

**Acuerdo sobre el Canje de Deuda por Ambiente
entre
el Gobierno de la República del Ecuador
y
el Gobierno de la República Italiana**

El Gobierno de la República del Ecuador y el Gobierno de la República Italiana que en adelante se llamarán las "Partes", promoviendo la cooperación bilateral y el alivio de la carga de la deuda ecuatoriana:

Acuerdan que los fondos resultantes de operaciones del canje de deuda-por desarrollo serán utilizados para financiar actividades relacionadas con la Iniciativa Yasuní ITT del Ecuador, mediante contribuciones al Fondo del Fideicomiso Yasuní ITT o "Fondo Yasuní" manejado por el Programa de las Naciones Unidas para el Desarrollo (PNUD), y han convenido lo siguiente:

**Artículo 1
Finalidad del Acuerdo**

- 1.1. El presente Acuerdo consta de 7 Artículos y 3 Anexos que constituyen parte integrante del mismo.
- 1.2. El Acuerdo regula las operaciones de canje de deuda por desarrollo, hasta un monto máximo de treinta y cinco millones de euros (€ 35.000.000), en el cuadro de la Ayuda Pública para el Desarrollo (APS) del Gobierno de la República Italiana al Gobierno del Ecuador y se establece el procedimiento para actuar en operaciones similares.
- 1.3. Los fondos resultantes de la operación de deuda para el desarrollo serán utilizados para financiar las actividades relativas a la Iniciativa Yasuní ITT del Ecuador, como se especifica en el Art. 2 de este Acuerdo y según lo contemplado en el numeral 18.a) de los Términos de Referencia del Fondo Yasuní ITT y de conformidad con el Memorando de Acuerdo para la Administración y otros Servicios de Soporte Relacionados con el Fondo Yasuní ITT del Ecuador (MOA), suscrito el 3 de agosto de 2010 entre el Gobierno de la República del Ecuador y el PNUD, que consta en el Anexo 2 del presente instrumento.
- 1.4. El Gobierno de la República del Ecuador pagará al Fondo Yasuní el importe de cada cuota del crédito (capital más intereses) debida a la fecha de su vencimiento a partir de la entrada en vigencia del presente Acuerdo.

El Gobierno de la República del Ecuador podrá decidir adelantar el pago de dichas cuotas antes de la fecha de vencimiento, tal como lo establece el Art. 2.3 del presente Acuerdo.

En el caso de que el Fondo Fiduciario Yasuní ITT no dé inicio a las actividades de financiamiento del proyecto hasta el 31 de diciembre de 2012, los fondos derivados de la conversión de la deuda especificada en el presente Acuerdo serán utilizados según lo previsto en el “Acuerdo sobre la Conversión de la Deuda en Proyectos de Desarrollo”, firmado entre el Gobierno Italiano y el Gobierno Ecuatoriano, el 22 de marzo de 2003, y del respectivo Acuerdo Técnico. Las partes acuerdan, también, que en caso de que el Fondo Fiduciario Yasuní ITT no inicie la actividad prevista hasta el 31 de diciembre de 2012, todos los montos resultantes de las operaciones de este canje de deuda depositados y transferidos en el Fondo Fiduciario Yasuní ITT y los depósitos, serán transferidos a un Fondo de Contrapartida (Counterpart Fund CPF) instituido según las disposiciones del mencionado Acuerdo de Conversión firmado en marzo 2003.

- 1.5. La decisión de activar el Fondo de Contrapartida según lo establecido en el Acuerdo del 2003 será notificada conjuntamente a las Partes.

En este supuesto ningún gasto relativo a la Iniciativa Yasuní ITT podrá ser cubierto por los fondos liberados en el canje de la deuda encuadrada en el presente Acuerdo.

- 1.6. El Gobierno de la República Italiana suscribirá un Acuerdo Administrativo Estándar (Standard Administrative Agreement – SAA) con el PNUD y el Gobierno de la República del Ecuador que contendrá las disposiciones concernientes al manejo del Fondo Fiduciario, según lo previsto en el Art. 4.1 del presente Acuerdo.
- 1.7. Ninguna otra deuda actual ni futura del Gobierno de la República del Ecuador al Gobierno de la República Italiana será afectada por este Acuerdo.

Artículo 2

Procedimiento para el Canje de Deuda por Ambiente

- 2.1. A partir de la entrada en vigor del presente Acuerdo, el reembolso del crédito (capital e intereses) que el Ecuador adeuda a Italia, indicado en el Anexo 1 será suspendido hasta un monto máximo de treinta y cinco millones de Euros (€ 35.000.000). Al mismo tiempo el Gobierno de la República Italiana deberá comunicar al Gobierno de la República del Ecuador, mediante nota reversal, un plan (Tabla de amortización) que contendrá la lista detallada de las cuotas (el capital más los intereses) referidas al monto pendiente de la cancelación.
- 2.2. El Gobierno de la República del Ecuador depositará en el Fondo Fiduciario las cuotas de capital más intereses en las fechas de vencimiento previstas en la Tabla de amortización o antes de dichas fechas, según lo previsto en el Art. 2.3 del presente Acuerdo. Cada cuota semestral se convertirá en dólares de los EEUU (USD) al tipo de cambio vigente a la fecha de pago.

