The Yasuní ITT Initiative and the Creation of Global Green Sovereignty

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ABSTRACT

The Yasuní-ITT Initiative was an international financing scheme in which the Ecuadorian government agreed to forgo drilling in the park in exchange for foreign compensation in the amount of $3.6 billion USD over 12 years. Embedded in a global framework of revenue redistribution for development, the Yasuní-ITT Initiative established a model of global environmental care based on global North-South difference and historical ecological debt. In doing so, it impacted, through prospective flows of aid, the conceptualization of Ecuadorian sovereignty.
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LIST OF ACRONYMS

AE ………………. Acción Ecológica (AE)
ARCO …………… Alington Richmond Company
CNE …………….. National Electoral Council (CNE)
COICE ………… Coordinadora de las Organizaciones Indígenas de la Costa Ecuatoriana
CONAIE ………. Confederación de Nacionalidades Indígenas del Ecuador
CONFENIAE… Confederation de Nacionalidades Indígenas de la Amazonía Ecuatoriana
ECUARUNARI ……….. Ecuador Runacunapac Riccharimui)
FEI ………………. Federación Ecuatoriana de Indios
NAWE ……………. Nacionalidad Waorani del Ecuador
NRDC …………….. National Resources Defense Council
ONHAЕ……. Organización de las Nacionalidades Huaorani de la Amazonia Ecuatoriana
OPIP………… Organización de Pueblos Indígenas de Pastaza
SIL …………. Summer Institute for Linguistics
Chapter 1: Introduction

“The world has failed us....What we were asking for was not charity, it was joint responsibility in the struggle against climate change.”

-Rafael Correa

Ecuador is one of the most biodiverse countries in the world, both for its flora and fauna as well as its three distinct regions: Costa (coast), Sierra (mountains), and Oriente (East). The most biodiverse region in the world, Yasuní National Park, lies in the Oriente provinces of Orellana and Pastaza, which make up part of the Amazon basin. The park itself is enormous, covering 9,820 km$^2$ (or 3,792 mi$^2$), and can be divided into three separate ecosystems (Biosphere Reserve 2011). According to Gorky Villa, an Ecuadorian botanist working with the Smithsonian Institute, “In just one hectare in Yasuní, there are more tree, shrub and liana (woody vines) species than anywhere else in the world” (Blitz 2015). Similarly, an area of that size is estimated to contain 100,000 insect species, the highest diversity per unit area in the world for any plant or animal group (Global Conservation 2010). Yasuní was deemed a UNESCO Biosphere Reserve in 1989 and 700,000 hectares of the park were declared an untouchable zone under the Correa administration in 2007 in order to protect the area’s biological and cultural diversity (BMAD Biosphere Reserve Directory). Despite the park’s recognition, it is still vulnerable to exploitation for its vast underground oil reserves. Over 20% of Ecuador’s reserves lie in the Ishpingo-Tiputini-Tambococha oil fields, with reserves estimated to be 800 million barrels worth over $7 billion USD if tapped (Valencia 2013).
Former Ecuadorian president Rafael Correa created the Yasuni ITT (Ishpingo-Tiputini-Tambococha) initiative in an attempt to preserve Yasuní and usher in a new financing scheme for ecological preservation. The 2007 initiative stipulated that in exchange for foreign compensation in the amount of $3.6 billion USD over 12 years, the government would forgo drilling and other forms of exploitation. The ecological benefits would be numerous: the government estimated that over 400 million metric tons of carbon dioxide would be prevented from entering the atmosphere and thousands of animal and plant species would remain undisturbed (Associated Press 2013). The project, although innovative and revolutionary, failed because the necessary funds were never generated. In an official public address in 2013, Correa said that he was lamentably forced to liquidate the project’s funds, claiming they had raised 0.37% of the goal (Correa 2013). As of today, 99% of the park remains intact, but the constant uncertainty of future extraction projects threatens the ecology and cultural diversity of the region (RT en Español 2013). The ITT initiative, though dissolved by the Correa administration in 2013, still remains an important and pioneering tool in the study of new forms of environmental preservation and climate change responsibility.

This thesis centrally asks: How did the Yasuni ITT project transform notions of sovereignty and environmental care in Ecuador? The fight for Yasuní National Park’s preservation has raised large questions about sovereignty and global climate change responsibility. The ITT initiative itself is important both locally as well as internationally; its funds would have helped Ecuador develop substantially, but its success would also have globalized a new international model for how countries conceptualize climate change mitigation and adaptation. Yasuní ITT was a way for developed countries to
repay part of their ecological debt while also financing a developing country. While
developed countries have created today’s pollution problem, developing countries
haven’t gotten to take advantage of this unchecked growth and feel pressured to move
away from petroleum-based development. By receiving funds from the international
community, the ITT initiative was an innovative way to give a developing country an
edge while being ecologically responsible. Ecuador planned to benefit immensely from
the funding and invest heavily in infrastructure and social services (Correa 2013).
Embedded in a global framework of revenue redistribution for development, ITT
established a model of global environmental care based on global North-South difference
and historical ecological debt. In doing so, it impacted, through prospective flows of aid,
the conceptualization of Ecuadorian sovereignty.

This thesis argues that the Yasuní-ITT initiative was a means for the Ecuadorian
government to realize its goals of sustainable economic development. The Yasuní-ITT
Initiative facilitated the notion of global green sovereignty, an idea that encourages all
nations to transcend their political and ideological differences in order to take co-
responsibility for mitigating climate change. The initiative proposed a redistribution
framework as an alternative to extractivist fueled development. The dynamics and
implications of the Yasuní-ITT Initiative are systematically evaluated in two chapters: the
first chapter discusses the politics of the Correa administrations and its promotion of the
Yasuní-ITT Initiative; the second chapter presents an overview of the international
politics concerning Yasuní and climate change financing mechanisms.

While the ITT initiative has been widely published and researched, I add a new
perspective on international politics concerning climate change responsibility. The ITT
initiative was a financing mechanism in which money was raised internationally, collectively deposited into a UN fund, and distributed to the Ecuadorian government. This challenges notions of sovereignty both locally and internationally. I argue that the Ecuadorian government, through the Yasuní ITT initiative, sought to create a form of global green sovereignty based on a framework of redistribution as an alternative to extractivist fueled development. This global green sovereignty stresses the abdication of national autonomy over development in favor of a post-petroleum economy. Global green sovereignty is an idea that encourages joint responsibility in the development of sustainable energy alternatives. Global solidarity in efforts to fight against climate change would transcend political and ideological differences, therefore transcending traditional notions of national sovereignty. Global green sovereignty would rely on a framework of redistribution as an alternative to extractivist fueled development. Redistributive networks at the global scale abdicate national autonomy over development in favor of a post-petroleum economy.

1.2 Methodology

To answer my research question, I conduct a qualitative analysis of a variety of sources from local, national, and international publications. This qualitative interpretative analysis used the research software program NVivo. I used NVivo to store, code, and analyze data from texts as well as video transcriptions. NVivo helped generate themes and show relations between topics by using digital mapping and counting the number of codes. The themes generated by NVivo guided my research questions and helped me determine what was important. Each of my content chapters draws from academic
sources such as scholarly journals and books. In addition, I reference primary documents and sources from economic and country data, the 2008 Ecuadorian constitution, U.N. publications, government publications, and official speeches given by the Rafael Correa. I also use social media accounts to show a different perspective from what Ecuadorian state media publishes. Similarly, I analyze published statements from NGOs and foreign nations in the form of press releases, speeches, and social media publications.
Chapter 2: Literature Review

This chapter is divided into four sections, each of which provides an aspect drawn from existing literature. The chapter discusses Ecuadorian involvement in environmental conservation efforts as well as its history of dependence on petroleum resources, a dependency that often contradicts government policies such as the Correa administration’s promotion of the Yasuní ITT Initiative. The first two sections discuss Ecuadorian economic policy and the idea of the oil curse. The third section looks at the Correa administration’s oil politics and response to oil dependency. The fourth section examines climate change financing, the limitations of the existing mechanisms, and how the Yasuní-ITT Initiative was an attempt to seek alternative revenue sources. This chapter uses economic data, the Ecuadorian constitution, a general history of oil discovery in the Amazon from Suzanne Sawyer’s book *Crude Chronicles*, UNFCC publications, and the Yasuní Trust. The chapter concludes by positioning the thesis argument in relation to this body of scholarship.

2.1 General History of Ecuador: Protectionism, Neoliberalism, 21st Century Socialism

Economically, Ecuador has struggled with maintaining stability due to border wars, internal political divisions, and government misuse and dependence on borrowing (Corporation of Foreign Bondholders). Government spending was reckless
and generally not used for public works or infrastructure. Poor economic policies often caused rampant inflation and political uncertainty, leading to a lack of faith in government systems (Kaminsky 2014).

