrats (CDU) and the socialdemocrats (SPD), together with the Green party from the opposition. The arguments exposed in that decision are very similar to those mentioned by Pamela L. Martin, but the framing is slightly different. The *Bundestag* highlights that the Initiative is of “particular importance for the preservation of a biosphere reserve which is unique in the world and for the protection of indigenous peoples living there. Moreover, it enriches the necessary debate on the contribution of developing countries to global climate protection and on the value of biodiversity“ (Deutscher Bundestag, 2008, p. 1, translation by the author). The *Bundestag* also emphasized Ecuador's willingness to sign an internationally binding contract on relinquishing the right to exploit its oil reserves, its expectations to receive compensation payments from the international community (in different forms) and its main objective of preserving its biodiversity and not to establish a general precedence case for keeping oil reserves underground, which could be used by oil-producing countries to endanger climate negotiations through unrealizable financial demands.

The *Bundestag* decision closes with nine specific recommendations as to how the German government could support the Yasuní-ITT Initiative. These include (i) financial support together with other donors, (ii) support Ecuador in devising the compensation fund to operate in a sustainable, transparent, efficient and just way, (iii) analyse the option of a debt-for-nature-swap, (iv) convince other EU and OECD donors to politically and financially engage with the initiative and (v) analyse whether this initiative and its financing mechanism can deliver lessons learned for the protection of comparably sensitive ecosystems in developing countries and whether the financial mechanism can be integrated into a future comprehensive international funding system.

This decision indicates a broad interest in supporting this specific initiative and in learning from it for the design of future funding mechanisms, be it for the Convention on Biological Diversity (CBD) or the UNFCCC.

Two years later, in 2010, after the compensation fund had been established by the UN, the new German minister for economic cooperation and development, Dirk Niebel, withdrew his support for the Yasuní-ITT initiative. The 2009 elections had led to a realignment of political forces: The government coalition was now made up of Christian democrats and liberals (who had not been in government for more than a decade). Surprisingly, the ministry of economic cooperation and development was handed over to the liberal party which, already some years before, had started to oppose the mainstream non-partisan consensus on development policy, advocating for its abolishment.

In a letter to parliament, member Ute Koczy from the Green party inquired about Germany's support for the Yasuní-ITT. The new minister gave three arguments for his negative decision: The danger of a precedence case that

could lead to compensation requests by other oil-producing countries in the context of UNFCCC negotiations; the comparative advantages of the REDD programme; and a lack of guarantees for keeping the oil underground in the long term. “Why such a sudden change of course?” Pamela Martin asks, and her answer is twofold: Increasing political uncertainty created by president Correa’s active pursuit of his Plan B, and the preference of European donors for REDD+ funding for forest protection.

Indeed, German development policy’s clear preference for REDD+ funding had already been apparent before the change of government. For the new liberal minister, the performance dimension of REDD+ was an additional reason for its superiority: In a document issued by the German ministry of economic cooperation and development, “performance-based payments for emission reductions“ are described as “the most important instrument in REDD projects“ (BMZ, 2011: 8, translation by the author). In many newspaper articles and other media, the minister was quoted as saying, “we don’t make payments for doing nothing“ to explain REDD’s superiority to the compensation fund proposed by Yasuní-ITT where payments would be made first of all for the political decision to permanently forego oil exploitation. Of course, this argument is not convincing as the compensation fund would invest in activities, too – for the promotion of forest protection, biodiversity conservation, renewable energy, social development and research. REDD+ also requires these activities, and payments are not only made afterwards, when reduced emissions are proven, but beforehand, in order to build capacities for REDD+ activities. However, the main objection to the compensation fund remains that it is based on the concept of opportunity costs (which REDD+ is not).

Therefore, in the end, the issue may have been a combination of conceptual and political factors: While President Correa is much more a liberal than a leftist politician internally, when it comes to international relations he is not; and he did not manage to create the necessary confidence in his intentions for the German minister. Fair enough. But the chance for experimenting with international payments in order to support domestic decisions for leaving fossil fuels underground has been destroyed by political considerations not strongly linked to the objectives of Yasuní-ITT. The withdrawal of German funding facilitated the withdrawal of Correa’s support to the initiative. This is a sad policy failure.

### **Trust and learning in international cooperation towards sustainable development**

Experience teaches us that we need to engage in international learning experiments in order to be able to transform our economies and societies towards sustainable development. Moreover, participatory approaches which strengthen local resource rights are an important element of sustainability strategies dealing with forests and biodiversity (Pokorny et al., 2014; IEG, 2013).

Experience also teaches us that trust is needed for supporting any public policy in forest and biodiversity protection, and even more so in initiatives which are as politically ambitious as to forego the benefits of oil exploitation. Such trust is possible, though, as demonstrated for example by German support to forest protection policies in the Brazilian Amazon: Since 1996, Germany

has supported innovative policy approaches with about 300 million Euros, mainly in the context of the Pilot Program for the Conservation of Brazilian Rainforests (PPG7) (Scholz and Schönenberg, 2007). At the time, there were weak political guarantees for a thorough and consistent engagement of the Brazilian government as a whole for the objectives of the programme, and continuous conflicts between the Brazilian side and donors on strategic and financial priorities were a heavy burden. But all donors knew that engaging in forest protection was an offer, an offer to strengthen the emerging environmental administration in its capacity to reinforce existing environmental legislation, and to introduce the concept of forest protection and its benefits into Brazilian public policymaking. Still, the PPG7 has made some remarkable achievements: 53 nature conservation areas were demarcated on 200.000 km<sup>2</sup> and 99 indigenous areas on 380.000 km<sup>2</sup>; the environmental administration in four Amazon states was strengthened; and technology for monitoring deforestation on private land was introduced (BMZ, 2011, p. 13).

To my view, the real impact of the PPG7 were two policy packages: The Action Plan for the Prevention and Control of Deforestation in the Amazon (PPCDAm), adopted in 2004, and the Climate Policy adopted in 2009, which includes the aim of reducing the deforestation rate by 70% until 2017. Both policies are linked to learning experiences within the PPG7, and they are based on two insights which Brazil had not been willing to agree on ten years earlier: First, that cross-departmental joint action is needed for preventing deforestation (as drivers are located beyond the competence of the environment department), and second that Brazil can make a legal commitment to reducing emissions from deforestation and thus contribute to advancing the prosperity of future generations in Brazil and on the globe.

After another change of government in Germany in late 2013, Germany has now reaffirmed its cooperation programme with Ecuador: About € 24.5 million will be invested in support measures for the Yasuní conservation area, and support will continue for Sociobosque, the Ecuadorian version of REDD+ measures.

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