2.3. El Gobierno de la República del Ecuador podrá depositar anticipos en el Fondo Yasuní, hasta un monto de 35 millones de Euros (€ 35.000.000), hasta llegar al umbral mínimo previsto para la activación del Fideicomiso Yasuní ITT. En caso de que el Fondo no se activara, se aplicarán las disposiciones previstas en el Art. 1.5 del presente Acuerdo.

2.4. Dentro de los 15 días de efectuados los depósitos, el Ministerio de Finanzas del Ecuador comunicará, por intermedio de la Embajada de Italia en Quito, al Ministerio de Asuntos Exteriores de Italia – Dirección General para la Cooperación al Desarrollo (MAE/DGCS) y a la Institución Financiera Italiana (IFI) que administra el Fondo Rotatorio para la Cooperación al Desarrollo, la siguiente información:

- el monto en dólares americanos depositado como contribución al Fondo Yasuní y el tipo de cambio utilizado (se adjuntarán los documentos administrativos pertinentes que muestren el monto depositado);
- el monto en dólares americanos, que incluye los pagos de otros donantes, previstos en el Fondo Yasuní y el tipo de cambio utilizado (se adjuntarán documentos administrativos pertinentes que sustenten el depósito), y
- los importes pendientes y los intereses acumulados.

Dentro de los 15 días posteriores a la recepción de la información, la Institución Financiera Italiana confirmará al Banco Central del Ecuador que el monto depositado en el Fondo Yasuní es correcto.

2.5. El monitoreo sobre la gestión y el uso de los fondos y sobre su auditoría se realizará según lo establecido en los “Términos de Referencia” (anexo 3) del Fondo Yasuní ITT contenido en el Memorando de Entendimiento, firmado entre el Gobierno del Ecuador y el PNUD (Anexo 2).

Las Partes se obligan al intercambio recíproco de información sobre la realización, gestión y administración de fondos dentro de los 15 días a partir de que se presente la solicitud.

2.6. Al vencimiento del Acuerdo, conforme al Art. 7.2 del presente Acuerdo, la deuda será cancelada por un monto correspondiente a la sumatoria de los montos acreditados en el Fondo y desembolsados para los proyectos considerados idóneos según lo previsto en el artículo subsiguiente y considerados ejecutados a partir de que el Comité Consultivo Bilateral, al que se refiere el Art. 4.3 de este instrumento, lo declare de esa manera.

El Comité Consultivo Bilateral, a pedido de una de las partes, podrá realizar la valoración o auditoría de los proyectos ejecutados y del funcionamiento del Fondo en coordinación con el Comité Directivo del mismo.

2.7. El Comité Consultivo Bilateral se reunirá por lo menos una vez al año y/o a petición de cualquiera de las Partes para certificar lo siguiente:

- a) que los proyectos del Fondo Yasuní cumplen sus objetivos de desarrollo y protección ambiental;
- b) que se alcanzan los objetivos previstos en los Términos de Referencia del Fondo Yasuní;
- c) que se alcanzan los objetivos previstos en el presente Acuerdo;
- d) que el Fondo Yasuní no se cierra antes de tiempo.

Prevía notificación al Comité, cada una de las Partes podrá dar por terminado este Acuerdo cuando el Comité no declare el cumplimiento de las condiciones establecidas en los párrafos a), b), c), o d).

La voluntad de cualquiera de las Partes de rescindir el presente Acuerdo deberá ser notificada formalmente a la otra Parte.

Si el presente Acuerdo termina de conformidad a lo establecido en este artículo, antes del uso significativo de los fondos generados por este canje, las Partes negociarán un nuevo instrumento siguiendo los parámetros del “Acuerdo sobre la Conversión de la Deuda en Proyectos de Desarrollo” firmado por el Gobierno de la República Italiana y el Gobierno de la República del Ecuador el 22 de marzo de 2003.

- 2.8. Si en un periodo de ocho meses no se logra firmar un nuevo Acuerdo de Canje de Deuda, en la forma prevista en el Art. 2.7, el Gobierno de la República del Ecuador deberá restituir al Gobierno Italiano, dentro de nueve meses, contados a partir de la fecha de notificación de voluntad de una de las partes de rescindir el presente Acuerdo, todos los importes acreditados en la cuenta del Fondo Yasuní que no hayan sido utilizados en los proyectos. De común acuerdo, las Partes podrán extender el periodo de negociación previsto en este artículo si dichas negociaciones requiriesen de un plazo mayor.

Artículo 3 **Elegibilidad de los Proyectos**

- 3.1. De conformidad con las reglas del Fondo, los recursos liberados por el canje de deuda objeto del presente Acuerdo se utilizarán para financiar las actividades previstas en los “Términos de Referencia” (Anexo 3) y del Memorando de Acuerdo firmado entre el Gobierno del Ecuador y el PNUD (Anexo 2) con especial atención a los proyectos de desarrollo socio-económico y de protección ambiental del Fondo Yasuní.
- 3.2. El monto de los intereses devengados y cualquier otro recurso que se genere, será utilizado para la implementación de proyectos de desarrollo adoptando un enfoque participativo que involucre a las comunidades locales, particularmente a la población indígena de la Amazonía.