Ecuador’s development can be viewed through three main approaches to economics. Post-independence governments focused primarily on developing the state through protectionist economic policies. These policies limited trade between countries and brought high tariffs, allowing for extreme government regulation (Choudhri 2000). While the Ecuadorian economy prior to the 1960’s was protected from foreign competition, protectionism restricted exports and stagnated economic growth and diversification (Coatsworth 2002). The Ecuadorian economy remained dependent on banana and other agricultural exports until the petroleum discovery and boom (Choudhri 2000).

Ecuador’s transition into a neoliberalist era is chiefly due to the United States’ increased global influence during the 1980’s and 1990’s in Latin America. U.S. Presidents Reagan and Clinton were interested in expanding trade networks and fostering democracy, utilizing a free market laissez-faire economic model to encourage this paradigm (Walton 2004: 170). Under the Clinton administration, the implementation of the North American Free Trade Agreement (NAFTA) and the World Trade Organization (WTO) promoted trade liberalization and aimed to “reduce poverty, encourage development, and good governance” (WTO 2009). To increase the private sector’s influence in the economy and society, Ecuador implemented economic liberalization strategies such as increased privatization, deregulation, and austerity measures that decreased government spending (Pimentel 2014). Despite neoliberalism’s success in
European and American economies, it largely failed to provide a sustainable economic framework in Ecuador and throughout much of Latin America. Critics of neoliberalism, such as Hugo Chavez and Rafael Correa argue that trade liberalization only worsened regional inequalities, increased poverty, and disproportionately benefited Northern countries at the expense of the others (Dunn 2009: 27).

During the early 2000’s, neoliberal policies were extremely unpopular. Ecuadorian presidential candidates Abdula Bucaram and Lucio Gutierrez campaigned advocated for economic liberalization and the reorganization of Ecuadorian society. However, Ecuador did not shift into its true post-neoliberal model until Rafael Correa’s first election in 2006. Correa, inspired by Hugo Chavez’s Bolivarian Socialist model, sought to increase the welfare state and government control while decreasing the influence of the private sector. Correa’s neo-developmentalist model maintains a capitalist economy, however it is highly regulated. Heavy government influence is also apparent in its creation of a welfare state. The Correa administration aimed to provide a social safety net for all citizens, a socialist aspect of Correa’s model. Through this model, Correa has been successful in transitioning away from neoliberalism and creating a new paradigm, dubbed “21st century socialism” (Gamso 2015). Under Correa, the global engagement of the Ecuadorian economy was neither protectionist nor isolationist, but instead was intended to protect national interests but also attract foreign investment in key sectors. Rather than increasing Ecuador’s foreign debt by taking out loans to fuel growth, Correa created a new means for financing development. The ITT Initiative is a hallmark example of the Correa administration’s goal of gaining revenue from alternative creditors in order to invest in social spending.
2.2 “The Oil Curse”

The “oil curse” is a phrase coined by regional analysts to try to explain the economic paradox that seems to occur in countries with large amounts of natural resources. Basic economic theory predicts that a country with lots of capital, or oil, should produce high levels of investment-fueled growth (Ross 2013: 199). However, oil economies are inherently unstable because they are tied to oil prices, a commodity that is always fluctuating (Ross 2013: 206). This means that during an oil shock, GDP can rise very quickly or can plummet and never recover. Countries with high oil dependency have low levels of industrialization and small industrial sectors. Oil booms create demand for oil related investments, causing all labor to be concentrated and the economy to lack dynamism. Oil booms bring in influxes of foreign currency, which make it cheaper to buy foreign goods, which in turn hurts the local economy (Ross 2013: 220).

2.3 Oil Politics under The Correa Administration

The Correa administration has been criticized for its overspending and borrowing, especially following two devastating earthquakes that caused the country to remain in an economic recession since 2015. Correa invested heavily in public infrastructure such as roads, hydroelectric power plants, and oil refineries. Correa aimed to change Ecuador’s development model but lacked the monetary resources to fully realize his projects.

“It [Ecuador] has to change its development model, and this requires financial resources that it does not have. Following this logic, Rafael Correa argues that natural resources must be exploited to finance structural reforms.” (Silva, Gallegos, Le Quang 2016: 192)

Correa campaigned as the socially and environmentally conscious candidate who promised to make policies that kept equality and the indigenous concept of Buen Vivir in mind (Acosta 2010:6). However, the Correa administration’s continued mineral
extraction is incongruous with the idea of Buen Vivir, which seeks to protect nature and better ways of life for all involved (Silva, Gallegos, Le Quang 2016: 194).

“Considering these logics are at odds with each other relies on the supposition that environmentalism and indigenous cosmovisions/philosophies-and indigenous people themselves-are anathema to the practices of natural resource capitalism and neoliberalism” (Lu, Silva and Valdivia 2017:90).

After Correa’s election he reconvened the Ecuadorian Constituent Assembly to draft a new constitution on April 15, 2007. The motion passed with 80% approval; the approval rate was probably so high because the Assembly consisted of members of Correa’s political party. The first assembly met in Montecristi in November 2007 and the new constitution was approved in July 2008. In its 494 articles, the phrase ‘buen vivir’ is mentioned 23 times (Becker 2011:53). The Constitution is revolutionary in that it is the first to legally recognize the Rights of Nature. Article 71-74 prohibits the extraction of national non-renewable resources in protected areas that are delineated by the government. The 2008 Constitution and the ITT Initiative were idealized versions of Correa’s project to link ecological consciousness and greater indigenous involvement.

2.4 Contemporary Environmental Politics: the Yasuní ITT Initiative

Correa sought an alternative method of financing for his socialist reforms beyond traditional methods of resource extraction. Through the Yasuní ITT-Initiative, Correa created a new type of climate financing that utilized local, national, and transnational networks to generate revenue. Correa argued that climate financing is a necessary tactic to reduce the effects of climate change, specifically in efforts to reduce greenhouse gas emissions while also helping developing countries grow their economies in a sustainable manner.
The Yasuní ITT-Initiative relied upon the 1997 Kyoto Protocol, a United Nations Framework Convention for Climate Change (UNFCC) agreement that committed its members to a binding contract to reduce their greenhouse gas emissions (UNFCC 2010). The Initiative offered a means for these countries to reduce their emissions and take part in “global co-responsibility,” (Fankhauser 2013). The idea of industrialized countries providing these financial resources in order to pay for their ecological debt emerged during the 2009 climate change summit in Copenhagen. According to the UNFCC, developing countries only receive 20-25% of the necessary funding in order to mitigate climate effects and develop economically (Fankhauser 2013). The lack of necessary funding is in part due to the lack of participation from developed countries as well as a lack of direct access to these funds. In order for climate financing to increase, the channels in which developing countries have access to these resources must be “predictable, sustainable, and available directly” while also demonstrating that they are able to “effectively receive and utilize the resources” (UNFCC 2010). The primary concern that developed countries have is proper use of their financial contributions which requires transparency in the institutional framework and projects. Developing and developed countries must work together and transcend their differences in order to achieve a working climate change financing mechanism.

Several mechanisms that help developing countries receive aid are in place. The Green Climate Fund (GCF), created in 2010, allocates resources to specific projects such as the Least Developed Countries Fund (GCF 2011). At the 2009 climate change summit in Copenhagen, developed countries committed to giving $30 billion between 2010-2012 to the GCF and eventually increasing the funding to $100 billion per year starting in
2020. This “fast-start financing model” is one of the most recent modules in which developing countries can appeal for climate financing.

In addition to the GCF, a high-level advisory group (AGF) was established in 2010 by UN Secretary General Ban Ki-Moon that looks for alternative sources and financing methods (International Civil Aviation Organization). The group proposed in 2012 that new revenue raising methods such as mandatory government pledges, market levies, and a financial transaction tax could raise the money necessary to meet the needs of developing countries (Fankhauser 2013). None of these alternative methods have been implemented, but the presence of this group indicates awareness about climate financing and its current shortcomings.

Developing countries have also been wary of receiving financing through international institutions like the World Bank because they would be under their jurisdiction and subjected to possibly demanding or manipulative conditions. An alternative would be a specialized national fund that would secure direct access and financial allocation to the receiving country. The Yasuní ITT initiative is an example of this type of national fund; money was placed in a UN Trust that would be distributed to organizations and projects that the Ecuadorian government detailed in the arrangement.

The Yasuní ITT-Initiative was far reaching in its implications and effect on the concept of global co-responsibility. The initiative offered developed and developing countries a new cooperative model that would allow the “world to consider more just and equitable paradigms of sustainable development,” (ITT Trust 2010:3). The Yasuní ITT Trust Fund or Yasuní Fund allowed the international community to safely invest in local
Ecuadorian sustainable development models, such as renewable energy projects such as hydro, geothermal, solar, wind, biomass and tidal power plants (ITT Trust 2010:5).

