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EXECUTIVE SUMMARY

Global public policy in 2023 is dominated by two interrelated challenges: the climate crisis and the clean energy transition. Ecuador, rich in both oil and biodiversity, represents a case study of the convergence of two apparently divergent economic development agendas: oil production and biodiversity conservation. Both are central to national policy objectives. Like other Latin American nations, Ecuador’s fiscal solvency is determined by natural resource prices. Policy-making and legislation relating to oil, Ecuador’s number one export, have historically been state priorities for maximizing economic benefits. However, Ecuador also hosts important biodiversity, which has led the country to sign environment-related conventions towards conservation and fighting climate change. Ecuador’s environmental efforts in recent decades have become a cornerstone of its diplomatic presence internationally.

This study examines the interaction of oil and environmental policy in Ecuador. We analyze primary legislation and interview data, beginning with the most recent decrees on oil extraction and environment enacted in the first months of President Guillermo Lasso’s tenure. We describe the interactions, in the form of contradictions, affinities and partnerships, of oil and conservation efforts and the implications of the simultaneous prioritization for conservation and climate change goals. We draw upon these interactions in Yasuní National Park, where the financial scheme of conservation is determined by a tense dependency on oil rents and corporate participation. We argue that oil-based economic priorities overrule conservation goals. Consequently, oil extraction in territories of biocultural significance remain legitimated by the national government, due to the reliance on oil for funding land conservation and national parks. We conclude by considering Ecuador’s global position in conservation and climate-related efforts, and advance multi-scalar, inter-sectoral policy ideas for overcoming policy contradictions.
1. INTRODUCTION

Global public policy in 2023 is dominated by two interrelated challenges: the climate crisis and the clean energy transition. Ecuador, rich in both oil and in biodiversity, represents a case study of the convergence of two radically divergent economic development agendas: oil production and biodiversity conservation. Both are central to national policy objectives. On the one hand, Ecuador’s economy is driven by oil and holds the third largest proven reserves in South America, behind Venezuela and Brazil (EIA 2021). In 2020, Ecuador exported US$4.94 billion in crude petroleum out of a total of US$20.6 billion worth of exports, representing around 24 per cent of total exports (OEC 2021). On the other hand, Ecuador holds major biodiversity and cultural hotspots that overlap with oil drilling areas. Tourism, Ecuador’s fourth-largest non-petroleum export, attracts visitors from around the world due to large swaths of some of the most biodiverse protected areas on Earth (González 2022).

Protected areas are becoming increasingly interconnected with Ecuadorian foreign policy and international diplomacy, because their international development assistance is contingent on protecting Ecuadorian nature. Yasuní National Park (YNP), considered by many experts to be the most biodiverse national park on Earth, is a highly contested arena where oil extraction, environmental agendas and Indigenous rights all intersect (Bass et al. 2010) and depicts the dilemma between economy and ecology (Crespo Plaza 2015). While Yasuní is a widely documented case, its management and importance in Ecuador’s sustainable-development debates are constantly in flux, renewing the contestation between oil and environmental realms.

Given these considerations, from a political ecology perspective, this study describes the interactions, in the form of contradictions and affinities between oil and environmental policies in Ecuador, with a focus on conservation. Drawing on the recent national policy enactment and YNP, we shed light on the challenges of meeting biodiversity conservation goals and compliance with sectoral policies while maintaining the current extractive economy. We are thereby filling a knowledge gap about to what extent oil and conservation are intertwined in current resource extraction and environmental policies. Thus, this study asks: What are the major legislative interactions between Ecuador’s oil and environmental policies and the implications for conservation, climate change and energy transition efforts? And how is the oil sector participating in the financing of protected areas?

Regarding contradictions, we stress, for example, the vagueness of the Lasso administration’s environmental policies in contrast to oil policies that have gone beyond political discourses, becoming institutionalized to facilitate the oil frontier expansion. Beyond contradictions, the analysis shows that interactions between oil and environmental policies are not a phenomenon exclusive to Lasso’s current government but rather a continuum through which the oil sector has remained dominant over the environmental counterpart, ultimately favouring extractive activities.
The study then describes affinities between oil and environmental conservation policies by exploring financial schemes of the YNP. At this level, we highlight how deeply intertwined oil and conservation are by observing oil and corporate partnerships in financing these conservation measures, such as in the case of the National System of Protected Areas in Ecuador (SNAP) and YNP, specifically. By doing so, we can witness how an apparently pro-environment political discourse vanishes through concrete financial partnerships that promote oil extraction along with its participation in conservation.

In section 2, we organize the paper to describe the general context of the development of Ecuador’s oil and conservation policies. Section 3 discusses how to analyze interactions between conservation and resource extraction using a political ecology theoretical framework. Section 4 discusses our methodological approach. Section 5 describes the policy interactions in the form of changes in the legal system and political discourses in the last 15 years but emphasized in President Lasso’s recent decrees. In section 6, the paper explains the financial scheme of protected areas in Ecuador and the oil sector’s participation in financing national conservation goals. We conclude with four overarching policy considerations on how to better manage each sector’s priorities.

2. OVERVIEW OF THE POLITICAL ECONOMY OF ECUADOR’S OIL AND ENVIRONMENTAL POLICY

2.1 THE OIL SECTOR

It’s well known that many Latin American economies depend on export-oriented resources and this has influenced the regional economic structure in the world since colonial times (Cardoso and Faletto 1979; Prebisch 1970). In the global south, the concept of extractivism — defined by Acosta (2011a) as activities removing large quantities of natural resources that are usually unprocessed and primarily for export — is focused predominantly on its possibilities of economic development (Chagnon et al. 2022). In this development model, the destination of the removed raw materials targets global markets and is supported by a strong state role (Burchardt and Dietz 2014). Extractivism can refer to oil, hydrocarbons, minerals, mono-agriculture and forestry (Catalán Ovalle and Valenzuela 2021; León 2019; Rodríguez Echavarría, Obando Campos and Acuña Alvarado 2018; Restrepo and Peña Galeano 2017). Ecuador’s extractive economy is based on rubber, cocoa, coffee, bananas and, in the last decades, oil. These commodities have spatially configured cities and their hinterlands to ease transport and goods to export markets (Deler 2007). Ecuadorian economic policy has oscillated between policies to attract foreign investment and at other times has sought to maximize sovereign control of natural resources. In both state-led and market-led orientations of Ecuador’s modern economy, exports have been crucial in driving public policy and in funding national fiscal models.

The 1970s Ecuadorian oil boom was driven by a military dictatorship and followed a resource nationalist oversight of the sector. According to Larrea and Warnars (2009), although the state promoted industrialization, infrastructure and social development, the external debt grew, which provoked unsustainable results of the model of productive modernization. In the last decades of the 20th century, with export orientation growing in
tandem with free-market reforms in the Latin American region, the extraction of natural resources was characterized by low taxation regimes and larger participation of private companies in strategic sectors (Larrea and Warnars 2009). The implications were seen in the absence of state planning, replaced by the market, driving commodity surplus to external debt instead of social development (Ortiz 2006).

In the mid-2000s, Ecuador made a paradigmatic shift in its oil and environmental policy. Referred to as “neo-extractivism,” this involves a discursive shift by which governments publicly promote natural resource extraction as a key driver of national development (Acosta 2011a; Burchardt and Dietz 2014). The prefix “neo” entails a new form of resource extraction that is distinct from traditionally market-driven modes of resource extraction. Gudynas (2009) coined the term to synthesize the political strategies observed in Latin America during its resource-nationalist turn of the early 21st century. This appropriation, according to proponents, is a means towards national development, resource sovereignty, poverty alleviation and political stability (Burchardt and Dietz 2014). The resulting public policy means the state seeks to appropriate resources by nationalization and significantly increasing rent capture.