Artículo 4

Mecanismo de Gestión

- 4.1. El Gobierno de la República Italiana gozará de los mismos derechos otorgados a todos los contribuyentes del Fondo Yasuní según lo previsto en las normas y regulaciones de dicho Fondo. Con este fin, junto al presente Acuerdo y antes de depositar la contribución acordada en el Fondo Yasuní, se suscribirá un Acuerdo tripartito entre los Gobiernos de Italia, Ecuador y el PNUD para regular los siguientes procedimientos:
- Mecanismo de contribución al Fondo Fiduciario por los montos del canje de la deuda italiana;
 - Mecanismo de desembolso en el Fondo Yasuní para los proyectos identificados;
 - Procedimiento de reportes del PNUD (identificación/preparación/evaluación inicial/avance de las obras) para el monitoreo de las actividades;
 - Otros que fueren necesarios para la correcta administración de los recursos y el importe de las comisiones debidas al PNUD por el servicio prestado.
- 4.2. La participación italiana a los mecanismos de gestión del Fondo Yasuní será regulada en base a este Acuerdo Institucional, al Memorando de Acuerdo y al SAA.
- 4.3. Se constituirá un Comité Consultivo Bilateral compuesto de la siguiente manera:
- En representación del Gobierno Italiano: el Embajador de la República Italiana acreditado en Ecuador o un representante de la Embajada Italiana en Quito y/o un representante del MAE/DGCS, mediante la Oficina de Cooperación Italiana (UTL) en La Paz, según sea el caso;
 - En representación del Gobierno de la República del Ecuador, quien el Gobierno del Ecuador determine.

El Comité se reunirá, como mínimo una vez al año, o cuando alguna de las Partes así lo solicite, para discutir cualquier tema inherente a la ejecución del presente Acuerdo.

Artículo 5

Enmiendas

- 5.1. El presente Acuerdo y sus Anexos podrán enmendarse mediante intercambio de notas reversales.

Artículo 6 **Controversias**

- 6.1. En caso de existir controversias entre las Partes en relación a la interpretación o aplicación de las disposiciones del presente Acuerdo serán resueltas por vía diplomática.

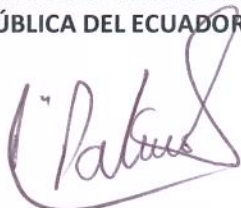
Artículo 7 **Vigencia**

- 7.1. El presente Acuerdo entrará en vigencia a partir de la fecha de recepción de la última notificación escrita mediante la cual las Partes se informarán acerca del cumplimiento de los requisitos previstos por sus respectivos procedimientos internos.
- 7.2. El presente Acuerdo estará vigente hasta tres años después de la fecha del último depósito en la cuenta del Fondo Yasuní ITT. Las Partes podrán de mutuo consentimiento extender el plazo de vigencia del presente Acuerdo, en caso de que los fondos asignados a proyectos y actividades específicas no se hayan utilizado totalmente hasta la fecha de vencimiento del Acuerdo.

En fe de lo cual, los Representantes legalmente autorizados por sus Gobiernos, suscriben el presente Acuerdo en cuatro ejemplares originales, de igual contenido y valor, dos en idioma español y dos en idioma italiano.

Suscrito en la ciudad de Quito, a los ocho días del mes de junio de dos mil doce.

**POR EL GOBIERNO DE LA
REPÚBLICA DEL ECUADOR**



Ricardo Patiño Aroca
**MINISTRO DE RELACIONES EXTERIORES,
COMERCIO E INTEGRACIÓN**

**POR EL GOBIERNO DE LA
REPÚBLICA ITALIANA**



Gianni Piccato
EMBAJADOR DE ITALIA

ANNEX 1

Credit No.	Description	Curr.	Total Disbursed Amount	End Period	Maturity date
92/009/00	realization of Quito municipality slaughterhouse	\$USA	5.300.000,00	05/10/2012	05/04 - 05/10
95/005/00	realization of a 130 MW hydroelectric power in Daule-Peripa	Euro	48.025.916,72	01/12/2025	01/06 - 01/12



**MEMORANDUM OF AGREEMENT
FOR
MANAGEMENT AND OTHER SUPPORT SERVICES
RELATED TO
THE ECUADOR YASUNI ITT FUND**



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MEMORANDUM OF AGREEMENT
between
the Government of Ecuador
and
the United Nations Development Programme
for
Management and Other Support Services
Related to the Ecuador Yasuni ITT Trust Fund

WHEREAS, the Government of Ecuador (hereinafter the "Government") has proposed to indefinitely refrain from extracting the oil reserves in the Ishpingo Tambococha Tiputini (ITT) field, within the Yasuni National Park, in order to put social and environmental values first;

WHEREAS, the Government has conditioned its proposal on the cooperation of the international community through contributing at least half of the revenue that the Government would have received by extracting the oil reserves in the Yasuni ITT field, within the Yasuni National Park;

WHEREAS, in this context, the Government has requested the United Nations Development Programme (UNDP), through its Multi-Donor Trust Fund Office (MDTF Office) to provide management and other support services related to the establishment and management of the ECUADOR YASUNI ITT TRUST FUND (hereinafter "Yasuni Fund");

WHEREAS, UNDP agrees to provide such management and other support services in connection with the Yasuni Fund, pursuant to its Financial Regulations and Rules, and Yasuni Terms of Reference and on the terms and conditions set out herein;

WHEREAS, the Government has appointed the Ministry of Heritage as the Government Coordinating Entity, on behalf of the Government (hereinafter "Governing Coordinating Entity"), who shall assume full financial and programmatic accountability for the funds disbursed to the Recipient and Implementing Organizations (described below) by the Administrative Agent, and shall have such other responsibilities as set forth herein; and

