

## YASUNÍ ITT FAQs

### 1) What is the Yasuní ITT Trust Fund?

The Yasuní ITT Trust Fund, established by the Government of Ecuador and the United Nations Development Programme (UNDP) on August 3 2010, exists to receive and manage contributions in support of Ecuador's historic decision to forego extracting the 846 million barrels of oil in Yasuní National Park's Ishpingo Tambococha Tiputini (ITT) oil fields.

The oil is located underneath one of the most biodiverse regions of the world (a UNESCO World Biosphere Reserve), and Ecuador is sacrificing the potential oil revenues (currently estimated at more than USD \$10 billion) for the sake of global ecological conservation, protection of biodiversity and respect of the rights and cultures of indigenous people. To offset a portion of the loss, and to create a spirit of global co-responsibility in addressing environmental challenges, Ecuador is asking for support from the international community.

### 2) Why should I care?

You should support Yasuní if you believe that we have a collective responsibility to protect and preserve all species of life around the world, and that a shift away from pollution-heavy natural resources such as oil and towards clean and renewable energy sources is crucial for the long-term health of our planet.

As the need to consume earth's dwindling natural resources grows each year, the world's plant and animal life are coming under increasing threats of destruction. Nowhere is this threat more dire than in Ecuador. Ecuador is one of Conservation International's 17 "megadiverse" countries, and Yasuní National Park is one of the most biodiverse places on earth. In it, South America's amphibian, bird, mammal, and vascular plant diversity all reach their highest levels. A single hectare in Yasuní contains more species of tree than can be found in all of the United States and Canada. The park is also home to two indigenous tribes living in voluntary seclusion, the Tagaeri and Taromenane.

In addition to the dangers facing the natural ecosystem, drilling for oil in Yasuní would significantly worsen the effects of climate change. Drilling would result in the release of 407 million metric tons of carbon dioxide emissions into the atmosphere, and the resulting deforestation would release another 800 million metric tons.

A drilling ban will preserve biological diversity, protect the indigenous peoples, and prevent the exacerbation of climate change. There is no question that this vital ecological habitat must be preserved.

### 3) Who already supports the Yasuní ITT Fund?

In addition to being supported by the United Nations Secretary-General and being administered by the United Nations Development Programme, Yasuní is supported by leading environmentalists, scientists, Nobel Laureates, world leaders, and celebrities from around the world.

Among the supporters are Nobel Peace Laureates such as Muhammad Yunus, Desmond Tutu, Rigoberta Menchu, Dr. Eric Chivian, and Jody Williams; Nobel Laureate in Medicine Rita Levi Montalcini; ex-Presidents Mikhail Gorbachev (former USSR), Felipe Gonzalez (Spain), Fernando Henrique Cardoso (Brazil), and Ricardo Lagos (Chile); Prince Charles of Great Britain; Danielle Mitterrand, President of the France Libertes Foundation. The initiative has also 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 (UNSA), 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.

#### **4) How much money needs to be raised? Why this amount?**

When President Rafael Correa originally proposed this plan in 2007, the oil in the ITT fields was valued at \$7.2 billion. Ecuador pledged to not drill if the international community would share with it the cost of the lost revenue. The goal we hope to reach by 2024 is therefore \$3.6 billion.

Ecuador is seeking support from governments, foundations, the private sector, and individuals to reach this goal. The balance of the lost revenue, currently estimated at more than \$5 billion based on current oil prices, will be Ecuador's contribution to the world.

The Fund needs to receive \$100 million by December 31, 2011, to prove the plan's viability. If it does not receive this amount, according to the Yasuni Trust Fund Agreement signed with UNDP the government may terminate this historic initiative, in which case it has guaranteed to refund the contributors.

#### **5) Where will the donated money go? What will it be used for?**

Ecuador recognizes the dangers that a fossil fuel-based economy poses to the environment. Therefore, money raised will be used to revolutionize the Ecuadorian energy sector by investing in clean, renewable sources of energy like wind, solar, and hydroelectric. The investment in environmentally friendly and socially inclusive renewable energy projects will assist Ecuador in addressing climate change and sustainable development challenges, and enable it to gradually modify its entire energy matrix.

Funds will also be used for massive programs of reforestation and natural forest recovery. Deforestation is a direct cause of global warming, as it leads to the reduction of carbon absorption by plant life (and subsequent release of oxygen during the process of photosynthesis). Therefore, in addition to preserving the underground reserves of carbon which won't be released into the atmosphere during drilling, programs of reforestation will guarantee more CO<sub>2</sub> being absorbed from the atmosphere.