Under resource nationalism, states can realize exceptional short-term profits, but responding to commodity price volatility and extraction costs requires planning and a technical apparatus of experts. According to the Economic Commission for Latin America and the Caribbean, in Latin America more broadly, rents collected between 2004–2011 doubled in the oil and gas sector and quadrupled in the mining sector (Acquatella 2013). State appropriations of public revenues also rose in this period, ranging from 33 per cent to as high as 65 per cent for social provisioning, economic diversification and access to liquid assets for what might be assumed to be contingency plans in the event of downturns in commodity markets (Acquatella 2013). In Ecuador’s case, the oil rents reached 6.4 per cent of GDP in 2021 (World Bank 2022) and, when the analysis comes to oil exports, the participation represented 32.2 per cent of total US$ million FOB exports in the same year (MPCEIP 2023).

Ecuador’s left turn under former president Rafael Correa (2007–2017), not unlike its ideological opposite of the 1970s military dictatorship, framed natural resource extraction as the linchpin of national development. Correa’s discursive strategy also fused resource nationalism with respect for Indigenous Peoples and nature (Lu, Valdivia and Silva 2016). However, in practice, neo-extractivism has failed to fulfil promises and diminished social participation (Arsel 2012). The resulting role of the state, in Correa’s government, meant that the state prioritized policing and legislating in favour of the extractive sector in targeted regions (Hayes 2021). This was complicated by the ongoing dominance of oil, coupled with the more recent importance of biodiversity and natural protected areas to the national economy and nature-related challenges.
2.2 CONSERVATION

The conservationist movement in Ecuador started in the 1950s, with the creation of the Forestry Department, which can be considered the first official institution to address the protection of forests and environmental control in the country. In 1936, the Galápagos Islands were recognized as the first protected area and the first step towards the current SNAP. Since the 1970s, Ecuador has signed several international agreements establishing its commitment to conservation and climate action, including the Nagoya Protocol and the United Nations Framework Convention on Climate Change. Several studies at a global level accompanied these efforts. Among them, Myers (1988) identified the initial 10 hotspots of biodiversity in the world, with Ecuador represented by two of them: Western Ecuador and the Uplands of Western Amazonia regions.

In 1992, then-president Sixto Durán Ballén (1992–1996) created the National Institute of Forests and Protected Natural Areas (INEFAN), the institution in charge of the administration of the Natural Protected Areas System. Years after that, former president Abdalá Bucaram (1996–1997) eliminated INEFAN and created the Ministry of the Environment in 1996. Since then, there has been an increasing process to strengthen this institution. In 1999, then-president Jamil Mahuad (1998–2000) signed the intangible-zones decree into law. Intangible zones are protected spaces on the grounds of cultural or biological importance, and particularly correspond to the territories of the Tagaeri-Taromenane Indigenous groups, where extractive activities are prohibited (Government of Ecuador 2019).

With the approval of a new political constitution in 2008, a process led by Correa’s administration, Ecuador was the first country to officially recognize the rights of nature. Ecuador’s rights of nature are considered a comprehensive body of environmental protection which can be invoked to stop or prevent any destructive activity against the ecosystems (Pietari 2016). In doing so, nature is subject to the rights that the constitution recognizes. Any person, people or community can demand of the authority fulfillment of the rights of nature, such as regeneration of cycles and processes or restoration. Although some judicial officers generally lack knowledge about its application, there are relevant cases of success. Such is the case of the protected forest Los Cedros, endangered by the state mining company ENAMI EP. There, the local government pleaded that the company had violated the rights of nature and in 2019, the Constitutional Court issued a judgment in favour of nature, appealing to this constitutional principle (Paz 2022). After recognizing the rights of nature, Ecuador expanded the protection of large swaths of the country. This was a pathbreaking achievement in terms of global biodiversity conservation efforts. In the same year, SNAP was updated with the formalization of three new subdivisions: Heritage of State Natural Areas (PANE), Protected Areas of Local Governments, Private Protected Areas and Community, Indigenous and Afro-Ecuadorian Protected Areas. The outcome of this structure is that 13.64 per cent of the total Ecuadorian territory is dedicated to conservation under the SNAP initiative (MAE 2020). The expansion of conservation has brought new economic development, and over time, environmentalism has become a prominent national ministry. It is now called the Ministry of the Environment, Water and Ecological Transition (MAATE), which name Lasso imposed with the view to making this ministry work as a transversal axis through all other ministries.
3. THEORETICAL FRAMEWORK: POLITICAL ECOLOGY APPROACH AND INTERACTIONS BETWEEN CONSERVATION AND RESOURCE EXTRACTION

3.1 POLITICAL ECOLOGY AND PUBLIC POLICY: DO THEY FIT?

This paper uses broad political ecology insight to explain contradictory interactions between oil extraction and conservation. Political ecology helps us understand how power relations affect environmental disputes and changes (Robbins 2020; Le Billon 2015; Blaikie 1999; Escobar 1996). At the core of political ecology is the study of the power dynamics and historical trajectories in resource distribution and outcomes for societies in which those activities take place (Blaikie 1999; Escobar 1996). In Ecuador, state-society relations, particularly the increased relational power of Indigenous groups and social movements, have taken centre stage in setting the two-pronged national development agenda that this paper addresses. The political ecological framework is preferable to an institutional approach, due to the context of multi-stakeholder action in setting the natural resource policy agenda. In particular, the role of international donors and private industry in funding conservation within both state-led and non-state initiatives in Ecuador means that there are more appendages of conservation at play than state-delineated institutional frameworks.

Political ecology favours a complex understanding of multi-scalar dynamics and eschews the theory testing that more common approaches, such as institutionalism, use to falsify and create deterministic conclusions. For example, the Confederation of Indigenous Nationalities of Ecuador (CONAIE) is a powerful and well-known political movement that is often cited as driving policy developments through democratic mobilization (Larson 2014; Tanasescu 2013; Ospina 2009). While true in many ways, the conclusion that watershed policy events can be attributed to social mobilization, such as the role of CONAIE and the 2008 Ecuadorian constitution, also undermines other important factors underway in the economy, involving not just domestic actors, but also regional alliances with neighbouring trading partners. Political alliances at the time emboldened the Correa administration to eschew the interests of international lenders — powerful allies such as the United States — and instead seek bold policy changes as a symbol of defiance to longstanding arrangements in hemispheric politics.

Despite political ecology’s utility in explaining power dynamics and distributional outcomes between groups, relational power shifts over time among state, non-state and industry actors do not always fit naturally with policy analysis. While it is useful for open-ended exploration, there are some deterministic tendencies underpinning the theory that do not align with methods common in policy analysis. In political ecology, politico-juridical institutions in which elite interactions institutionally play out are less scrutinized in favour of wider understanding of political divisions between social groups and economic classes, known as “political settlements.” Political ecology’s understanding of central state models of natural resource governance boils down to the political settlements of a state and “the need to understand institutional arrangements as the products of bargains among elites ... relationships of power among elites produce institutions that will tend to distribute benefits more or less in line with differences in power” (Bebbington et al. 2018, 72). Bebbington et al.’s (2018) conceptualization of political settlements situates elite interaction
as the determinant of distribution and creators of institutions to oversee the process, rendering policy development itself secondary. As Tetreault (2017) points out, political ecology is rooted in a materialist ontology that centres an elite-driven understanding of political processes.