NOW, THEREFORE, the Parties agree as follows:

Article 1
Establishment of the Yasuni Fund

1. The Yasuni Fund shall commence upon signature of this Memorandum of Agreement



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(MOA), and shall be open for receipt of contributions until reaching 407 million metric tons of CO₂ not emitted as a result of preserving the Yasuni ITT oil reserves, pursuant to the governance arrangements of the Yasuni Fund and for the approved activities, as set out in the Terms of Reference of the Yasuni Fund dated July 28, 2010, (hereinafter referred to as the “Yasuni Fund TOR”), incorporated herein by reference and attached hereto as ANNEX 1. The establishment of the Yasuni Fund shall facilitate the effective and efficient collaboration between the Government, Contributors (as defined in the Yasuni Fund TOR), the Administrative Agent, and other stakeholders for the implementation of the Yasuni Fund.

2. To this end, the Yasuni Fund Steering Committee (Steering Committee) will serve as the primary coordination and governance mechanism, as described in the Yasuni Fund TOR. The Steering Committee will carry out the functions ascribed to it in the Yasuni Fund TOR, including final fund allocation decisions and overseeing the effective monitoring and evaluation of Yasuni Fund financed activities. The activities of the Fund shall be carried out on the basis of the applicable national laws, regulations and procedures (hereinafter referred to as the “National Regulatory Framework”), provided they do not contravene the principles set out in UNDP’s regulations and rules.
3. Through the Steering Committee, the Government and UNDP shall consult closely with respect to the management and other support services provided under this Agreement. The Government shall ensure that all necessary support is given by the relevant Ecuadorian authorities to UNDP to facilitate the activities to be carried out under the Yasuni Fund. The Steering Committee will establish its Rules of Procedure, consistent with the Yasuni Fund TOR.
4. The Steering Committee shall be chaired by a representative of the Government of Ecuador. The Steering Committee will have six full members and two ex-officio members. The six full members will comprise of: (i) three representatives of the Government of Ecuador, including the Chair; (ii) two representatives of Contributor Governments; and (iii) one representative of Ecuadorean civil society. The ex-officio members shall be the Resident Representative of UNDP, who also serves as the Resident Coordinator; and the Executive Coordinator of the UNDP MDTF Office, representing UNDP as the Administrative Agent.
5. As reflected in the Yasuni Fund TOR, the Yasuni Fund will have two windows: the Capital Fund Window, established through contributions to the Yasuni Fund Account and the issue or sale of Yasuni Guarantee Certificates (CGYs), and the Revenue Fund Window resourced with mandatory annual revenue payments in respect of the funds disbursed from the Capital Fund Window.
6. Contributions and income from the sale of CGYs channeled through the Capital Fund Window will be used to finance approved project proposals submitted by national institutions



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of Ecuador involved in the renewable energy investment areas identified in the Yasuni Fund TOR ("Recipient Organizations"), and on terms agreed between the Government Coordinating Entity and the Recipient Organizations, as approved by the Steering Committee, as further described below.

7. The Revenue Fund Window of the Yasuni Fund shall be resourced with mandatory annual revenue payments received from Recipient Organizations in respect of the funds disbursed from the Capital Fund Window. The terms of payment of the Recipient Organizations will be approved by the Steering Committee. The Revenue Fund Window will be used to fund development projects within the framework of the strategic sustainable development programmes within the guidelines of the Ecuadorian National Development Plan, described in the Yasuni Fund TOR. The Revenue Fund Window projects will be implemented by national entities in accordance with the National Development Plan, the National Regulatory Framework and the Yasuni Fund TOR ("Implementing Organizations").

8. Resources from the Yasuni Fund, including interest accrued to the Yasuni Fund Account, will be utilized for the purpose of meeting the direct and indirect costs of projects managed by the Government Coordinating Entity, through the Recipient and Implementing Organizations, as well as meet the direct costs related to the administration of the Yasuni Fund, the Technical Secretariat and required fund-wide evaluations. Details of such projects and/or proposals, including respective budgets and description of the Recipient and Implementing Organizations will be set out in the relevant project documents and/or proposals, approved by the Steering Committee.

Article 2

The Administrative Agent

9. The Government hereby engages UNDP, through its MDTF Office, to administer the Yasuni Fund on its behalf, in accordance with the Yasuni Fund TOR. UNDP shall use its multi-donor trust fund management mechanism adapted for the management support services arrangements described herein.

10. Upon signature of this MOA, UNDP will establish a separate bank account for receipt of contributions for the Yasuni Fund ("Yasuni Fund Account"). UNDP will conclude on behalf of the Government, and as adapted for this Yasuni Fund, the Standard Administrative Arrangement (SAA), annexed hereto as ANNEX 2, for receipt of funds from Contributors, except where the contributions are below the minimum threshold established by the Steering Committee in accordance with its Rules of Procedure, for deposit of funds into the Yasuni Fund Account without the conclusion of the SAA, to be received on the basis of only an acknowledgement of receipt by the Administrative Agent.