2.5 Conclusion and Contribution

This thesis argues that the Yasuni-ITT initiative was a means for the Correa government to realize its goal of long-term sustainable economic development. The initiative was based upon a vision of global green sovereignty, an idea that encourages all nations to transcend their political and ideological differences in order to take co-responsibility for mitigating climate change. The initiative proposed a redistribution framework as an alternative to extractivist fueled development.

My thesis offers a unique contribution to literature surrounding environmental care and climate change responsibility. This thesis contributes the new concept of global green sovereignty, a term that describes the goal of realizing alternatives to extraction-fueled economic development in favor of sustainable methods that are supported and promoted at the international level. No previous literature links the concepts of climate change responsibility and sustainable development in developing countries like Ecuador. My thesis provides a unique perspective on Ecuadorian political and economic histories and how each aspect has shaped the Correa administration’s sustainable development platform.
Chapter 3: The Correa Administrations: Making Strides toward Social and Environmental Revolution

In this chapter I explore how the Correa administration has promoted the ITT initiative and whether the administration’s economic and social policies reflect Correa’s environmental agenda. I argue that the Correa administration has sought out alternative energy and financing as a means of beginning to unwind oil dependency and create a post-petroleum society ground in the ideas of Buen Vivir. To ground my argument this chapter systematically reviews key themes from the Correa administration’s publications and speeches, speeches from Correa’s political campaign prior to election in 2007 and re-election in 2012, social media accounts, and the 2008 Ecuadorian Constitution.¹ This chapter consists of three sections, each with a different focus. In the first section I address Revolución Ciudadana and how its attention to public spending shaped the Correa administration’s promotion of the Yasuní-ITT Initiative and sustainable development. The second section focuses on Buen Vivir; the primary vehicle for implementing the social equality promoted by Buen Vivir was through the 2008 Ecuadorian Constitution.

¹ The first interview with Rafael Correa that I analyze was published by the New Left Review, a London based monthly journal focused on key political issues. The interview was conducted in 2012 and is titled “Ecuador’s Path” where Correa responds to questions about his political views and his accomplishments during his first term. The second speech I analyze is Correa’s 2007 speech at the General Assembly of the United Nations. The speech was part of a dialogue concerning climate change and Correa utilized his time to illustrate the ways in which Ecuador was contributing to reducing their ecological footprint, including the Yasuní ITT Initiative. I draw from the 2008 Ecuadorian Constitution, both in Spanish and the English translation available through Georgetown University. From there I analyze the Correa administration’s various publications, such as tables from the Ministries of Finance, Tourism, and the Environment, all of which are accessible to the public on the Ecuadorian government website. Finally, I use Rafael Correa’s social media accounts such as his Twitter page where he promotes and reiterates his political agenda.
The Constitution also articulates the Correa administration’s environmental policies and intentions to pursue sustainable development. The third section discusses how Ecuador’s history of oil dependency caused the Correa administration to seek alternative energy sources, ultimately accepting Chinese financing for the construction of hydroelectric facilities.

3.1 Revolución Ciudadana

Rafael Correa’s decade long presidency gave Ecuador a period of political stability that it had not seen in almost a century. He completed two five-year terms, from 2007 to 2012 and from 2012 to 2017, making him the first Ecuadorian president to complete two full terms in eighty years. The Correa administration’s permanence can be attributed to his attention to social welfare. Correa’s political platform appealed to the largest portion of Ecuadorian society: the poor and socially marginalized who benefitted the most from his Citizen’s Revolution (Silva 2009:64).  

Correa’s presidential platform during the 2007 election was a rejection of neoliberal policies and instead a transition toward a democratic socialist model. He called this transition the “Revolución Ciudadana,” in which the government would prioritize healthcare, education, and technological improvement financed through resource extraction. To carry out this rhetoric, Correa formed a new political party, Alianza PAIS,  

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2 Rafael Correa received an economics degree from La Universidad Católica de Santiago de Guayaquil in 1987. He studied in Belgium and the United States and received a Master’s degree in 1999 and a Doctorate in 2001. Correa’s college dissertation for the University of Illinois, Urbana-Champaign, foreshadowed his political policies during his presidency; he argues that neoliberal economic policies imposed during the 1980’s are the primary reason for Latin America’s stagnated growth and lack of wealth (Correa 2001, “Three Essays”).  

3 Citizen’s Revolution
which allowed him to gain votes from a previously polarized political system (Kennemore & Weeks 2011: 274). Correa used Alianza PAIS as a medium for uniting and reshaping Ecuador to become a source of pride and a model for other Latin American countries (New Left Review 2012). Correa’s changed Ecuador would see an end to *partidocracia*, the political system ruled by Ecuadorian elites that were considered responsible for the political and economic instability in the 2000’s (Machado Puertas 2007: 133). Alianza PAIS won 100 of 131 seats in the National Assembly election and this dominance allowed Correa’s popularity and credibility to grow (de la Torre 2013:38). In an interview with *The New Left Review* in 2012, Correa speaks about the formation and intention of the Citizen’s Revolution:

> “During the campaign we were clearly aware that what we were proposing was a revolution, understood as a radical and rapid change in the existing structures of Ecuadorean society, in order to change the bourgeois state into a truly popular one. Faced with the delegitimization of the political class, which no longer represented anyone except itself, we said to ourselves that it was we citizens who had to reveal its inadequacies. So we decided to call it a citizens’ revolution, a revolt of indignant citizens. In that sense we anticipated the recent indignado movement in Europe by five or six years. But the movement was also profoundly Bolivarian, in terms of regional integration. And we are also inspired by Eloy Alfaro’s liberal revolution—the only real revolution to have occurred in this country before ours. This was why Alfaro was assassinated in 1912, in barbaric fashion, because he was really changing the structures of the country at the time.” (Correa, New Left Review)

The Citizen’s Revolution was a phrase widely used in both the 2007 and 2012 elections to represent Correa’s ideal of “21st century socialism,” (Kennemore & Weeks 2011:268). Correa utilizes the socialist concept of overthrowing the current paradigm, the bourgeois state and the *partidocracia*, and replacing it with a popular, socially democratic model. The mechanism of change would be “indignant” Ecuadorian citizens, those who would support him and be the catalysts for city and nationwide change. Correa compares his revolution to the modern Bolivian movement and its leader, former Venezuelan
president Hugo Chavez.\textsuperscript{4} Both Chavez and Correa’s form of democratic socialism seek to maintain a capitalist economy, create a strong welfare system, and consolidate a strong public sector with some nationalized utilities and resources (Lu, Valdivia, Silva 2017:14). Correa’s policies have largely upheld this model; Ecuador’s economy is capitalist in nature: there are open markets and a low tariff rate of 5.2\% (2017 Index of Economic Freedom). However, Correa has limited the private sector and has expanded the state-controlled public sector (Lu, Valdivia, Silva 2017:84). Government spending and debt have increased in order to finance the socialist reforms advertised in Correa’s revolution. The data set below illustrates Ecuador’s debt to GDP ratio from 2008 projected through 2018:

\textbf{Figure 3.1 Ecuador’s Government Debt to GDP}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figures/fig31.png}
\caption{Ecuador’s Government Debt to GDP}
\end{figure}

Ecuador’s debt to GDP ratio in 2008 was 22.2 and has increased to 39.6 in 2016 (Trading Economics). The countrywide revolution promoted greater urbanization through government funded development projects for building infrastructure and diversifying technological sectors (Lu, Valdivia, Silva 2017:85). Development would benefit citizens

\textsuperscript{4} It is important to note that Chavez’s model exhibited authoritarian elements such as state censorship, strong military control, and suppression of democratic freedoms.
as well as the country as a whole by increasing efficiency, creating jobs, and attracting investment opportunities.

The Correa administration further benefitted the poorest strata of society by doubling welfare payments to poor households, doubling the allowed amount of housing loans to $3600 USD, and creating subsidies on electricity for low-income families (Lu, Valdivia, Silva 2017:118). The Correa administration even changed the name of the Welfare Ministry to the Ministry of Economic and Social Inclusion in order to emphasize his social policy changes.

In many ways Correa’s revolution is a political alternative that uses government capital and foreign financing to fund development projects. In effect, Correa has used 21st century socialism as a symbol of “post-neoliberalism” in Latin America (Lu, Valdivia, Silva 2017:170). Correa also used the “post-neoliberalism” as a slogan for justifying greater government control, petitioning to rewrite the Constitution of Montecristi in 2008 (De Sousa Santos 2010). The revised constitution grants Correa executive power that eliminated the Constituent Assembly and other bodies of government (Bowen 2015:100).