Based on the elite-driven logic of determining political settlements and therefore power distribution, political ecology is fundamentally less concerned with the multiple stages of the policy process and the possible constraints and minutiae of politico-juridical institutions that exist in states and govern isolated sectors. The institutions that mediate and permit investment flows, distribution and extractivist activities—ministries, laws, legislation and so forth—are therefore widely understood as one piece in the mosaic of power relations that connect the sites of resource extraction to the global political economy. Meaning, the institutions themselves do not cause the outcomes relating to extractivism, and the idea that political institutions influence and constrain elite behaviour is not widely explored in political ecology. In this way, there are important descriptive elements of institutionalism that help enhance the political ecology framework of this analysis, albeit for purposes of tracing details in policy and less for theory testing.

The risk of eschewing or minimizing the power of national institutions is complicated by policy change. Recent constitutional recognition of the rights of nature—such as in Ecuador—is not easily done away with in the process of elite bargains and shifts in power among elite actors. At the granular level, theories of the policy process also can show that elites are unable to meet their goals due to various constraints that are not easily overcome without sweeping political mandates to do so (McGinnis and Ostrom 2014). Put differently, accounting for long-term institutional developments should entail looking at more than the development of political settlements and take account of the power embedded in pre-existing rules, policies and juridical minutiae that survive multiple incarnations of political settlements.

There have been piecemeal calls for further application of political ecology within policy-based research designs (Rocheleu 2007; Walker 2006). However, these calls have been focused on fusing “social and biophysical topics” and working to create studies that inform NGO and developmental work (Rocheleu 2007, 720). Following Walker (2006), we understand the need to bridge focuses of the structural tradition of political ecology with the political-juridical elements, where the central outcomes related to power and capital are carried out via the various legislation, decrees, legal norms and ministerial processes. Examining the convergence of resource extraction and conservation, Ecuador’s two most internationally recognized public policy issues, will help explain the trade-offs that society and the environment face in the 21st century.
3.2 CONTRADICTIONS AND AFFINITIES BETWEEN OIL AND CONSERVATION INITIATIVES

The governance of extractive activities brings together several levels of political authority, and, sometimes, spillover effects. Gudynas (2017) says these spillover effects entail modifying a policy or, in the case of Napoleonic legal jurisdictions such as Ecuador, codified legal norms. Concerning the extraction process, state institutions tend to reduce the requirements, monitoring or penalties in favour of extractive activities (Campanini 2022; Gómez-Baggetto and Ruiz-Pérez 2011; Mrozowski 1999; Smith 2007). Through discourse or praxis, the state seeks people’s approval and legitimation of it, justifying the intervention as the means to, for example, alleviate poverty (Rentería 2020). Extractivism is therefore anchored to wider public policy objectives and its public policies.

It is well known that oil extraction has adverse environmental impacts and agendas that conflict with conservation efforts (Watson Jimenez and Davidsen 2022; Siqueira-Gay et al. 2020). At a fundamental level, constitutional or legal instruments protect areas of conservation from extractivism. However, exceptions emerge as the tool to pacify possible confrontations between actors involved in both activities. Extractive activities can and do take place in conservation-proposed areas (Energy and Biodiversity Initiative 2003), made possible under different regulatory management of each activity. In Ecuador’s case, this exception is constitutionally backed in Article 407, which declares that non-renewable resources within protected or intangible areas can be exploited after a reasoned request from the executive and legislative powers. By doing this, former conservation areas, some of them also Indigenous territories, can be part of the extractive enclave, after such legal or institutional readjustment (Sierra Praeli 2022). Furthermore, they can share spatial logics of control through the exclusion or marginal inclusion of local people. The simultaneous occurrence of oil production and biodiversity conservation via protected areas is possible through policies of exception that disconnect institutions, objects, discourses, organizations, geographic areas or policies (Menezes and Barbosa Jr. 2021). Hence, through modification, policies that appear to protect nature allow extraction to take place.

Socio-environmental conflicts have emerged in response to a crisis of legitimacy in conservation policy due to the use of conservation as a tool of the state and extractive industries to expand resource extraction (Gooden and ‘t Sas-Rolfes 2020; Ojeda 2012). Le Billon (2021, 84) underlines that “the convergence of extraction and conservation is not only pragmatic, but also reflects shared discursive imaginaries and valuations of nature, practices materialized through spaces of ‘double exception’, and common politics of enmity directed at local communities that legitimize exclusionary practices rather than solve capitalism’s contradictions.” The case of YNP exemplifies Le Billon’s politics of enmity because the area is ripe for differing priorities that hold different notions of value for land use. YNP is one of the world’s most biodiverse regions and is also home to the Waorani people, one of the world’s most recently contacted groups. At the same time, it is a region rich in oil reserves, central to the state development strategy by recent presidential administrations across the political spectrum. The case study will also show affinities about how spaces of exception are applied to allow for the coexistence of two activities that are arguably in total opposition.
The interplay between extraction and conservation, however, might prove strategic in the legitimation crisis that extractive companies face, given the global climate change crisis, which opens the possibility of partnerships (Ross 2022; Le Billon 2021). Partnerships, besides maintaining extractive activities through efforts to “green” extraction, also describe extraction as dialectically maintaining conservation. Relationships have since developed between conservation organizations and extractive industries. A double movement of extractive companies funding conservation while maintaining their industrial priorities keeps the door open for extractivism and reproduces different forms of the value of nature. Based on partnerships, the extractive and the conservation sectors, apparently opponents, can become co-operants under the condition of commodifying nature. Conservation NGOs as well as environment-related state institutions can benefit from the finance of extractive firms or oil-source inflows (Watkins and Smith 2020) as well as from the oil infrastructure for conservation purposes. Moreover, the co-operation can find another support line via sustainable activities. International organizations, such as the International Monetary Fund (IMF), have primarily promoted this kind of partnership, particularly in countries with a weak state and local governance (McPhail 2000). Based on the precedent, sustainability must first be profitable, besides other social and environmental goals.

4. METHODOLOGICAL APPROACH AND STUDY AREA

We use a qualitative approach to test the conceptual discussions of the interplay between oil and conservation in the Ecuadorian context. We reveal the dynamics and mechanisms of the study object within its complex context, which requires diverse data sources (Baxter and Jack 2015). To elucidate the policies’ repercussions, we drew on document analysis, containing authorities’ declarations and a series of interviews with sectoral experts. We began with mapping the changes to oil and environmental policies by examining Lasso’s official Decrees 95 on oil policy and 59 on environmental policy, before expanding into other legislation and procedural documents relating to key ministries.