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11. UNDP as Administrative Agent, through its MDTF Office, will carry out the following functions:

- (a) Receive financial contributions from Contributors and deposit those in the Yasuni Fund Account for transfer to the Capital Fund Window;
- (b) Upon receipt of contributions, notify the Government and request it to issue within 30 days CGYs to Contributors, except for contributions under a minimum threshold established by the Steering Committee in its Rules of Procedure, equivalent to the amount contributed by each Contributor;
- (c) Receive payments into the Yasuni Fund Account for transfer to the Capital Fund Account from the Government's placement and sale of CGYs to private and public entities;
- (d) Administer the funds received, in accordance with UNDP regulations, rules, policies and directives and the Yasuni Fund TOR, including the provisions relating to winding up the Yasuni Fund Account and related matters;
- (e) Subject to availability of funds and following agreements signed between the Government Coordinating Entity and Recipient Organizations, and after instruction from the Government Coordinating Entity, disburse the funds from the Capital Fund Window to each Recipient Organization for the Yasuni Fund projects in accordance with the decisions of the Steering Committee and the instructions of the Government Coordinating Entity, taking into account the budget set out in the approved programmatic document¹, as amended in writing from time to time by the Steering Committee;
- (f) Receive annual revenue payments from the Recipient Organizations in the amount approved by the Steering Committee from the Capital Fund Window for each Recipient Organization, by initially deducting such amount before disbursement to the Recipient Organization and depositing the payments into the Revenue Fund Window, as the revenue payment for the first year, with subsequent payments falling due on the anniversary of the initial disbursement;

¹ As used in this document, an approved programmatic document refers to projects, programmes which are approved by the Steering Committee for fund allocation purposes.



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- (g) Subject to availability of funds, and following the agreement signed between the Government Coordinating Entity and the Implementing Organizations carrying out activities financed from the Revenue Fund Window, disburse the funds from the Revenue Fund Window to the Implementing Organizations, in accordance with the decisions of the Steering Committee and the instructions of the Government Coordinating Entity, taking into account the budget set out in the approved programmatic document, as amended in writing from time to time by the Steering Committee;
- (h) Consolidate statements and reports, based on submissions provided to the Administrative Agent by the Government Coordinating Entity, based on the submissions of each Recipient Organization of the Capital Fund Window and each Implementing Organization of the Revenue Fund Window, as set forth below, and provide these to the Steering Committee and Contributors, through the Technical Secretariat;
- (i) As applicable, provide final reporting, including notification that the Yasuni Fund has been operationally completed, in accordance with the Yasuni Fund TOR; and
- (j) Disburse funds to the Government Coordinating Entity for any additional costs of the tasks that the Steering Committee may decide to allocate in accordance with the Yasuni Fund TOR.

12. The Administrative Agent will enter into a Standard Administrative Arrangement, in the form attached hereto as ANNEX 2 (hereinafter referred to as a "Standard Administrative Arrangement"), with each Contributor that wishes to provide financial support to the Yasuni Fund through the Administrative Agent, except as otherwise determined by the Steering Committee in its Rules of Procedure. The Administrative Agent will not agree with the Contributor to amend the terms of ANNEX 2 without prior written agreement of the Government Coordinating Entity. The Administrative Agent and the Government Coordinating Entity will ensure the posting of a copy of the Standard Administrative Arrangement it enters into, as well as information on contributions, on the website of the Administrative Agent (<http://mdtf.undp.org>), as well as the website of the Yasuni Fund (www.yasuni-itt.gov.ec), as appropriate.

13. To cover the cost of the UNDP MDTF Office fund administration services, UNDP will submit an annual estimated cost of services to the Steering Committee, through the Technical Secretariat, in the third quarter of the year, for services to be provided in the following year. The annual estimated costs will be reviewed and approved by the Steering Committee. The



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Government shall make payment to UNDP prior to the commencement of the fund administration services or through the Steering Committee, authorize UNDP to deduct the fee out of the Yasuni Fund Account. The cost of fund administration services for the first year which has been approved by the Government will be paid following signature of this MOA, until such time that the Yasuni Fund Account has sufficient funds to cover the costs, at which time the Government shall be entitled to be reimbursed from the Yasuni Fund Account for the payment to the Administrative Agent, following approval by the Steering Committee.

Article 3 **Financial Matters**

The Administrative Agent

14. The Administrative Agent will establish a separate bank account (hereinafter, the "Yasuni Fund Account") under its financial regulations and rules for the receipt and administration of the funds received pursuant to a Standard Administrative Arrangement. Such contributions will be credited to the Yasuni Fund Account. The Yasuni Fund Account will be administered by the UNDP MDTF Office, as the Administrative Agent, in accordance with the UNDP applicable regulations, rules, directives and procedures, including those relating to interest. The Yasuni Fund Account will be subject exclusively to the internal and external auditing procedures laid down in the applicable UNDP financial regulations, rules, directives and procedures. In respect of the internal audit, the summary of the findings and recommendations will be promptly communicated to the Steering Committee.

15. The Administrative Agent will not absorb gains or losses on currency exchanges which will increase or decrease the funds available for disbursements to the Government Coordinating Entity, and the Recipient and Implementing Organizations.

16. Subject to the availability of funds, the Administrative Agent will make disbursements from the Yasuni Fund Account based on decisions from the Steering Committee, in line with the budget set forth in the programmatic document, as amended from time to time by the Steering Committee, and following an instruction from the Government Coordinating Entity.