3.2 Buen Vivir and Environmental Politics

Correa’s revised Constitution ratified in 2008 consists of 440 articles that address a variety of social, civil, and political issues. The Constitution was intended to bring about the changes Correa promised in his Citizen’s Revolution such as access to education and the protection of nature. Correa promoted the new Constitution by claiming it was written based on the premise of Buen Vivir, an indigenous concept of
“living well” that would ensure greater equality and prosperity (Lu, Valdivia, Silva 2017:115). Based on a systematic review of the Constitution, there are a number of key concepts relevant to my argument.

The first point is the recognition and emphasis placed on Buen Vivir as the goal for Ecuadorian development. In an interview for the Pachamama Alliance’s newsletter, Rafael Correa touches on how he has interpreted and incorporated Buen Vivir into his political ideology:

“The good life is not a utopian dream. The concept has deep and ancient roots in the cosmovision of indigenous peoples, where nature and man coexist in harmony. From this indigenous perspective, equitable and sustainable living has priority over development driven by the neoliberal ideology of markets,” (Pachamama Alliance 2010)

Correa adapted the idea of Buen Vivir to be a rallying point for his Citizen’s Revolution. Buen Vivir became the slogan for a comfortable life without suffering caused by social inequality and neoliberal policies that reinforce social stratification. Buen Vivir is seen to be the antithesis to modern Ecuadorian society that is entrenched in capitalism and largely ignores human rights (Escobar 2010:25). Buen Vivir in its purest form promotes an alternative and equitable economic model; this new type of economic solidarity would replace monopolies and create a balanced relationship between the international market, the state, and society (Acosta 2009).

The second point illustrates how the Correa administration utilizes the idea of Buen Vivir in conjunction with the Citizen’s Revolution as the foundation for the 2008 Constitution. In an interview with The New Left Review in 2012, Correa responds to a question about what impact indigenous communities have had on his political ideology:

“There [indigenous] contribution has been of great importance. The indigenous communities have posed fundamental challenges to traditional notions of citizenship. This can be seen in the new Constitution in several ways. We now define our republic as a ‘pluri-national’ state, recognizing the indigenous communities as fundamental and distinct entities, endowed with distinct rights and status. It is also largely thanks to the indigenous communities that nature
itself is recognized as a fundamental value in trust to the nation. The philosophical principles of *sumak kawsay* stress the primacy of use value over exchange value, and this has helped to shape our policies. While we insist that we need real development, we do not identify this narrowly with GDP defined in monetary terms, but instead take full account of its costs and consequences at every level, imposing the most stringent controls. The indigenous have an important role to play in defining our values—but of course, there is diversity within and amongst the indigenous communities, so there is a need for continuing dialogue concerning the specific implications of our principles in practice.” (Correa, New Left Review)

In addition to giving indigenous communities more consideration, Correa is proposing that his administration will also consider nature and how it is utilized. Correa emphasizes that development can take several forms and should not just be based on GDP but also through social progress. Ecuador was the first country to officially grant rights to nature in a Constitution, making Correa’s Citizen’s Revolution and attention to Buen Vivir revolutionary. The 2008 Constitution gave the Correa administration power to enact economic, educational, and social change (Bowen 2015:100). The Correa administration was also allowed to increase the government budget and social spending despite combatting rising debts. Correa’s economic policies were intended to foster “growth that favors the poor, growth with social justice, and growth with equity,” (Germanos 2016).

The primary achievements of the Correa administration were the creation of a social security net for the poor and a government initiative for universal healthcare.

The Correa administration expressed hesitation and dislike towards the IMF and other creditors because of Ecuador’s history of sovereign default (Ecuador and the IMF 2014). Correa blamed unfair policies that inherently take advantage of debtor countries like Ecuador by charging insurmountable interest rates (Atlas Network 2016). To finance new development projects, the Correa administration looked for alternative means to finance their socialist reforms. Despite its initial unpopularity, Correa implemented a 2% sales tax increase, higher taxes on wealth for millionaires, and the sale of government assets (Lu, Valdivia, Gallegos 2017:116). The Correa administration also found
alternative financing through foreign investment and international climate change resources, such as Chinese loans and Yasuní ITT initiative contributions. These alternative revenue sources allowed the Correa administration to immediately begin development because they offered immediate access to capital.

The third point most concretely illustrates the ways in which the Correa administration realizes its goal of sustainable development within the 21st century socialist model. While capitalist policies encourage the destruction of nature for monetary gain, Correa’s capitalism with an incorporation of Buen Vivir would respect the environment and allow it the right to resist exploitation (Acosta 2009). The Constitution includes a set of rights for nature; it addresses the importance of achieving harmony between man and nature:

\begin{quote}
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 on non-renewable natural resources, the State will establish the most efficient mechanisms for the restoration, and will adopt the 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 the natural cycles. The introduction of organisms and organic and inorganic material that can alter in a definitive way the national genetic patrimony is prohibited.\footnote{“República Del Ecuador Republic of Ecuador Constitution of 2008 Constitucion De 2008.” Ecuador: 2008 Constitution in English, Political Database of the Americas, 20 Oct. 2008.}
\end{quote}

In Article 72 the Correa administration implies that it will continue to utilize non-renewable resource extraction in addition to alternative energy sources. What is left unclear is what form the government restoration will take and what exactly will qualify as “severe or permanent environmental impact.” Many environmentalists argue that any type of resource extraction, specifically petroleum and mining sites, cause irreparable damage to ecosystems and are in no way congruent with sustainable development (Silva,
Gallegos, Le Quang 2016: 194). In addition, the Constitution does not include any reflections on how resource extraction projects culturally affect indigenous communities. Construction of petroleum sites within indigenous territory has historically caused tensions over land ownership and sovereignty as well as highlighted the cultural impacts of external actors and capital (Sawyer 2004:12).

3.3 Oil Dependence and Alternative Energy

When Correa assumed the presidency, Ecuador was experiencing an economic crisis due to falling oil prices and strain on international exchange markets. Ecuador’s dependency on oil and lack of a diversified and independent economy has caused economic crises since the 1980s (Sawyer 2004: 22). Oil has been both the problem and the solution to Ecuador’s economic instability. While oil extraction provided periods of growth in the 1980’s, the Ecuadorian government had taken out several loans with the IMF to cover what areas of the economy oil exports were not supporting (Sawyer 2004: 23). “Endeudamiento agresivo,” aggressive indebtedness, was an official economic policy in the 1970s (Silva, Gallegos, Le Quang 2016:7). While the GDP grew 147% between 1970 and 1981, the economy was not diversified to support growth or withstand economic shocks (Sawyer 2004:11). Ecuador struggled to repay loans from the 1970’s due to bondholder’s policies and economic strain (Kaminsky&Vega 2014:2). Correa blames the bondholder’s foreign interest rates for domestic increases in unemployment, inflation of goods, and lower wages (Moser 1993:184). Correa declared a debt moratorium in 2008 causing soured relations with the IMF and difficulty in receiving future credit, ultimately prompting Correa to seek Chinese investment (Neher 2013).
Correa has embraced Chinese capital as a method of alternative financing, choosing to allow China to build infrastructure in exchange for a slice of oil and hydroelectricity revenues. Latin America supplies China with raw materials but is also heavily reliant upon Chinese manufactured goods and technologies, creating an incentive for trade relations (Lucci 2014:4). It is estimated that Ecuador sells more than half of its petroleum to China, an extreme shift from a decade prior when the U.S. was the main recipient (Lucci 2014:6). China has built large pieces of infrastructure including six hydroelectric facilities and numerous highways under the Correa administration (Secretaría Nacional de Planificación y Desarrollo). Correa speaks warmly about their partnership:

“What a developing country like Ecuador needs is financing, and we have been able to have that with China. Chinese financing has permitted us to be the Latin American country with the most public investment and has transformed the infrastructure of the country. It is not only without conditions, it does not come with conditions, but also comes with technology exchange.” (Sputnik Mundo 2016)

Correa credits China with providing the capital needed to fund public development projects while also being a key investor in improving urban and oil infrastructure. In many ways, China has been the driving economic force behind the Citizen’s Revolution (Lucci 2014: 18).

Coca-Codo Hydroelectric Facility located in the Napo province in eastern Ecuador was the first hydroelectric power facility built in Ecuador. The $200 million USD project completed in 2010 was the biggest project undertaken by the Ecuadorian

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6 “lo que necesita un país en vías de desarrollo, como Ecuador, es financiamiento y lo hemos podido tener con China”

7 “El financiamiento chino nos permitió ser el país de América Latina con mayor inversión pública y transformar la infraestructura del país”

8 “no es solo sin condicionamientos, no tiene condicionamientos, (pero) también viene con transferencia tecnológica”
and Chinese governments until Sopladora the following year (Secretaria Nacional de Planificación y Desarrollo). The installation can generate 1,500 MW which, according to the Environmental Ministry:

“Achieves the highest technical standards and contributes to the preservation of ecosystems and the recognition of communities in this zone and all Ecuadorians.”