We carried out semi-structured interviews to better understand the actual effects of the decrees in each respective sector and their interrelations at the policy level. The method used for the interviews followed snowball sampling or chain-referral sampling to reach suggested experts or specialized informants who were willing to share technical information (Jensen and Shumway 2010). For this research, we chose six environment and two oil-related interviewees (see Table 1). The difference in the number of interviews lies in the available information found in secondary sources. Primary data from the interviews supplemented scarce information about the current environmental policy. Names of interviewees after their prior consent will appear; coding will be used for the personal communications with anonymized participants.
Table 1. List of Expert Interviewees

<table>
<thead>
<tr>
<th>Sector</th>
<th>Code</th>
<th>Name and/or Position</th>
<th>Institution</th>
<th>Date of the Interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>EI-1</td>
<td>Protected areas expert</td>
<td>MAATE</td>
<td>Aug. 26, 2022</td>
</tr>
<tr>
<td></td>
<td>EI-3</td>
<td>Protected areas focal point</td>
<td>MAATE</td>
<td>Sept. 26, 2022</td>
</tr>
<tr>
<td></td>
<td>EI-4</td>
<td>S. Silva, co-ordinator</td>
<td>Fund of Protected Areas (FAP)</td>
<td>Sept. 29, 2022</td>
</tr>
<tr>
<td></td>
<td>EI-5</td>
<td>Environmental technician in charge of the YNP</td>
<td>MAATE</td>
<td>Oct. 4, 2022</td>
</tr>
<tr>
<td></td>
<td>EI-6</td>
<td>Co-ordinator PNY</td>
<td>MAATE</td>
<td>Oct. 23, 2022</td>
</tr>
<tr>
<td>Oil</td>
<td>OI-1</td>
<td>H. Llanes, oil expert</td>
<td>Independent</td>
<td>Sept. 12, 2022</td>
</tr>
<tr>
<td></td>
<td>OI-2</td>
<td>C. Montenegro, Subsecretaria de Contratación de Hidrocarburos</td>
<td>Ministry of Energy and Non-Renewable Natural Resources (MERNNR)</td>
<td>Sept. 21, 2022</td>
</tr>
</tbody>
</table>

It is worth noting that this article also builds on the authors’ experience and knowledge about Ecuadorian, Amazonian and Latin American environmental and energy sector politics.

4.1 CASE STUDY: YASUNÍ NATIONAL PARK

Ecuador’s extractive frontier is a well-known case study in looking at community and industry conflict (Rasch 2017; Coryat and Lavinas 2016). Ecuador’s convergence of conflicting goals also has richness as a single-case study of the unevenness of policy reform between two competing objectives — oil production and conservation — of a single country (Pepinsky 2019). The state’s priority is not always clear in showing its primary objective, given that both expansion of the extractive frontier and the expansion of conservation and spillover economic activities will be simultaneously pursued. Beyond connections of extractivism with environmental measures at the policy formulation level, these two realms also overlap physically, where national parks host, or are adjacent to, oil blocks. At the local scale, these overlaps are studied in the context of socio-environmental conflicts (Qin et al. 2019).

YNP (Figure 1) is in northeastern Ecuador, the Amazon region. YNP covers an area of 9,823 km² and sits on 20 per cent of Ecuador’s oil reserves and large amounts of timber (Qin et al. 2019).
Figure 1. Yasuní National Park, showing multiple layers of environmental and resource extraction agendas and impacts.

Source: Own elaboration based on data sets obtained from the Ecuadorian Ministry of Environment and the Geographic Military Institute.

YNP is also home to the Waorani, who are the most recently contacted Indigenous group in Ecuador and have clans still living in voluntary isolation. This situation depicts the apparent dichotomy of extraction and conservation, largely discussed in Latin American contexts, and mostly reflected in public policy and the political discourse.
5. INTERACTIONS AT THE FUNDAMENTAL LEVEL BETWEEN CONTEMPORARY ECUADOR’S OIL AND ENVIRONMENTAL POLICY/DISCOURSE

5.1 OIL POLICY (DECREE 95) AND THE DEEPENING OF OIL DEPENDENCE

The strategies to increase oil extraction were primarily institutionalized through the presidential Decree 95, enacted in July 2021. Decree 95 requested relevant government institutions to execute Lasso’s oil agenda within 100 days through an immediate action plan. Lasso’s political campaign and government plan offered to double Ecuador’s oil production, from about 500,000 to one million barrels of oil per day. Specific mandates to duplicate oil production included contractual changes to incentivize private investment through, for example, the creation of opportunities for oil companies to voluntarily shift their contract types from fixed-fee to participation (Decree 95, Articles 4.b, 4.c and 4.h). A fixed-fee contract means that the government pays a defined fee per barrel of oil extracted whereas participation contracts mean that the government and the company capture a specific percentage of oil revenues. The discussion about which type of contract is beneficial to states has been highly contested. In 2010, most oil contracts were shifted to fixed-fee during Correa’s administration through a new hydrocarbon policy (Acosta 2011b), which Lasso’s regime has criticized for blocking private investment.

Decree 95 also requested to review and prioritize environmental processes that have not been addressed in the hydrocarbon sector through co-ordination between the MAATE and the MERNNR (Decree 95, Second Transitory Disposition). Finally, the decree also made oil blocks operated by Ecuador’s national oil company, Petroecuador, susceptible to delegation to the private sector (Article 4.d). It is worth noting that Lasso’s oil policy is highly detailed and legally precise, which contrasts with the environmental policy (see section 5.2). Thirty days after the decree was expedited, the minister of Energy and Natural Resources, Juan Carlos Bermeo, reported having completed 60 per cent of the Decree (MERNNR 2022). This report included a law project to reform the Hydrocarbon Law and its regulations, and the proposal of a new contract participation type. Later, Lasso passed a reform in Ecuador’s Hydrocarbon Law through presidential Decree 342 in February 2022, which facilitated the voluntary migration of contract types.

Civil society organizations, namely CONAIE, rejected the government’s push to expand oil production. In an 18-day protest, CONAIE and aligned peasant organizations successfully pushed to derogate Decree 95 and to enable a 12-month oil moratorium. The moratorium, agreed upon in early September 2022, prevented the government from leasing oil blocks that had not been explored or exploited (Amazon Watch 2022; El Universo 2022a). Within this time, the government was expected to expedite a regulatory framework to undertake free, prior and informed consent consultations with affected communities (C. Montenegro, personal communication, Sept. 21, 2022; H. Llanes, personal communication, Sept. 12, 2022). In addition to policy rectifications, it is important to highlight that, through the protests, these civil society organizations primarily demanded to freeze gasoline prices in the country, which had been increased after former president Lenin Moreno’s administration reduced the subsidies. Notably, oil-related protests have not emerged only in Ecuador. In fact, between January and September 2022, more than 90 countries and
territories experienced street protests over the price or availability of fuel (Gebreab et al. 2022), which uncovers the global challenges of energy supply and oil and gas policy.

The moratorium did not stop the government from leasing oil fields. In early October 2022, the government launched the second intra-field oil round, which sought an increase of between 18,000 and 24,000 barrels per day and to attract around US$2 million in private investment (Bnamericas 2022). This round focuses on leasing small blocks located between large blocks that have already been explored. Given that these areas have already been exposed to oil activities, the state will not consult with affected communities (C. Montenegro, personal communication, Sept. 21, 2022). In socio-environmental terms, another peculiarity of this leasing process is that the government has included contract clauses to optimize the use of gas produced in these new operations and limit the use of burners, which respond to climate concerns (C. Montenegro, personal communication, Sept. 21, 2022).

Between January and October 2022, the Lasso administration did not manage to increase oil production; rather, production fluctuated between 386,000 and 396,000 barrels of oil per day, less than half of the initial target (Petroecuador 2022). It is important to highlight that national protests in Ecuador in June 2022 reduced production through takeovers of oil fields and blocking the government’s attempts to expand the oil frontier. According to interviews with oil sector representatives, this outcome was expected, because such an intensive increase of oil production demanded a convergence of favourable inputs, including private foreign investment, increase of technical capabilities, political support and higher oil reserves. An interviewee observed that offering to duplicate oil production was a “demagogic offer made by Lasso without having knowledge of the oil industry ... Lasso told lies to the country” (H. Llanes, personal communication, Sept. 12, 2022).