17. The Administrative Agent will normally make each disbursement within three (3) to five (5) business days after receipt of the relevant approved programmatic document, in accordance with the instructions received from the Steering Committee in line with the Yasuni Fund TOR, along with a copy of the relevant approved programmatic document and agreement concluded between the Government Coordinating Entity and the concerned Recipient or Implementing Organization. The Administrative Agent will transfer funds to each Recipient or Implementing Organization, on instruction from the Government Coordinating Entity, through wire transfer.



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The Government Coordinating Entity will advise the Administrative Agent in writing of the bank account for transfers pursuant to this MOA. When making a transfer, the Administrative Agent will notify the Government Coordinating Entity's Treasury Operations, with a copy to the Recipient or Implementing Organization, of the following: (a) the amount transferred, (b) the value date of the transfer; and (c) that the transfer is from the UNDP MDTF Office in respect of the Yasuni Fund pursuant to this MOA.

18. Where the balance in the Yasuni Fund Account on the date of a scheduled disbursement is insufficient to make that disbursement, the Administrative Agent will consult with the Steering Committee and make a disbursement, if any, in accordance with the Steering Committee's instructions.

The Government Coordinating Entity

19. The Government has designated the Ministry of Heritage of Ecuador to serve as the Government Coordinating Entity, through its Yasuni ITT Coordination Office, the primary interlocutor on all aspects of the Yasuni Fund including with respect to the Administrative Agent. The Government Coordinating Entity, and through it the Recipient and Implementing Organizations, assumes full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent.

20. In order to carry out activities under the Yasuni Fund, Recipient Organizations under the Capital Fund Window and Implementing Organizations under the Revenue Fund Window shall be proposed by the Government Coordinating Entity and approved by the Steering Committee, following assessments of financial, managerial and technical capacity by the Technical Secretariat. The Steering Committee shall also review and approve the proposals recommended for funding. It is understood that such Organizations will disburse funds and carry out activities on the basis of the applicable National Development Plan and the National Regulatory Framework.

21. The Government Coordinating Entity will establish, and have each Recipient and Implementing Organization establish, a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it by the Administrative Agent from the two windows of the Yasuni Fund Account. That separate ledger account will be administered by the Government Coordinating Entity, and Recipient and Implementing Organizations in accordance with the National Regulatory Framework.

22. The Government Coordinating Entity will use, and have the Recipient and Implementing Organizations use, the funds disbursed to it by the Administrative Agent from the Yasuni Fund Account to carry out the activities for which it is responsible as set out in the approved



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programmatic document. The Government Coordinating Entity, and through it the Recipient and Implementing Organizations, will commence and continue to conduct operations for the programmatic activities only upon receipt of disbursements as instructed by the Steering Committee. The Government Coordinating Entity, and through it the Recipient and Implementing Organizations, will not make any commitments above the approved budget in the approved programmatic document, as amended from time to time by the Steering Committee. If there is a need to exceed the budgeted amount, the Government Coordinating Entity concerned will submit a supplementary budget request to the Steering Committee.

Article 4

Activities of the Government Coordinating Entity

23. Before the Administrative Agent will disburse funds to either a Recipient or Implementing Organization, the Government Coordinating Entity will conclude agreements with each Recipient and Implementing Organization setting out the terms and conditions regarding receipt of funds from the Yasuni Fund, consistent with this MOA and the Yasuni Fund TOR. The Government Coordinating Entity will ensure that each Recipient and Implementing Organization is responsible for the activities carried out by it, in accordance with the decisions of the Steering Committee, and the National Regulatory Framework.

24. After approval of the Steering Committee of the respective Recipient or Implementing Organization proposal, the Government Coordinating Entity will instruct the Administrative Agent to disburse the approved amount to the respective Organization. In connection with disbursements to the Recipient Organizations, pursuant to the Yasuni Fund TOR, and as shall be reflected in the agreements signed between the Government Coordinating Entity and each Recipient Organization, each disbursement shall be subject to an annual revenue payment in the amount and on the terms approved by the Steering Committee. The Administrative Agent will deduct the initial payment before disbursement to the Recipient Organization and deposit it into the Revenue Fund Window, as the revenue payment for the first year, with subsequent payments falling due on the anniversary of the first disbursement.

25. The Government Coordinating Entity through the Yasuni Fund Steering Committee will take the necessary steps to ensure that Recipient Organizations have the required capacities to accomplish their commitments in accordance the National Regulatory Framework, including their payments to the Revenue Fund Window.

26. Any modifications to scope of the approved programmatic document, including as to their nature, content, sequencing or the duration thereof will be subject to mutual agreement in writing between the Government Coordinating Entity, the relevant Recipient or Implementing Organization and the Steering Committee. The Government Coordinating Entity



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will promptly notify the Administrative Agent of any change in the budget approved by the Steering Committee, as set out in the programmatic document of any Recipient or Implementing Organization. On the termination of this MOA, the ownership of equipment, supplies and other property financed from the Yasuni Fund shall vest in the Government.

27. The Government Coordinating Entity will ensure that where a Recipient or Implementing Organization wishes to carry out its activities through or in collaboration with a third party, it will be responsible for discharging all commitments and obligations with such third parties, and the Administrative Agent will not be responsible for doing so.