The Yasuní ITT initiative is a holistic and revolutionary proposal because in addition to addressing the problem of using carbon as an energy source, it also aspires to reduce poverty and inequality in the country. It prioritizes the investment in education, training, health, and the development of sustainable technologies and non-extractive economic activities that will favor the poorest and most marginalized sectors of Ecuadorian society. This forward-looking initiative therefore guarantees that the raised funds be used to boost both environmental and economic recovery.

For more detailed information, please read “Purpose, Principles and Structure of the Yasuní Fund” on the official Trust Fund website, <http://mdtf.undp.org/Yasuní>

**6) Since the amount is so large, most of it needs to be done through bi-lateral government agreements. Why do we fund-raise from private companies and individuals?**

While Yasuní National Park is located in Ecuador, ecological preservation, global warming, the protection of indigenous peoples, and the economics of the energy sector are issues that affect us all. The private sector and individuals can be a powerful force for good when united behind a specific cause. People the world over recognize the value of saving the Yasuní Rainforest. By sharing the burden throughout the world, we lessen the strain on one group and increase the chances for all of us to reach our goal. That is why one individual, an investment banker in New York donated her annual salary to the Yasuni Fund.

**7) How will the government guarantee the oil not being exploited?**

In exchange for contributions, the Ecuadorian government will provide a guarantee to maintain the ITT field oil reserves in the ground indefinitely. The government will issue guarantee certificates, known as Yasuní Guarantee Certificates (CGYs), in US dollars equivalent to the face value of each contribution.

Where the contribution is below \$50,000<sup>1</sup>, it shall constitute a donation to the Yasuní ITT Trust Fund and will not entitle the contributor to CGYs. However, an acknowledgement certificate for those contributing below \$50,000 will automatically be sent.

The maximum total amount of CGYs issued by the government will be equivalent to the value of a total of 407 million metric tons of CO<sub>2</sub> not emitted as a result of preserving the Yasuní ITT oil reserves. The CGY is an instrument that does not earn interest and does not have an expiration or maturity date as long as the government maintains its commitment not to exploit the Yasuní ITT oil reserves.

**8) What happens if the government does drill in the future?**

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<sup>1</sup> While the Yasuni-ITT TOR established a threshold of \$100,000 for issuing the Yasuni Guarantee Certificates (CGYs), the Yasuni ITT Trust Fund Steering Committee decided on 23 September 2011 to reduce the threshold amount to \$50,000.

Ecuador has committed itself to keeping the oil under Yasuní in the ground indefinitely. However, if the international community cannot reach \$100 million by the end of this year, Ecuador may have no choice but to exploit its country's natural resources for the sake of the welfare of its people.

In exchange for the contributions received, the Government of Ecuador will provide a guarantee to maintain the ITT field oil reserves, within the National Park, underground indefinitely by issuing to contributors Yasuni Guarantee Certificates (CGYs) equivalent to the face value of contributions for contributions of US\$ 50,000 and above. The CGYs, which are national legal obligations recognized by the Ecuador Assembly as state bonds, will include the metric tons of CO<sub>2</sub> avoided.

In the unlikely scenario that in the future, the government of Ecuador decides to extract oil from the ITT field, the CGYs will be made redeemable and the State will lose ownership of the raised funds, which will be transferred back to the contributors.

Where a contribution is below US\$ 50,000, it will be considered as a donation to the Yasuni Fund and will not entitle a Contributor to CGYs. The sum of contributions below the CGYs requirement, in the unlikely scenario of oil extraction, will be used for social programmes benefiting the area's inhabitants.

#### **9) Who is going to manage the money and make sure it is used properly?**

The Yasuní ITT Trust Fund, which has a Capital Fund Window and a Revenue Fund Window, will be administered by the Multi-Partner Trust Fund Office (MPTF Office) of the United Nations Development Programme (UNDP). It will be governed and overseen by an eight-person Steering Committee. The Steering Committee members will include three representatives of the Government, two representatives of contributing countries and one Ecuadorian civil society representative and two members of UNDP.

The UNDP MPTF Office has a strong record of transparent and accountable administration of over 40 Multi-Donor Trust Funds operating in over 80 countries with over \$5.5 billion in contributions received from more than 70 donors and development partners which can be viewed at <http://mptf.undp.org>. For more information about the Yasuni Trust Fund please see <http://mptf.undp.org/Yasuní>

#### **10) How much money has been raised from governments and the private sector so far?**

The information on the sum of individual donations as well as on the contributions of the Governments is posted to the Capital Fund Window page of the UNDP MPTF Office's website about the Yasuni Trust Fund ( please visit <http://mptf.undp.org/factsheet/fund/3EYCO>).