5.2 ENVIRONMENTAL POLICY (DECREE 59) AND ITS CONTRASTS TO THE OIL POLICY

We now turn to analyze the Lasso administration’s environmental policy, embedded in Decree 59, and contrast it with the oil policy presented in the previous section. We find that unlike the oil policy (Decree 95) and the demand for substantial reforms and fixed deadlines to accomplish oil extraction and production goals, Decree 59 is vague in stating how this policy would be realized. This uncertainty has driven not only slow organizational changes but also gradual operational process transformation to support Ecuador’s official ecological transition policy. We hold that the vagueness of Lasso’s government concerning conservation and environment has tacitly facilitated the advance of oil extraction.

On June 5, 2021, through Decree 59, Lasso’s government introduced the concept of ecological transition, following in the footsteps of Mexico and Chile (Montaño 2022; Castro 2021), and changed the name of the former Ministry of Environment and Water (MAAE) to MAATE (Article 1). This decree, framed around international conventions and agreements, such as the Convention on Biological Diversity, was window-dressing. According to interviews with experts (EI-3, personal communication, Sept. 26, 2022; T. Granizo, personal communication, Sept. 5, 2022; EI-1, personal communication, Aug. 26, 2022), beyond the ministry’s name change, officials were uncertain of the implications of ecological transition
in national environmental management; for example, in protected areas. Moreover, it pretended to reach organizational restructuring, albeit without enhanced financial support, which sends contradictory signals to the international community about Ecuador’s actual conservation pathway in the current global scenario of climate concerns.

Furthermore, Decree 59 attempted to make some progress on fulfilling goals on climate change (Articles 4 and 6). Issues include greenhouse gases, technology and clean energy, as well as public, private, public-private and community partnerships for sustainable production and consumption towards net zero emissions by 2050. However, some of these changes are already codified in the constitution. For example, water issues are discussed in the Magna Carta, in Articles 3, 12 and 313. Conservation, restoration and integrative water management practices are defined in Article 411 as a state responsibility. In fact, Decree 59 did not have any major effect on pre-existing efforts in conservation.

Article 2 relates to the Escazú Agreement (regional agreement on access to information, public participation and justice in environmental matters in Latin America and the Caribbean), which was ratified in May 2021 and entered into force in April 2022. This agreement aims at an effective regional implementation of issues related to the rights of access to environmental information, public participation in the environmental decision-making process, environmental justice, capacities and co-operation toward sustainable development (ECLAC 2018). Article 2 endorses the social aspects of environmental issues, which, if properly applied, could make progress towards justice for people affected by environmental conflicts, such as in the case of the oil spill in April 2020 in the Ecuadorian Amazon, the largest in 15 years (Caiza and Paganini 2020).

Article 3 in Decree 59 emphasizes the concept of sustainable development as the improvement in the quality of human life without exceeding the carrying capacity of ecosystems, with solidarity and equity towards current and future generations and guaranteeing a balance between economic growth, environmental care and social well-being. Environmental experts interviewed stated that sustainable development is already a constitutional principle, recognized in Article 275, linked to good living (sumak kawsay, in Kichwa), which mandates nature and environment protection for this and the generations to come (T. Granizo, personal communication, Sept. 5, 2022; EI-1, personal communication, Aug. 26, 2022; Zambrano Noles et al. 2018). However, the Lasso administration’s environmental and oil policies present stark contrasts that show how the government has prioritized resource extraction over conservation. While oil policy reforms include clear rules for oil extraction operations, environmental policy appears as a list of ideas, or declarations of good intentions. Redundancy, weak institutional implementation and undefined financial support of the policy framework threaten longstanding conservation strategies in Ecuador, such as SNAP.

Interviewees’ opinions and the literature revisited agree that environmental policies, such as ecological transition and facing the global climate situation, involve a transformation process of production and consumption towards a sustainable economic system (Montaño 2022). This would mean shifting Ecuador’s economic matrix towards a less oil-dependent economy, which challenges governmental oil production goals and Ecuador’s dependence on raw materials. Moreover, ecological transition is not limited to a change of technology.
According to Garcia and López (2018), it demands further shifts, including social and political institutions, livelihoods and people’s values and perceptions about the future that society wants and “the development model needed” (T. Granizo, personal communication, Sept. 5, 2022). Therefore, the public policy challenge is to more closely align the capacity gap between both policy areas. The rigorous framework of oil policy is clearly defined, in contrast to the environmental policy framework, which is aspirational in its language and unclear in its implementation.

5.3 ECUADOR’S OIL AND ENVIRONMENTAL POLICY AS A CONTINUUM

This section shows that Ecuador’s recent efforts to expand national oil production by both the private sector and by the state-owned Petroecuador are not exclusive to Lasso’s administration but are part of a longer horizon of resource dependency that operates on a continuum. In this history, Ecuador presents a continuity of pro-oil extraction, despite discursive political shifts towards energy transition by both the former left-wing president Correa and current conservative President Lasso. These continuities can be observed in the Yasuní case.

During Correa’s administration and as a result of alliances with social and environmental organizations, the Yasuní became known worldwide through the Yasuní-ITT initiative, which sought to leave oil underground in exchange for carbon payments from the international community (Sovacool and Scarpaci 2016). However, the gradual separation between Correa and the social organizations, the reinforcement of extractivism and the clashes between his extractive development model and his pro-environment rhetoric provoked distrust and the initiative collapsed (Swallow 2017). In 2013, the initiative was cancelled through the Declaration of National Interest (DIN) and was expedited by the executive and passed in the National Assembly, thanks to a congressional majority by Correa’s PAIS alliance (Asamblea Nacional 2013). Congressional support for termination of these carbon-exchange projects in protected areas was necessary based on Ecuador’s constitution. As a result, oil extraction in YNP began in 2016 and has continued expanding to date. This expansion, as the DIN states, was justified through narratives of resource distribution, poverty alleviation, change of production matrix and environmental protection as high-technology resource extraction would respect nature. These narratives reinforced the extractive imperative as the key for deep economic structural transformation (Swallow 2017). The exploitation of the Yasuní-ITT blocks through the DIN warrants attention to the mechanisms that the same governments used to advance extractive agendas despite environment-friendly discourses or lukewarm actions. Specifically, the Yasuní exemplifies an area where oil agendas clash with and overthrow environmental initiatives (e.g., the Yasuní-ITT initiative), wherein the Yasuní became a space of exception (Le Billon 2021) or a “space of sacrifice” (Silveira et al. 2017). The political use of the DIN ultimately served to meet Correa’s ambitious social development agenda based on neo-extractivism, favouring the state and private extractive sector.

The Lasso administration has continued to allow Correa’s expansion of oil drilling in the area as a strategic realm for the Ecuadorian economy. However, oil extraction has followed a liberalized path of resource development, while still sustaining public investments via Petroecuador. It is important to highlight that Lasso’s intention to expand the oil frontier is
not seen only through expansionist policies (e.g., Decree 95) but also through inaction to limit the expansion in already open extraction frontiers. On Aug. 18, 2021, the Monitoring of the Andean Amazon Project (MAAP) reported the construction of a road to access Yasuni’s oil platform Ishpingo A, which is only about 0.5 kilometres away from the buffer zone and 10.5 kilometres from the Untouchable Zone (see Figure 1) (MAAP 2021). On April 13, 2022, after initiating oil drilling in platform A5 of the Ishpingo oil block, Lasso stated: “Here are the resources to finance the fight against chronic child malnutrition, the reconstruction of classrooms in schools and colleges, to improve health services and other strategic projects for the well-being of the Ecuadorian family” (El Universo 2022b). Ecuador suffers from several issues related to oil production, including the resource curse, expenditure volatility, over-borrowing and poor quality public investment. Ecuador has shown little success in its efforts for economic and carbon transition, which the pandemic (Borja and Buitrón Cañadas 2020) and global economic crisis have further limited. Thus, cutting supply can bring Ecuador huge financial losses if it is not compensated for leaving oil underground. In this context, according to Lasso’s comments, climate change efforts have become an opportunity to increase production rather than reducing production and dependencies on oil drilling.