28. In carrying out their activities, neither the Government Coordinating Entity, nor the Recipient nor Implementing Organization will be considered as an agent of the Administrative Agent, nor will the personnel of one be considered as staff members, personnel or agents of the Administrative Agent. Without restricting the generality of the preceding sentence, the Administrative Agent will not be liable for the acts or omissions of the Government Coordinating Entity, the Recipient or Implementing Organizations, or their personnel, or of persons performing services on their behalf.

29. The Government Coordinating Entity will advise the Administrative Agent in writing when all activities for which the Recipient and Implementing Organization are responsible under the approved programmatic document have been completed.

30. The Government Coordinating Entity recognizes that the Contributors reserve the right to discontinue future contributions if reporting obligations are not met as set forth in the Standard Administrative Arrangement, or if there is proven improper use of funds determined by the Steering Committee. If it is agreed by the Steering Committee that there is evidence of improper use of funds, the Government Coordinating Entity will use its best efforts, through the appropriate government body, consistent with its regulations, rules, policies and procedures to recover any funds misused. The Government Coordinating Entity will through the Steering Committee credit any funds so recovered to the Yasuni Fund Account or agree with the Steering Committee to use these funds for a purpose mutually agreed upon. Before withholding future contributions or requesting recovery of funds and credit to the Yasuni Fund Account, the Administrative Agent, the Government Coordinating Entity and the Contributor will consult with a view to promptly resolving the matter.

31. In the event that the Government defaults on its commitment and decides to initiate oil prospecting in the Yasuni ITT oil fields, the CGYs will entitle the holders to be reimbursed by the Government the equivalent to the face value of the CGYs in US



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dollars², in such form as shall be agreed between the Government and the Contributor. In that event, the uncommitted balance of the Capital Fund Window shall be used by the Government towards the reimbursement to the Contributors of the face value of the CGYs. To this end, the uncommitted balance of the Capital Fund Window, if any, shall be returned to the Contributors in the proportion of their contribution. Once the Government notifies the Steering Committee and the Administrative Agent of its decision to initiate oil prospecting in the Yasuni ITT oil fields, the Yasuni Fund accounts will thereafter be wound up so as to permit the orderly closure of the Yasuni Fund, including settlement of claims on issued CGYs.

32. The Government Coordinating Entity recognizes that it is important to take all necessary precautions to avoid inappropriate practices. To this end, the Government Coordinating Entity will guarantee the application of the National Regulatory Framework for the use of public funds. In the event that the Government Coordinating Entity determines that an allegation in relation to the implementation of activities – including corrupt, fraudulent, collusive or coercive practices that may have taken place - is credible enough to warrant an investigation, it will promptly notify the Steering Committee and the Administrative Agent and the appropriate Ecuadorian regulatory and control bodies, to the extent that such notification does not jeopardize the conduct of the investigation. The allegation will be dealt with by the appropriate government's entity in charge of such investigations. Upon completion of the investigation, the Government Coordinating Entity will inform the Steering Committee and the Administrative Agent about the results of the investigation which will handle in accordance with the National Regulatory Framework.

Article 5 **Reporting**

33. The Government Coordinating Entity, and through it the Recipient and Implementing Organizations, will provide the Administrative Agent with the following statements and reports, as set forth in the Yasuni Fund TOR.

- (a) Annual narrative progress reports, to be provided no later than three months (31 March) after the end of the calendar year;

² If the contribution is received in currency other than US dollars, in the event repayments have to be made by the Government of Ecuador to the contributors, the repayments will be made applying the original United Nations operational rate of exchange used by the Administrative Agent to record the contribution.



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- (b) Annual financial statements and reports as of 31 December with respect to the funds disbursed to it from the Yasuni Fund Account, to be provided no later than four months (30 April) after the end of the calendar year;
- (c) Final narrative reports, after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than four months (30 April) of the year following the financial closing of the Yasuni Fund. The final report will give a summary of results and achievements compared to the goals and objectives of the Yasuni Fund;
- (d) Mid-year progress updates that will allow the Government and the Steering Committee to assess project implementation progress on an on-going basis; and
- (e) Certified final financial statements and final financial reports after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than six months (30 June) of the year following the financial closing of the Yasuni Fund.

34. The Administrative Agent will prepare consolidated narrative progress and financial reports, based on the reports referred to in paragraph 1 (a) to (d) above, and will provide those consolidated reports to each Contributor to the Yasuni Fund Account, as well as the Steering Committee, in accordance with the timetable established in the Administrative Arrangement.

35. The Administrative Agent will also provide the Contributors, Steering Committee and the Government Coordinating Entity with the following statements on its activities as Administrative Agent:

- (a) Certified annual financial statement ("Source and Use of Funds") to be provided no later than five months (31 May) after the end of the calendar year; and
- (b) As applicable, certified final financial statement ("Source and Use of Funds") to be provided no later than seven months (31 July) of the year following the financial closing of the Yasuni Fund.

36. Consolidated reports and related documents will be posted on the websites of the Yasuni Fund (www.yasuni-itt.gov.ec) and the Administrative Agent (<http://mdtf.undp.org>).



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Article 6 **Monitoring and Evaluation**

37. Monitoring and evaluation of the Yasuni Fund including, as necessary and appropriate, joint evaluation by the Contributor, the Government, the Government Coordinating Entity, the Administrative Agent, and other partners, will be undertaken in accordance with the provisions contained in the Yasuni Fund TOR.