**Figure 3.2 Coca-Codo Hydroelectric Facility**

Chinese factory information is visible on the left as well as the Ecuadorian seal and colors of the flag on the right, serving as a reminder of the countries’ partnership and the national government’s contribution to development.

Not only does Coca-Codo provide revenue for the country, it utilizes an alternative energy source that does not contribute to the degradation of the surrounding environments. This facility has become a source of pride for the Ecuadorian government, especially the Correa administration who is credited for beginning to “transform the energy matrix to guarantee the development of the country,” (Secretaría Nacional de Planificación y Desarrollo).

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Sopladora Hydroelectric Project is one of the first projects that the Ecuadorian government has agreed to build with Chinese financing and illustrates the Correa administration’s pursuit of alternative energy. The Sopladora project cost an estimated $571 million USD financed through China’s Eximbank and is an effort to reduce Ecuador’s dependency on fossil fuels (Lucci 2014:3). Sopladora is the first underground hydroelectric plant, unlike the above ground Coca-Codo facility, and it can produce up to 487 MWs (Lucci 2014:4). In the table below, one can see that Sopladora is the smallest loan financed; however, Correa has stated that Sopladora is the first of eight similar underground projects. If this goal is realized in the current Moreno administration (2017-present), the hydroelectric series would be the most expensive loans Ecuador has ever financed, an estimated $4.5 billion.

**Figure 3.3 Chinese Loans to Ecuador (2007-2012)**

<table>
<thead>
<tr>
<th>Date</th>
<th>Borrower</th>
<th>Lender</th>
<th>Amount (USD millions)</th>
<th>Project</th>
<th>Interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>22 July 2009</td>
<td>PetroEcuador</td>
<td>PetroChina</td>
<td>1,000</td>
<td>PetroEcuador oil advance payment</td>
<td>7.25%</td>
</tr>
<tr>
<td>4 June 2010</td>
<td>Government</td>
<td>Eximbank</td>
<td>1,682.7</td>
<td>Coca Codo Sinclair</td>
<td>6.90%</td>
</tr>
<tr>
<td>31 August 2010</td>
<td>PetroEcuador</td>
<td>BDC</td>
<td>1,000</td>
<td>80% discretionary, 20% related to the oil sector</td>
<td>6%</td>
</tr>
<tr>
<td>28 January 2011</td>
<td>PetroEcuador</td>
<td>PetroChina</td>
<td>1,000</td>
<td>PetroEcuador oil advance payment</td>
<td>7.08%</td>
</tr>
<tr>
<td>28 June 2011</td>
<td>Government</td>
<td>BDC</td>
<td>2,000</td>
<td>70% discretionary, 30% related to the oil sector</td>
<td>6.90%</td>
</tr>
<tr>
<td>18 October 2011</td>
<td>Government</td>
<td>Eximbank</td>
<td>571</td>
<td>Sopladora</td>
<td>6.35%</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance Ecuador

These projects were a sense of pride for Correa’s administration, who tweeted in 2011: “We will visit the giant hydroelectric project, Sopladora (Whisperer), now under construction. The Revolution does not walk, it runs!”
Sopladora and Coca-Codo Hydroelectric Facilities are important because they mark the Correa administration’s intentions to find alternative renewable energy sources. Developing renewable energies also reinforces Correa’s commitment to protecting biodiversity through sustainable and environmentally conscious development. The tweet above also illustrates how the Correa administration utilized the projects to promote the Citizen’s Revolution through the 2012 elections and beyond.

It is worth noting that Chinese investment does not come without a price; Correa has assured that Ecuador’s debt to China is “strictly acceptable and manageable,” (Sputnik Mundo 2016). Currently, Ecuador’s debt to China represents 8% of the GDP (Sputnik Mundo 2016).
3.4 Conclusion

The Correa administration has encountered resistance from environmentalists, indigenous groups, and many wealthy, conservative elites. Correa’s most criticized act as president was also his most revolutionary (Keyman 2015). His decision to rewrite the Constitution and to increase the size and spending of the government was pivotal to being able to complete his development goals promised in the Citizen’s Revolution. Although 80% of citizens supported his decision, others considered it to be “a violation of democracy that allowed him unlimited power.”

The Constitution articulates the Correa

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11 “Para lograr semejante crecimiento del tamaño y envergadura del Estado, tuvieron que pisotear el orden constitucional vigente…ejerció poderes ilimitados.”
administration’s environmental politics, chiefly its commitment to sustainable
development and the realization of Buen Vivir.

The physical and infrastructural changes that Ecuador has experienced during the
Correa administrations are extensive. Totaling almost $26 billion USD, Correa has
invested four times as much as the previous four administrations combined (Ecuador,
Secretaría Nacional de Planificación y Desarrollo). Statistically, Correa has been
successful in implementing his goal of increasing equality and the standard of living.
Ecuador’s Gini coefficient has decreased 8 points, from 54.3 in 2007 to 46.5 in 2015
(Federal Reserve Bank of St. Louis). The poverty rate decreased from 35.7% in 2007 to
22.5% in 2014 and minimum wage increased by 45% and social security by 39% since
2008 (Ecuador, Secretaría Nacional de Planificación y Desarrollo). Correa has facilitated
social mobility by increasing social spending and access to greater resources, financed in
part by petroleum extraction, foreign loans, and newly established alternative energy
sources. The Correa administration’s partnership with China is the main contributor to
the realization of the Citizen’s Revolution.

The Correa administrations have stimulated the economy by stabilizing the
political arena. This has attracted investors and foreign capital to aid the Citizen’s
Revolution. Correa has asked investors to help with over 85 strategic projects the country
has begun building (El Universeo 2016). Correa asks that investors consider helping
Ecuador recuperate considering harsh economic conditions brought on by falling oil
prices and a devastating earthquake in April 2016. Correa said that Ecuador is more
prepared than ever to receive investment; he asked that they would “help us to continue constructing ‘buen vivir’ in this Republic of opportunities,” (El Universo 2016).\textsuperscript{12}

The Yasuní ITT-Initiative was a way for the Ecuadorian government to link Ecuador to the rest of the world through the notion of global green sovereignty. While Yasuní National Park is only a microcosm, it is representative of the possibility for climate change responsibility that has local, national, and worldwide benefits.

\textsuperscript{12}“Ayúdenos a continuar construyendo el buen vivir en esta República de oportunidades.”
Chapter 4: The International Politics of Climate Change Mitigation

This chapter examines the international politics associated with the Yasuní ITT-Initiative, specifically how it was modeled to transcend political and ideological differences between nation states in order to receive climate change financing. I argue that developing countries do not have the power to enforce global climate change policies and instead must look to the international community for financing mechanisms. I further argue that the Yasuní ITT-Initiative was a groundbreaking model that sought to transition Ecuador to alternative forms of energy, primarily financed by developed countries that would assume financial responsibility for their ecological debt. To make this argument, I systematically review Ecuador’s economic history of resource extraction and oil development, official Yasuní ITT-Initiative documents, government publications and speeches concerning the Yasuní ITT-Initiative, and three main excerpts of publications from the Climate Change Journal and European Papers. This chapter consists of three sections that illustrate the dynamics of the Yasuní-ITT Initiative and the accessibility of

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13 The first source is a graph showing oil production in Ecuador from 1965 through 2010 from the *BP Statistical Review of World Energy* juxtaposed against world crude oil prices. The next source of evidence is a televised speech that Correa made in 2013 where he addressed the failure of the Yasuni ITT-Initiative and his intention to dissolve the Yasuni Fund. Then I analyze Correa’s 2007 speech at the General Assembly of the United Nations, which was also cited in Chapter One. The speech was part of a dialogue concerning climate change in which Correa emphasizes the importance of the Amazon and how countries like Ecuador should be compensated for their contribution toward the mitigation of carbon emissions. Following this, I analyze the Correa administration’s Yasuní Fund and the U.N. documents associated with the trust. I also use donor narratives from social media accounts such as Twitter to show the reaction of other nations concerning the Yasuní ITT-Initiative. Finally, I look at the international mechanisms that exist for financing alternative forms of development, drawing primarily from the UN Framework on Climate Change (UNFCC) website and other U.N. documents such as the Paris Accord and the last three Climate Change Summits (COP21-24).
climate change financing. The first section addresses Ecuador’s need to pursue alternative energy sources and its attempted transition into a post-petroleum society. The second section focuses on the environmental politics of the Yasuní ITT-Initiative as well as attempts to explain its ultimate failure. The third section looks at the international politics of climate change financing, the reward of ecological debts, and the creation of global green consciousness that will continue to challenge current notions of environmental care.