Ecuador’s notorious fiscal dependency on oil risks fiscal insolvency, but it ultimately finances public works. To illustrate, under Ecuador’s current oil distribution regime, rents are allocated as follows: 1) state capture of 25 per cent of the gross income as a “sovereign margin;”; 2) payments of fixed fees per barrel of oil extracted to companies; and 3) contributions to the Amazon Sustainable Development Fund (four per cent per barrel of oil and no less than US$2 per barrel of oil) (Asamblea Nacional 2018; Acosta 2011b). The remaining rents feed the national budget. Noteworthy: the state, not oil companies, oversees providing services and infrastructure to local communities affected by oil drilling.

Based on the Sustainable Finance Index (Guzmán, Barbosa and Montalvo 2021), Ecuador ranked first on the list of Latin American countries with carbon-intensive income (Guzmán et al. 2021, 6). This indicator is a tool to monitor national and international outflows and inflows in reference to climate change and sustainable development and to identify the resources impeding progress towards the transition to low carbon and climate-resilient development, particularly from activities such as extraction of fossil fuels and mining. Ecuador’s tensions and contrasts between contemporary oil and environmental policy show that the oil industry continues holding major political and economic influence in the country, which constrains conservation efforts. The oil agenda institutionalized through Decree 95 was primarily proposed by the Ecuadorian Energy and Oil Coalition, a collective mainly composed of oil engineers. Moreover, one of the coalition’s main leaders, Italo Cedeño, was appointed chief executive officer of Petroecuador. Such influence shows that the oil sector remains powerful among political and economic lobbies within the state in setting major priorities of national public policy (Princen, Manno and Martin 2015). With such political and economic power, the oil sector can also constrain climate efforts and overcome environmental policy.
5.4 IMPLICATIONS OF ECUADOR’S OIL EXPANSION AGENDA FOR CLIMATE CHANGE EFFORTS

Conservation efforts can mitigate the negative effects of climate change through protection of carbon-negative rainforests (Ackerly et al. 2010). The world is facing major challenges to reduce the impacts of climate change over biodiversity and conservation efforts (Steffen et al. 2015). Research has shown the need for keeping a third of oil reserves underground to prevent a global temperature rise under 2°C above pre-industrial levels (Rogelj et al. 2016). One of the strategies to achieve this goal is limiting the supply side of oil, which shows the need to understand the policy dynamics of oil-producing countries. Gaulin and Le Billon (2020) reveal that initiatives seeking to cut fossil fuel supply have rapidly increased in the last decade; however, the study also shows that these initiatives have faced multidimensional challenges. We now reflect on how Ecuador’s attempt to increase oil production affects climate change efforts.

The Lasso administration’s oil and environmental policy shows a continuum in the expansion of the oil frontier and a neglect of climate efforts. In fact, Lasso has seen global climate change efforts as an opportunity to increase oil production. For example, in his first annual speech he observed, “now that the global trend is an abandonment of fossil fuels, the time has come to extract every last drop of profit from our oil, so that it reaches the service of the poorest, while still respecting the environment” (Lasso 2022, 26). Here, Lasso’s argument suggests that climate change efforts have become an opportunity to take advantage of Ecuador’s oil wealth, showing that climate efforts can, paradoxically, encourage countries to increase their production before the imminent energy change arrives. This aligns with the intentions of oil-producing countries for creating supply leakages between producers in order to attract private investment by oil companies that have potentially been constrained in other jurisdictions (Lazarus and van Asselt 2018).

Notably, beyond the Yasuní-ITT initiative (section 5.3), Ecuador has not pursued any other visible government-led initiatives to reduce its oil production (Gaulin and Le Billon 2020), which also reveals the intention to continue expanding the oil frontier. While Ecuador is a signatory of the main global climate agreements, e.g., the United Nations Framework Convention on Climate Change (1992), the Kyoto Protocol (2000) and the Paris Agreement (2017), and has made progress with the National Climate Strategy (2012–2025) and the National Climate Change Plan (2015–2018), it has not included reducing oil production as part of its commitments.

In March 2018, Ecuador also released its first nationally determined contribution (NDC), which focused on reducing the consumption of fossil fuels until 2025, while not interfering in the production side (MAE 2019). These efforts have led to a reduction of emissions of about 65 per cent of CO₂ emissions in the energy sector since 2010. Yet, this was done through reduction of consumption — not production — of fossil fuels and was aided by shifts in domestic energy infrastructure from thermal to hydroelectric power (MAE 2019). While this effort is important, it is globally a marginal contribution to climate change mitigation, because Ecuador belongs to the group of countries with insignificant global CO₂ emissions. Therefore, it is in the production and subsequent exportation of oil where Ecuador remains a net contributor to carbon production.
Ecuador’s civil society has managed to reduce the supply side through blockages, such as the moratorium pushed by CONAIE and other organizations in June 2022. It is unsurprising that, as explained in section 5.2, Lasso’s environmental policy (Decree 59) also leaves gaps concerning innovative political solutions to climate change. Except for Articles 4 and 6’s net-zero emissions targets by 2050 and some multilateral partnerships, the Decree provides no guidelines for actions concerning climate challenges. This discussion on the implications of Ecuador’s oil policy invites further research on climate change policy in the sector.

6. INTERACTIONS AT THE OPERATIONAL LEVEL BETWEEN ECUADOR’S PROTECTED AREAS AND OIL POLICY

6.1 GOVERNMENT FINANCING OF THE NATIONAL SYSTEM OF PROTECTED AREAS

Beyond aspirational declarations, Decree 59 is too general and fails to enforce specific standards and concrete actions for environmental protection. However, there are long-lasting conservation strategies, such as ongoing funding for protected areas and expanding national parks country-wide, that demonstrate an important—and potentially redemptive—interaction with the oil industry. Beyond mere conservation, the management of protected areas also has meant state and private sector support for the expansion of environmental services and sustainable development of local communities through non-resource-based economic activities and tourism (WCS Ecuador 2020). Local well-being in the Yasuní is already tied to non-subsoil natural resources, such as timber, hunting, fishing and gathering. Furthermore, these areas are key for education as they become a kind of living lab for scientific research and environmental education. Protected areas are therefore a part of a wider economic development effort.