#### **11) In what currency must donations be made?**

The donations can be made in US dollars or any other convertible currency. Donations of less than \$100,000 can be made through the online portal, and amounts are listed in US dollars: <https://www.mptfdonations.org/>

The equivalent of a US dollar value of a contribution-payment, if a credit card managed in currencies other than United States dollars, will be determined by the exchange rate of the credit card operator (similar to other purchases that you make with the credit card ,if you are travelling abroad) . The UNDP will not absorb gains or losses on currency exchanges. Such amounts will increase or decrease the funds available for disbursements to the Government Coordinating Entity, and the Recipient and Implementing Organizations.

For donations of more than \$100,000, please visit the trust fund homepage <http://mdtf.undp.org/Yasuni>

**12) Can I declare my donation as tax deductible on my tax return?**

For US contributors to Yasuni Fund, tax deduction facility is available through Earth Day Network at <http://www.earthday.org/campaign/save-yasuni-national-park> .

**13) Will my name and the sum I have donated be publicly displayed?**

The names of individual contributors will be published (if individuals agree to release such information) in the Periodic Reports on Individual Donations that will be posted on the UNDP Yasuni ITT Web-site.

**14) When will it be decided whether the Initiative works or not?**

The government of Ecuador has set 31 December 2011, as the deadline for raising \$100 million. If the international community has by this date not adequately supported the Yasuní ITT initiative, the government may deem the Initiative was not embraced by the international community and the move towards drilling may be unstoppable.

**15) Who will decide where the money is spent?**

The Fund will be governed and overseen by an eight-person Steering Committee, which will include three representatives of the Ecuadorian Government, two representatives of contributing countries, one Ecuadorian civil society representative and two representatives of UNDP.

As the Government designated Government Coordinating Entity, the Ministry of Heritage through the Yasuní ITT Coordination Office, in cooperation with the National Secretary of Planning and Development, shall be responsible and accountable for the effective development, implementation and monitoring and evaluation of the Yasuní Fund portfolio implemented by national entities.

The Government Coordinating entity will assume, on behalf of the government, full financial and programmatic accountability for the funds disbursed to the Recipient and Implementing organizations by the UNDP, in accordance with the decision of the Steering Committee and the objectives of the Yasuni Fund Terms of Reference (see <http://mdtf.undp.org/document/download/4930>).

**16) What requirements must a project meet to be funded by the Yasuní ITT Trust Fund?**

The process and criteria for determining the composition of the portfolio and authorizing development of individual projects shall be determined by the government, according to the established policy,

priorities and procedures of the Yasuní Fund and the national investment procedures and in line with the Yasuni ITT Trust Fund TOR.

Additionally, the Technical Secretariat, an impartial entity providing administrative, technical and substantive support to the Steering Committee, shall conduct a comprehensive, independent and impartial technical appraisal of each Yasuní Fund Project Proposal, based on criteria developed in collaboration with the Government Coordinating Entity and approved by the Steering Committee. The appraisal shall include a review of the financial, technical and performance elements of the activity, social and environmental impact studies, and assessment of the institutional capacity of the recipient or implementing organization.

### **17) Where can I apply to have my project funded by the Yasuní ITT Trust Fund?**

The Yasuni ITT Trust Fund will not finance projects submitted by individuals unless such projects are vetted by the Government Coordinating Organization as a priority activity and are incorporated into the Government submissions of projects.

Project Proposals shall be presented to the Technical Secretariat for appraisal, with all relevant supporting documentation. Decision on Funding Allocation of proposals shall be done by the Steering Committee of the Yasuni ITT Trust Fund.

Since many clean energy projects would involve the new technologies and equipment, the Government will be relying on private sector companies that could be contracted to do that.

### **18) What do the Ecuadorian people think about the plan?**

Preserving Yasuní will require a monumental sacrifice from the Ecuadorian people, a third of whom live below the poverty line, and who stand to lose more than \$10 billion in national revenue.

Nonetheless, the initiative enjoys broad support from all segments of Ecuadorian society. After Ecuadorian President Rafael Correa announced the proposal at the UN in 2007, polling indicated 78% of Ecuadorian citizens support the Initiative.

In return, just as Ecuador is willing to collectively sacrifice for the world, it is asking the world to come together and reaffirm its support for biological diversity by contributing to offset a portion of the lost revenue.