4.1 Resource Extraction and the Push to Alternative Energy

Ecuador’s energy policy has been complex and often contradictory due to a variety of political and economic objectives that are difficult to achieve harmoniously. Tensions have arisen between conservation efforts and development projects, as well as between generating self-sufficient revenue sources and accepting foreign financing.

Rafael Correa assumed the presidency under pressure from the international community to repay outstanding debts, indigenous and ecological organizations like CONAIE and AE were resisting development projects in the Amazon, and the majority of Ecuadorian citizens were unhappy with their current education, healthcare, and living standards. The Correa administration’s Revolución Ciudadana sought to address each of these issues by creating a new paradigm for socio-economic development. The Yasuní ITT-Initiative is one of the hallmarks of the Correa administration; in essence, it was a groundbreaking economic and political alternative that offered other extraction-dependent countries a new method for achieving sustainable development (Lu, Valdivia, Silva 2017: 24).
The Yasuní ITT-Initiative was innovative in its attempt to circumvent Ecuador’s reliance on petroleum extraction without suffering economic loss. The notion of Ecuador transitioning into a post-petroleum society is revolutionary; the country’s entire economic foundation is built on petroleum and resource extraction (Rival 2012). Since Texaco’s discovery of oil reserves in 1967 and subsequent boom in the 1970s, Ecuador’s economy was transformed. The economy’s previous reliance on cocoa and banana exports were dwarfed by the volumes of crude oil that were discovered in the Amazon region. Texaco constructed its first pipeline in 1972 that extended from the Eastern Amazon to the coast, making it the most active company in the Amazon until 1992 when it sold its holdings to PetroEcuador (Lu, Valdivia, Silva 2017: 70).

**Figure 4.1: Ecuador oil production (‘000 barrels/day), 1965-2010**

![Ecuador oil production graph](image1)

**Figure 4.2 Crude Oil Prices, 1861-2015**

![Crude Oil Prices graph](image2)
Ecuador is heavily reliant on oil for economic growth and public investment. As mentioned in the literature review, Ecuador’s economy has suffered from a classic case of Dutch Disease, or the so-called resource curse. Oil’s price volatility, evident in Graph 4.2, in part explains why Ecuador has lacked sustained development. However, the country’s problems are also self-inflicted. Governments have largely mismanaged the revenue generated by oil price booms, choosing to increase external debts, whereas oil price busts have caused long stretches of debt crises (Kaminsky & Vega 2014). For example, increased sovereign debt led to the collapse of the banking system and need for U.S. price stabilization in 2000. Graph 4.1 shows the beginning of oil production in the 1970’s, the oil shock in 1987 and subsequent recovery through heavy investments during the 1990’s. Oil production peaked in 2006 at 550,000 barrels per day most likely correlating with Ecuador’s rejoining of OPEC in 2007. Ecuador’s oil production only dipped by 50,000 barrels per day during Correa’s first two years in office. This is important for two reasons: 1) it shows that despite the global economic crisis in 2008, Ecuador was not significantly affected by falling oil prices such as in 1987; 2) despite Correa’s emphasis on sustainability and seeking alternative forms of energy, he has relied on oil income in addition to Chinese loans for financing his reforms.

4.2 Dynamics of the Yasuní ITT-Initiative and the Yasuní Fund

The Yasuní ITT-Initiative is a non-exploitative financial arrangement between the Ecuadorian government and the international community that put “social and environmental values first” by leaving the Ishpingo-Tambococha-Tiputini (ITT) oil fields located in the Yasuní National Park undisturbed (ITT Trust 2010:2). The project would
also mitigate deforestation effects and expand research and development efforts in renewable energy. The international community would contribute at least half of the revenue that the Ecuadorian government would have received if the oil was extracted; approximately 800 million barrels, worth over $7 billion USD if tapped, would require at least $3.6 billion in funds by 2024 (Valencia 2013).

The Yasuní ITT Trust Fund or Yasuní Fund, was administered in 2010 by the United Nations Development Program (UNDP), to allow the international community safe investment in local Ecuadorian sustainable development, such as renewable energy projects in hydro, geothermal, solar, wind, biomass, and tidal power plants intended to change Ecuador’s energy matrix (ITT Trust 2010:5). The Yasuní Fund gave an original deadline of December 2011 for raising a minimum of $100 million USD in order for the project to continue. By the 2011 deadline, fundraising had exceeded $200 million USD and international feelings towards the project were optimistic. However, Yasuní’s popularity began to wane by 2012 and President Correa’s fundraising challenge of $291 million USD by the end of 2013 was not accomplished. The Correa administration liquidated the Yasuní Fund in 2013; in his speech Rafael Correa explains,

“Unfortunately, the world has failed us. Up to date, there are only $13.3 million in funds available deposited in the Yasuní ITT trust fund, which account for barely 0.37% of what was expected. There are commitments not directly connected to the initiative for another $116 million USD. I have signed an Executive Decree for the liquidation of the Yasuní ITT trust fund, and with that put an end to the initiative. I have ordered the preparation of technical, economic, and legal reports, in order to, pursuant to Article 407 of the Constitution, request that the National Assembly declare the exploitation of oil in Yasuní to be of National Interest. I quote Article 5, ‘In the event that the National Assembly authorize the extraction activity it cannot develop an area bigger than 1% of the Yasuní National Park.’ State company Petroamazonas will be in charge of the work,” (Correa de la Cadena 2013).

The Initiative failed because of a variety of political and economic obstacles. In Correa’s speech announcing the end of the Yasuní project in 2013, he says,

“The proposal was intended to raise the world’s awareness and to generate a new reality: demanding joint responsibility from the international community in the struggle against global
warming. I think the initiative was ahead of its time, and that those responsible for climate change were unable or unwilling to understand it. We also had the misfortune of having the launch of the initiative coincide with the worst world economic crisis in the past 80 years. But let’s not fool ourselves: the fundamental factor of the failure is the world is extremely hypocritical and the logic that prevails is not that of justice, but of power. The polluting countries are also the richest and strongest ones, and if they have free access to environmental resources generated by others, why should they pay something?” (Correa de la Cadena 2013)

Correa blames developed countries for the lack of investment and attributes the initiative’s failure to political rather than tactical errors (Correa de la Cadena 2013). Scholars note that the project was at a disadvantage because it was the first carbon abatement model of its kind; the initiative most likely failed because it lacked sophisticated international coordination, something that can only be developed through trial and error (Escribano 2012). The topic itself is contentious and the plan confusing; it required “rich” countries to make financial contributions through the Yasuní Fund and the Ecuadorian government would allocate funds to chosen recipient organizations (ITT Trust 2010:3). While the idea of the Yasuní ITT-Initiative is revolutionary because it generated a new model of thinking about ecological responsibility, the biggest design flaw was the lack of clear structure in the financing mechanism.

The Yasuní Fund would be administered by the Multi-Partner Trust Fund Office (MPFT Office) of the UNDP and overseen by a “Steering Committee” led by the Ecuadorian Government. The Steering Committee would consist of eight representatives: Three representatives would be from the Ecuadorian government, one of which would serve as the Chairperson, two representatives would come from contributing governments, one would be an Ecuadorian civil society representative, and two would be members of the UNDP (Yasuní Trust 2010:14). Project reports would be released quarterly and each quarter the Steering Committee would verify that the funds were used accurately and appropriately (ITT Trust 2010:20). In order to ensure transparency, the
Steering Committee would publicly disclose on the Yasuní ITT websites (www.yasuní-itt.gov.ec) and the UNDP website (http://mdtf.undp.org) records of decisions, summaries of proposed and approved projects, and progress reports (ITT Trust 2010:22). The projects themselves would be completely executed by Ecuadorian companies and the government would own all “equipment, supplies and other property financed by the Yasuní Fund” (ITT Trust 2010:22). These projects would then be subject to auditing.

The structure of the fund would be divided into two windows: the Capital Fund and the Revenue Fund Window (Yasuní Trust 2010:6). The Capital Fund Window would take contributions to the Yasuní Fund Account and used it to finance renewable energy projects submitted by Recipient Organizations. Each of the sectors targeted in the Capital Fund Window, such as hydropower or solar-power, would be represented by an approved Ecuadorian company who would borrow from the Capital Fund until it could repay (Yasuní Trust 2010:6).