The legal framework of national park protection is cross-jurisdictional and entrenched in different international conventions, such as the Convention on Biological Diversity and in the constitution through Articles 405, 406 and 407, which also decree the prohibition of extractive activities of non-renewal natural resources. Nevertheless, as seen in section 5.3 with the Yasuní-ITT initiative, the same state can constitutionally bypass this prohibition through the DIN, which leads the way to any extractive activity in protected areas being a notable threat to conservation. Likewise, as nature’s rights are connected to people’s rights and their biocultural diversity, Article 57 recognizes the ancestral territory of Indigenous peoples in voluntary isolation. Given this close connection between nature and people, the Yasuní case recalls the importance of legally binding measures to further reinforce conservation in Indigenous territories. At the legal level, we find norms, for example, the Organic Environmental Code (COA) and the respective regulations. At the sub-legal level, there are ministerial agreements, including the declaration of YNP in the Ministerial Accord 0322 (Ministerio de Agricultura and Ministerio de Industrias, Comercio e Integración 1979), or the Executive Decree 552 on the intangible zone in favour of voluntary isolation (Presidencia de la República 1999). This complex legal framework supports the National Strategy on Biodiversity and the Strategic Policy Plan of the National System of Protected Areas in Ecuador 2007–2016 (MAE 2007) hereinafter the SNAP Strategic Plan, which lay the foundation for managing the YNP.
The SNAP Strategic Plan aims to complement constitutional Article 405 on management, co-ordination, subsystems, tourism, research and monitoring, sustainable development alternatives, prior consultancy and participation. SNAP is managed at different levels by public officials, theoretically promoting a governance scheme with the participation of communities and ancestral inhabitants. With the pending implementation of the ecological transition of Decree 59 in SNAP management, the SNAP Strategic Plan is the existing ruling document of SNAP and contains the current 13 guidelines concerning the management of these areas in Ecuador. Regarding financing of protected areas, policy 6 in the SNAP Strategic Plan clarifies that the state is responsible for financing natural and protected areas under the leadership of the national environmental authority. The state must reach agreements on international or public-private partnerships to provide SNAP with long-term and stable resources (MAE 2007, 3). This strategy promotes co-financing of the interventions towards the guarantee of the necessary resources for effectively managing the protected areas (MAE 2007, 64).

The state budget mainly covers running costs corresponding to staff salaries in Quito, in the protected areas and in regional offices. It is also intended for operation and maintenance of infrastructure and equipment, leaving marginal resources for investment. According to MAE (2007), in the 2000s, of the total state budget, 92 per cent was for running costs and eight per cent for investment expenditure. The distribution of the state budget has not significantly changed over time, as 95 per cent of the inflow keeps covering running costs (EI-3, personal communication, Sept. 26, 2022).

Besides state budget allocations, the financial structure of protected areas is composed of inflows from international co-operation funds and trusts (see Figure 2). The participation of each component varies and goes to meet the activities, specified in the annual operative management plan of each protected area (EI-6, personal communication, Oct. 23, 2022). MAATE and the Environmental Sustainability Investment Fund (FIAS) function as the two key resource managers in accordance with environmental priorities and policies of sustainable development set by the national environmental authority.
As the state itself is incapable of financially managing the protected areas (Montaño 2022), the ministry has identified other alternatives, both national and international sources, to overcome the financial gaps (EI-5, personal communication, Oct. 4, 2022), seen as an opportunity for project implementation and execution within protected areas (MAE 2007). The Department of Protected Areas at MAATE also manages the National System of Protected Areas Support Program (PASNAP), holding administrative and financial autonomy (EI-6, personal communication, Oct. 23, 2022). This program aims to strengthen...
SNAP’s financial sustainability and to consolidate the system (MAATE n.d.), particularly investment projects (EI-3, personal communication, Sept. 26, 2022). The financing comes from German co-operation through the KfW Development Bank to achieve the commitments about biodiversity sustainability between Ecuador and Germany in 2010.

The other financial program in charge of MAATE administration is the Environmental and Social Repair Fund (PRAS), created with two sources (MJDHC, MERNNR, MAE, SNGP, Petroamazonas EP 2018). The first line was the initiative Yasuní-ITT, which from 2011 until 2018 supported the contracting of technical staff and park rangers at the 10 checkpoints and other operational costs. The second line came from the Spanish oil company Repsol, which decided to maintain its trust even after the end of the Yasuní-ITT Initiative (S. Silva, personal communication, Sept. 29, 2022), revisited in Section 5.3. In the last 10 years, the Repsol fund, containing US$8 million, has been intended for staff training and supplies for control activities (EI-5, personal communication, Oct. 4, 2022).

6.2 INTERNATIONAL DONORS AND CORPORATE PARTNERSHIPS IN FINANCING PROTECTED AREAS

The interaction between oil and environment also plays out in the financing of protected areas and conservation areas. Ecuadorian conservation funds, whether originating from private, often multinational companies, or from state-owned Petroecuador, all come with trade-offs in terms of reliance on funding from sources that do not always align with the long-term goals of environmentalism. Nonetheless, these different sources all play a role in Ecuador’s approach to conservation because private sector and foreign donor funds have helped fill the gaps of the state conservation budget (Cáceres 2022). Their growing participation reflects sometimes paradoxical origins of support; however, ample financing is a key factor for the environmental authority to accomplish SNAP’s conservation goals.

FIAS is a non-profit private entity that supports environmental management financing in Ecuador (FIAS n.d.). In SNAP’s case, FIAS manages the Protected Areas Fund (FAP), an endowment fund, created in the 2000s and fed with the returns generated from donors’ contributions; for instance, the Ecuadorian state, KfW, World Bank through the Global Environmental Facility Trust Found (GEF), the North American Walton Family Foundation (WFF), Conservation International CI-GEF and other local private companies. In 2019, the FAP fund was US$36,467,955.47 and its annual budget was US$3,850,470.67 (FIAS 2019). FAP is mainly used to cover operational costs, such as fuel, transport, equipment and environmental education in the protected areas. In YNP’s case, FAP has a combined scheme, receiving inflows from the returns of the common protected areas fund and the specific YNP fund, called Amazonía Norte, supported by Germany. Besides this scheme, protected areas and their managers at different levels can propose and apply for other financial sources. At the local level, YNP benefits from the interventions of the coordination with other conservation/sustainable development programs. Those programs include ProAmazonia, which invests in small nature-based entrepreneurshipships in some Waorani communities inside YNP.
FIAS generates returns from contributors’ capital to reach its conservation goals, particularly in managing protected areas. While there are social and environmental benefits from this mechanism, it is worth mentioning that donor foundations are also engaged in conservation as part of their larger public relations and overall business model (Oleas and Barragán 2003). A notable high-profile donor to Ecuadorean conservation is the Walton family. The Waltons, worth roughly US$247 billion, are the majority stakeholders in Walmart, the world’s largest retailer by sales, and operate a regional bank in the U.S. Midwest (Forbes 2020). According to a report by the Institute for Local Self-Reliance, the Waltons also own Solar First, the world’s largest builder of utility-scale solar power and have expanded the corporate retail sector’s use of solar (Mitchell 2014). At the same time, the Waltons support restrictions on residential rooftop solar in some U.S. states because it threatens the profits of existing utility infrastructure and they routinely donate to U.S. politicians with clear fossil fuel interests (Mitchell 2014). While their foundation introduces them as environmentalists via solar energy generation or green grants for conservation in places like Ecuador, this double movement also resembles greenwashing. These hybrid public-private partnerships for funding conservation of protected areas come with moral and practical trade-offs, but they remain a key point of funding.