The Revenue Fund Window would finance strategic sustainable development programs that were included in the Ecuadorian government’s National Development Plan for Good Living (Plan Nacional 2010). The Revenue Fund Window would finance plans for cultural and ecological conservation for the Tagaeri and Taromenane tribes, reforestation and environmental regeneration efforts, and support social development and energy research programs. The Revenue Fund Window would be financed with contributions from the Yasuní Fund (Yasuní Trust 2010:6). According to the Yasuní Trust, capital for the Yasuní Fund would come from contributions from:

“Governments, Intergovernmental Entities, Non-Governmental Organizations, Private Foundations, Private-Sector Organizations, private individuals, public fund-raising events following the prior approval of the Steering Committee, and income from the sale of Yasuní Guarantee Certificates (CGYs) by the Ecuadorian government to private and public entities in return for mitigating greenhouse gas emissions” (ITT Trust 2010:10).
The CGY’s were similar to shares that were offered by the Ecuadorian government as a means to make investment in the Yasuni Fund legitimate and to serve as guarantees for park conservation. The CGY’s were a guarantee backed by the Ecuadorian government for the face value of the amount contributed in USD. The CGY’s would not earn interest nor would they expire as long as the government maintained its commitment to preserve the Yasuni oil reserves (ITT Trust 2010:11). The CGY’s were intended to act as a form of conservation easement land rights. The land has a fixed asset value that gives it rights to private conservation that trump state rights to exploit subsoil wealth. Yasuni National Park is state owned, which under Ecuadorian law excludes private land ownership, so the CGY’s advertisement as private land coupons is a confusing suggestion. When the Ecuadorian government decided to begin extraction from the ITT oil field, the issued CGY’s were made redeemable and the funds raised were no longer under the ownership of the state and were transferred back to the contributors. However, any amount contributed under $50,000 was not eligible to receive a CGY nor was it required to be returned; instead it was considered a donation rather than an investment and would be given to an unnamed social program (ITT Trust 2010:11).

The money returned in the form of CGYs is not discernable from the total gross amount of contributions that were reimbursed. The initiative received the official support of the German Parliament, with unanimous support from all the political parties, as well as the European Union, and other international organizations such as Inter-American Development Bank (IDB), Andean Development Corporation (CAF), the Organization of Petroleum Exporting Countries (OPEC), South American Union of Nations (UNSAR), Andean Community of Nations (CAN), Organization of American States (OAS),
International Union for Conservation of Nature and Natural Resources (IUCN), and various indigenous organizations and ecological groups in Ecuador (ITT Trust 2010:1). Despite widespread international support, the actual monetary investments in the Yasuní ITT Initiative were not enough to meet the projects requirements. Ultimately, the amounts that governments pledged to donate were significantly higher than what they actually contributed; approximately $50 million USD were expected and only $10.5 million USD were deposited into the Yasuní Trust. The images below are from the Yasuní Capital Window published on the Yasuní Fund official U.N. site:

**Figure 4.3 UNDP’s Published Yasuní Capital Window**

![Ecuador Yasuní Capital Window](image)

The Yasuní Fund documents show the main contributors were mostly European countries like Turkey, Spain, and Australia, private sector companies, and private donors. Numbers from the Yasuní Fund can be misleading; they only show donations made directly to the Fund, when in reality the majority of large sums donations did not pass through the
UNDP Trust Fund but were instead donations made to the Yasuní National Park itself (Yasuni Fund, UNFCC). For example, Correa himself contributed $40 million USD that he won in a libel lawsuit, which is why it doesn’t show up on the ITT Trust log (Escribano 2012). Similarly, German Federal Minister for Economic Cooperation and Development and Social Democrat Heidemarie Wieczorek-Zeul contributed a one-time $48 million USD commitment for technical assistance in 2008 (Niebel 2010). Subsequent German Economic Minister Dirk Niebel, openly disagreed with Zeul’s contribution and the project itself. He says,

“I see Ecuador as a country which is rich in resources, but poor as a result of the actions of its own government, which has plundered it for decades. The best thing for Ecuador would be to be able to participate in global trade by means of oil production. No country can achieve development relying solely on external aid. Rapid growth is the only way for Ecuador to alleviate poverty among its population and reduce public debt. As far as I am concerned, preserving Yasuní and leaving the oil in the ground is a left-wing delusion which helps no one…I am not interested in talks with the Ecuadorian government. I do not approve of the kind of international fund envisioned by Ecuador. I see these funds as being susceptible to corruption and difficult to control,” (Niebel 2010).

Germany did not contribute any payments through the Yasuní Fund nor was their initial contribution of $48 million USD reimbursed.

The lack of a consistent and structured method of financing was where the initiative received the most criticism. The blog Yasuní Forever writes that “it [the Yasuní Fund] hardly looks like a resounding triumph as it is a mixture of written off debts, a donation from the President of Ecuador himself and various others.” The blog is referring to the prime minister of Italy, Silvio Berlusconi, who contributed $51 million USD by deducting it from the Ecuadorian debt to Italy. Given Ecuador’s history of sovereign default and Correa’s debt moratorium in 2008, repayment was unlikely, making Italy’s contribution relatively insignificant. The Ecuadorian government has been scrutinized for only reimbursing the amount listed on the Yasuní Fund (approximately $9 million USD)
in comparison to the excess of $190 million USD that was contributed outside of the 
Yasuní Fund mechanism, which was donated to an unnamed social program in Ecuador 
(ITT Trust 2010:16).

4.3 International Politics of Climate Change Financing and the notion of Ecological 
Debt

Correa has said that the Yasuní ITT-Initiative was created to “inspire a spirit of 
global co-responsibility” in addressing environmental challenges (Correa de la Cadena 
2013). Despite its failure, the Yasuní ITT-Initiative offered developed and developing 
countries a new cooperative model that would “allow the world to consider more just and 
equitable paradigms of sustainable development,” (ITT Trust 2010:3). The Initiative 
required a significant amount of local, national, and international cooperation, which was 
its most pioneering aspect but also its greatest flaw. The Yasuní ITT-Initiative required 
the participation of the international community, especially the financial assistance of 
developed countries, in order to achieve greater equality (Rival 2010:359). The UNFCC 
refers to climate change as a global challenge; it does not respect national borders and 
people anywhere can be affected by harmful emissions (UNFCC 2010). The solution then 
must be solved at the international level; the Yasuní ITT-Initiative was the first proposed 
carbon abatement model through which an estimated 407 million metric tons of CO2 
would have been avoided (Correa de la Cadena 2013). The Yasuní ITT-Initiative sought 
to transcend borders and political differences between countries in order to receive 
financing to benefit Ecuador at a national level and global health at an international level.
The idea of global mitigation based on ecological philanthropy is relatively new and therefore has not had time to develop a concrete financial or legal framework for supporting these efforts (UNFCC 2010). The first international political response to combatting climate change was the Rio Earth Summit in 1992 when the “Rio Convention” created the United Nations Framework on Climate Change (UNFCC). The first legally binding agreement to combat climate change came out of the COP21 in Paris in 2015 when the Paris Agreement was proposed and accepted. Signatures for the Paris Agreement began in April 22, 2016 and 175 countries have signed to date.

Article 1:

a) Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change;

c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

Article 4:

4) Developed countries should continue taking the lead by undertaking economy-wide absolute emission reduction targets.

Article 9:

3) As part of a global effort, developed countries should continue to take the lead in mobilizing climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds, through a variety of actions, including supporting country-driven strategies, and taking into account the needs and priorities of developing country Parties. Such mobilization of climate finance should represent a progression beyond previous efforts. (Paris Accord 2015)

Article 1 stipulates that all countries, with an emphasis on developed countries and countries with the highest emissions, will work to limit global temperature rise. The Paris Agreement pledges financial assistance for developing countries in the amount of $100 billion annually to support sustainable low-carbon change; however, the financial mechanism, such as how and who will pay what amount, is unspecified and the recipient countries’ have not been listed. The idea is still in its preliminary stages and has been developed further at COP22 in Marrakech, Morocco in 2016 and the COP23 in Bonn, Germany in 2017 where the headlines for the conferences were “Low carbon innovation
in emerging regions” and “Accelerating green economic growth” (UNFCC COP23). These topics show that the international community is taking the Paris Agreement further and attempting to develop sustainable technologies and to expand low carbon sectors in all markets. The UNFCC has projected the Paris Agreement to continue to be a key document in the international response to climate change and a model for future Climate Conferences, such as the COP24 in Katowice, Poland in 2018.

Article 9 of the Paris Agreement requires developed countries to take the lead financially, therefore shouldering most of the burden of financing their own carbon reduction and that of developing countries. The idea of ecological debt is a contentious issue because it is hard to quantify what impact certain levels of emissions will have in years, decades, or even centuries into the future. The notion of a developed country inherently being a rich country is also a point of contention; a rich country should have low debt and high GDP, but many developed countries may have a high GDP but a large amount of debt. It is therefore hard to implement or enforce any form of payment or punishment on developed countries for their part in climate change. Some scholars believe that the idea of rich countries financing developing countries will not work under the current economic model because countries do not have enough money to continually pay for environmental damages (Escribano 2012).

In spite of these doubts, there are many supporters of this model for climate change mitigation, including Rafael Correa. Correa’s argument is that since developed countries have built their wealth on environmental exploitation and have contributed the most to the current environmental situation, it is only fair that they assume the majority of
the financial responsibility. In his General Assembly speech in September 2015 Correa said,

“Evidence suggest that consumption of energy and generation of emissions are directly proportional to the level of income, which means that the consumption effect dominates over the efficiency effect, and an inhabitant of a rich country emits 38x times more than an inhabitant of a poor country. All of which raises the principle of common differentiated responsibilities. The global inequities are not just reflected in distribution of emissions but also in the impact of global warming and climate change. Counties like Ecuador produce less than 0.1% of total CO2 emissions but are suffering the consequences of climate change,” (Correa 2015)

In his speech, Correa raises the question of responsibility based on income level; he points to the countries that consume and pollute the most, usually the wealthiest, that need to recognize these inequalities. In this speech Correa proposes a new type of financial assistance for developing countries; while the Yasuní ITT-Initiative required donations, this new model would compensate countries in the Amazon for their global emission reductions.

“The countries of the Amazon Basin also produce goods of free access, in this case environmental goods that regulate the global climate, and without which life on the planet would severely deteriorate. Despite this, the great big global polluters pay nothing for consuming those environmental goods and services. Sometimes it is thought that the generation of environmental goods has no cost but the reality is that it can be very costly, not in terms of direct cost, but in terms of what we are renouncing,” (Correa 2015).

Correa is proposing that the Amazon’s creation of oxygen is a common resource for all nations and should be compensated as an environmental good or “ecosystem service.” This proposal is similar to the Yasuní ITT-Initiative because it is a means for sustainability and ecological preservation but also a means for financing development.

Correa also took the opportunity to propose an international law that would include the rights of nature, modeled off of the 2008 Ecuadorian Constitution.

“It is necessary to move towards a universal declaration of the rights of nature. The principal universal right of nature should be that it can continue to exist, but also that it can continue to offer the means for life that are necessary for our societies to continue living with the sumak kawsay,” (Correa 2015).
While Correa’s Yasuní ITT-Initiative would mostly benefit Ecuador, he has suggested changes that would have global impacts. Despite the Yasuní ITT-Initiative’s failure in implementation, it was successful in creating green global consciousness. This new consciousness would not be hindered by borders or political or ideological differences, and would transcend traditional notions of sovereignty and create a new means of global environmental care.

4.4 International Challenges to a Post-petroleum Transition

The Yasuní-ITT Initiative was revolutionary in its intentions and methods. Perhaps its biggest contribution to the international community is a reinforcement of the idea that climate change responsibility is here to stay. Climate change and ecological debt have become key topics at Climate Change Summits; similarly, the challenge of transitioning into a post-petroleum society will continue into the foreseeable future. The most difficult aspect will likely be eliminating and holding accountable the biggest companies responsible for environmental damages and our world’s dependence on petroleum (Frumhoff 2015:160). A study has found the top 90 companies with the highest emissions have produced 63% of the cumulative global emissions of industrial carbon dioxide and methane between 1751 and 2010 (Heede 2010:229). They have produced about 914 gigatons of CO2 emissions and all but seven of the 90 companies are energy giants who produce oil, gas and coal. The remaining seven companies were cement manufacturers (Heede 2010:229). This research shows that in order to combat global emissions, we must combat our reliance on unclean energy and instead invest in developing more sustainable and environmentally friendly technologies. Another group
of scholars suggests that global emissions would fall by more than 24% at a cost of 0.3% of world GDP by 2020, given international financial transfers to developing countries for approximately €32 billion (Frumhoff 2015:160). They argue that by investing a large sum of money now, developing countries will be able to contribute and pay back the investment in the future. Generating this amount of capital would be difficult, but this type of project faces the same challenges as the comparably much smaller Yasuni ITT-Initiative; it requires a high level of international coordination and structures that do not exist yet, making this an issue of global importance for the future.

4.5 Conclusion

The Correa administration began to transition Ecuador into a post-petroleum society by seeking alternative forms of financing sustainable development, primarily through Chinese investment and accessing global finance mechanisms. The Correa administration’s conservation efforts and transition toward clean energy conflict with his expectations of increased oil production; these contradictions are evident in energy policy inconsistencies (Haddad 2012:16). The Revolución Ciudadana was the primary way in which the Correa administration attempted to discursively frame itself as environmentally conscious, both at the national and international level. The Yasuni-ITT Initiative is an example of how the Correa administration recognized and attempted to remedy the struggle between socio-economic development and ecological preservation. Correa sought to create projects that would create a new narrative, replacing the oil sector’s negative record in Ecuador.
The Yasuni-ITT Initiative faced structural, institutional, and political limitations that contributed to its failure. While Correa exclusively blames the unwillingness of developed countries to take responsibility for their ecological debt, the project had design flaws that made contributing difficult. The Initiative was revolutionary in that it created a global consciousness and sense of co-responsibility; however, this aspect required a significant amount of local, national, and international cooperation that was not possible at the time.

The Yasuní ITT-Initiative promoted global green sovereignty by inviting other nations to join a movement for solidarity in combatting climate change. The initiative was a way to rethink sovereignty in general: local and state sovereignty would be replaced by global sovereignty that is governed by environmentally sustainable policies. Global green sovereignty restructures individual interests and begins to think about interconnected worldwide interests such as the pressing issue of climate change.
Chapter 5: Conclusion and Final Remarks

This thesis centrally asks: How did the Yasuni ITT project transform notions of sovereignty and environmental care in Ecuador? I argue that the Ecuadorian government, through the Yasuni ITT initiative, sought to create new means of creating revenue to finance development. I named the idea of using an international redistribution framework as an alternative to extractivist fueled development: “global green sovereignty.” This global green sovereignty stresses the abdication of national autonomy over development in favor of a post-petroleum economy.

In the third chapter I discuss how Correa used “21st century socialism” as a symbol of “post-neoliberalism” in Latin America (De Sousa Santos 2010). The Correa administration has sought means to receive financial assistance to circumvent oil dependency and create a post-petroleum society grounded in the ideas of Buen Vivir. The Correa administration primarily looked toward Chinese investment in hydroelectric facilities as a means to unwind Ecuador’s oil dependency and promote sustainable development. Many doubt the government’s commitment to environmental protection, especially because of Ecuador’s growing debt to China (Martinez 2014). It is important to monitor Chinese and Ecuadorian relations in the future. In addition to Chinese investment, the Yasuni ITT-Initiative was an attempt to achieve sustainable development in Ecuador. The Yasuni-ITT Initiative created a political alternative that would use international redistribution to fund local development projects, thereby benefitting Ecuador at the local and national level as well as the world.
In the fourth chapter I suggest that the idea of environmental co-responsibility will continue to be at the forefront of U.N. Climate Change Summits because developing countries do not have the power to enforce climate change policies. Developing countries like Ecuador look to the international community for financing mechanisms, such as the redistributive network proposed in The Yasuní ITT-Initiative. The initiative’s biggest legacy is the creation of the notion of a green global consciousness. This new consciousness will not be hindered by borders, political or ideological differences and would transcend traditional notions of sovereignty and create a new means of environmental care. The Yasuní ITT-Initiative was the Correa administrations attempt at transitioning Ecuador into a post-petroleum society; its failure can be partly attributed to the pioneering aspects of the model, which lacked sophisticated international coordination because of its novelty. In future Climate Conferences, such as the COP24 in Katowice, Poland in 2018 will be interesting to see what type of economic investment model will triumph and whether the Paris Agreement continues to be a key document utilized in climate change discussions.

My thesis offers a unique contribution to literature surrounding Ecuadorian economic development and indigenous sovereignty. This thesis combines literature about the Correa administrations in the context of Ecuadorian economic history, political history, and the developing history of climate change responsibility. This thesis discusses the idea of global green sovereignty, a term that describes the goal of realizing alternatives to extraction-fueled economic development in favor of sustainable methods that are supported and promoted at the international level. This thesis links the concepts of climate change responsibility and sustainable development by suggesting that the
Yasuni-ITT Initiative has the potential to set the precedent for oil dependent countries seeking to unwind their oil dependency without sacrificing development.

Finally, it is important to recognize that this thesis encountered a variety of limitations in both the quantity and quality of information available. First, I was researching a topic that occurred over a decade prior so it was difficult to find interviews or narratives that gave a direct point of view instead of a summary. For instance, I wish I could have used twitter posts during the Pachaktik movement as well as had better access to information from the Texaco trial. Similarly, my research on the Waorani was limited to government media publications and the ONHAE website, both of which are not geared toward answering research questions. My thesis, especially in Chapter 4, would have benefitted from hands on fieldwork. I also encountered a lot of vague and non-published information, especially in financial documents. While the Ecuadorian government claimed complete transparency with the Yasuni Fund, its publications regarding the amount and to which recipient organizations was unclear and when reported on financial statements were conveniently left unnamed.
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