The current SNAP Strategic Plan reveals the complexity of the financing scheme of conservation and the role of oil inflow, other big stakeholders and their contradictions. MAATE conservation projects are financially reliant on public funding and donations. Figure 2 (above) explained the complex financial structure. According to data from the Central Bank of Ecuador, conservation activities comprise around 0.5 per cent of the 2022 national budget (Gómez 2022, 10). This 0.5 per cent mainly goes to cover staff wages. Sustained budget reductions have affected staff contracting and the economic stability of park rangers, who are the first line of conservation enforcement. In turn, MAATE’s capacity for responsibilities, including monitoring and enforcement, is negatively impacted. While protected areas are central for conservation, the uncertainty of financial resources and the freeze on increasing funding to MAATE for ecological transition after Decree 59 make conservation and the pathway to global climate goals an uphill challenge for the state. Augusto Granda, president of the SNAP park rangers, argued in a media report that protected areas could generate services on their own as a funding alternative. This initiative is aligned with Article 6 in Decree 59, the constitution and the COA. However, in his opinion, there would be no political will to make way for these alternatives, maintaining the status quo of relying on external funding.

International donors are also involved in conservation financing concurrently with oil investments. Germany is particularly involved in both energy-related projects and funding the Yasuni-ITT initiative through the KfW Development Bank, Germany’s federally owned development bank (Becerra 2016). The latter contributes to MAATE and FIAS. According to KfW’s website, the German government gives funds to conservation and natural resource protection equalling €235 million, which goes into conservation projects, as well as pipeline infrastructure and energy projects not yet under construction (KfW n.d.). For example, the Westdeutsche Landesbank of Dusseldorf (WestLB), largely held by the state government of North Rhine Westphalia, was one of the financiers of Ecuador’s main pipeline, Oleoducto de Crudos Pesados (OCP) in 2002 (Goodland 2002). The German interests are not
restricted to Ecuador. According to a 2019 report by the network of the German Chambers of Commerce Abroad (AHKs), the oil industry is considered a strategic area of external relationship building in Mexico and Brazil (German-Brazilian Chamber of Commerce Rio de Janeiro 2019). German funding of conservation efforts in Ecuador represents a two-pronged approach to furthering Germany’s stake in the Americas.

Ecuador’s dependence on oil exportation revenues for funding the national budget means that every public work, including environment-related activities, is contingent on oil extraction and the volatility of global prices. Oil prices are notoriously volatile, diminishing long-term fiscal planning (Natural Resource Governance Institute 2015). Moreover, the public and private capacity of oil extraction and transportation oscillates. Pipeline breaks or social protests near oil blocks may interfere with oil sector development. During the national strike in June 2022, normal output suffered interruptions due to temporary closures of some wells (Orozco 2022). Moreover, politicians have passed measures aiming to stabilize the debt obligation (IMF 2022). Despite Ecuador’s external debt remaining close to 40 per cent of nominal GDP in 2022, comparable to the Latin American average, Ecuador has increased its payments (Ministerio de Economía y Finanzas 2022). Regarding public debt, between January and February 2022, Ecuador disbursed US$221 million more than in the same period in 2021 (Tapia 2022). Despite the positives of servicing long-term debt requirements, it comes with trade-offs, such as delaying environmental sector goals and investments into green economic sectoral growth. As a result, the relationship with international donors, both states and non-state institutional and private donors, remains a crucial, yet imperfect, source of funding for the conservation of protected areas.

7. CONCLUSIONS AND POLICY CONSIDERATIONS

We have discussed contradictions in the simultaneous national prioritization of oil development and conservation. Drawing from YNP, we examined the challenges of cross-sector activity in a shared space. Based on the historical interactions between oil and environment, we showed that environmental policy has not been efficient in limiting oil extractivism and has been unable to stop the expansion of oil production in territories of biocultural importance where conservation is a priority. The case of YNP shows that national parks must ban oil extraction to truly meet conservation targets. This case also demonstrates that constitutional constraints mean that the state must open the door to extractive activities in areas of cultural and ecological interest. Even in YNP, policy decisions have been contingent on the economic necessity of oil, which is the defining position of the state and of the elites, given its major importance for fiscal solvency. Under the Lasso government’s policies, oil policy reform helped Ecuador reach production quotas and formalized regulatory processes to make the sector more attractive to private investment. In contrast, the environmental decree contained redundancy and vagueness, resulting in challenges and contradictions in setting the conservation policy agenda, which is not just an issue of the current government but a continuum.

Ecuador’s constitution of 2008 has been recognized as holding one of the most progressive and unprecedented legislations concerning nature (Lalander 2014). However, the inconsistencies of the national policy, meant to set the environmental rules, reflect the
state’s lacklustre position on nature and biodiversity, which are central elements for a potential economic transition. Moreover, the lack of specific policies in conservation undermines the promise of constitutional recognitions of the rights of nature and, by extension, of local people living in areas of biocultural importance. Consequently, the efficacy of sweeping constitutional decrees for confronting national economic interests that inflict damage on nature or violate its rights is thrown into question (Pietari 2016). The lack of clear constitutional precedent for conservation helps the resource dependency of the economy endure, which creates spillover effects in policy agenda setting. Therefore, oil revenues as a key driver of funding public policy initiatives remain a closed-loop policy tool to addressing environmental challenges.

In the case of SNAP and the YNP, we demonstrate how an apparently pro-environment political discourse is mere window-dressing when oil company contributions to conservation become a primary solution. Thus, this dependence means a challenge to state diplomacy to maintain good international relations with both companies and countries involved in oil investments, as well as international organizations and countries focused on scaling down oil production in favour of fighting climate change through conserving biologically diverse natural parks, and most recently, the Amazon as a global carbon sink.

Our research leads to four main policy considerations:

1. Policy-makers must mitigate the dominance of oil production goals over policy-making by bringing conservation goals under a clearer environmental legal and regulatory framework. Environmental law in Ecuador lacks coherent regulatory implementation, in comparison to the clear legal framework of oil production. Worldwide, environmental legislation in different national governments is increasingly including cultural, social, and ecological clauses as part of conservation efforts, such as Decree 59 in Ecuador’s case. However, the implementation of those clauses remains elusive. Given juridical trends in global governance, this is a diffusive goal that applies across nations, but requires national action. Ecuador could use the MAATE budget to re-allocate resources and personnel to upgrade key legislation to match the rigour of oil policy.

2. Financial schemes for conservation initiatives need to be diverse, innovative, and transparent. In the short term, energy legislation should include reforms that allocate rents for development of fledgling green economic sectors and re-investments into renewable energy infrastructure and technological upgrades to decarbonize existing oil infrastructure. Minimizing deforestation, gas flaring, pipeline leaking and measuring emissions are all near-term goals that will help reduce damage in the oil sector. In the medium- to long-term, the government must face its dependency on the oil sector to finance the public sector. Furthermore, the state must be efficient with the use of the annual budget assigned to the environmental sector. This budget must also prioritize monitoring of conservation in the protected areas and in areas of high biological diversity. By doing so, national efforts in favour of the environment can reduce their contingency on external help, fostering alternatives for self-managed and innovative local initiatives.
3. Alignment of oil-funded economic development goals with the goals of environmental conservation might be more successful through imposing limits and increasing controls on oil production in ecologically fragile areas. The YNP case clearly shows that oil and conservation goals are creating avoidable polarization in politics. Delineations between the two goals need to become clear via policy, so that oil exploration can focus on other regions. Of course, limiting oil production in areas such as YNP and increasing procedures to minimize damage must happen with rigorous compliance to business contracts and international law, while preserving the trust of partners in the energy sector.

4. Finally, it is critical to remember that global demand for fossil fuels affects Ecuador's oil and conservation policies. Globally, Ecuador has minor economic and political influence. Therefore, to follow through on these considerations, industrialized countries are in a good position to strengthen climate and conservation action in developing countries.
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