38. The Contributors, the Government, the Government Coordinating Entity, together with the Recipient and Implementing Organizations, and the Administrative Agent, through the Steering Committee, will hold annual consultations, as appropriate, to review the status of the Yasuni Fund.

Article 7 **Audit**

39. The Government Coordinating Entity, and through it the Recipient and Implementing Organizations, will be audited in accordance with the national audit framework. The Administrative Agent will be audited in accordance with its own Financial Regulations and Rules.

Article 8 **Joint Communication**

40. The Government Coordinating Entity will take appropriate measures to publicize the Yasuni Fund and to give due credit to the other stakeholders. Information given to the press, to the beneficiaries of the Yasuni Fund, all related publicity material, official notices, reports and publications, will acknowledge the leading role of the Government, the Contributors, the Government Coordinating Entity, the Administrative Agent and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of the Government, the Government Coordinating Entity and national partners in all external communications relating to the Yasuni Fund.

41. The Administrative Agent in consultation with the Government Coordinating Entity will ensure that decisions regarding the review and approval of the Fund as well as periodic reports on the progress of implementation of the Fund, associated external evaluation are posted, where appropriate, for public information on the websites of the Yasuni Fund (www.yasuni-itt.gov.ec) and the Administrative Agent (<http://mdtf.undp.org>). Such reports and documents may include Steering Committee approved programmes and programmes awaiting approval, fund level annual financial and progress reports and external evaluations, as appropriate.



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Article 9

Entry into Force, Expiration, Modification

42. This MOA will come into effect upon signature by authorized representatives of the Parties and will continue in full force and effect until it is terminated.

43. The Yasuni Fund has an undetermined termination date since the Fund will continue generating revenue payments over the years. However, UNDP's role as the Yasuni Fund Administrative Agent shall be limited to such time that there is no future contribution to the Yasuni Fund, as detailed in the TOR or a successor is selected by the Steering Committee in consultation with the Contributors.

44. This MOA will expire upon winding up of the Yasuni Fund, or upon its termination by the Government upon selection of a successor to UNDP in accordance with paragraph 43 above, subject to the continuance in force of paragraph 47 below for the purposes therein stated. In addition, the MOA may be terminated upon 180 days notice, upon mutual agreement of the Parties, subject to the continuance in force of paragraph 47 below for the purposes therein stated.

45. This MOA may be modified only by written agreement between the Parties.

46. Commitments assumed by the Parties under this MOA will survive the expiration or termination of this MOA to the extent necessary to permit the orderly conclusion of the activities and the completion of final reports, the withdrawal of personnel, funds and property, the settlement of accounts between the Parties hereto and the settlement of contractual liabilities that are required in respect of any subcontractors, consultants or suppliers. Any balance remaining in the Yasuni Fund Account or in the Government Coordinating Entity and individual Recipient and Implementing Organization's separate ledger accounts upon winding up of the Yasuni Fund will be used for a purpose as decided by the Steering Committee or returned to the Government.

Article 10

Notices

47. Any action required or permitted to be taken under this MOA may be taken on behalf of the Administrative Agent, by the Executive Coordinator of the UNDP MDTF Office, or his designated representative, and on behalf of the Government, by the Minister of Heritage, or her designated representative.



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48. Any notice or request required or permitted to be given or made in this MOA will be in writing. Such notice or request will be deemed to be duly given or made when it will have been delivered by hand, mail or any other agreed means of communication to the party to which it is required to be given or made, at such party's address specified below or at such other address as the party will have specified in writing to the party giving such notice or making such request.

For the Government:

Name: Maria Fernanda Espinosa
Title: Minister of Natural and Cultural Heritage
Address: Coordinator Ministry of Natural and Cultural Heritage
Telephone: (5932)2993204
Facsimile:
Electronic mail: mfespinosa@ministeriopatrimonio.gov.ec

For the Administrative Agent:

Name: Bisrat Aklilu
Title: Executive Coordinator, MDTF Office, UNDP
Address: 730 Third Avenue, 20th Floor, New York, NY 10017, USA
Telephone: +1 212 906 6880
Facsimile: +1 212 906 6990
Electronic mail: bisrat.aklilu@undp.org

Article 11
General Provisions

49. In the event of any controversy, claim or dispute between the Parties arising out of this MOA or the breach thereof, the Parties shall first seek an amicable resolution thereof through good faith direct negotiations.

50. In the event that the controversy, claim or dispute is not resolved amicably by direct negotiations between the Parties three months after one party has notified the other party of such dispute, controversy or claim, either party may initiate arbitration. Each Party shall appoint one arbitrator, and the two arbitrators so appointed should appoint a third, who shall be the chairman. If within thirty days of the request for arbitration, either Party has not appointed an arbitrator or if within fifteen days of the appointment of two arbitrators, the third arbitrator has not been appointed, either Party may request the President of the International Court of Justice to appoint an arbitrator. The procedure of the arbitration shall be fixed by the



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arbitrators and the expenses of the arbitration shall be borne by the Parties as assessed by the arbitrators. The arbitral proceedings will take place in Quito, Ecuador, unless the Parties and/or the arbitrators agree that another place, such as New York, USA, is more appropriate, depending on the nature of the dispute, controversy or claim. The language of the proceedings shall be Spanish. Simultaneous interpretation of the proceedings and the translation of all documents and the proceedings shall also be available in English, as necessary. The arbitral award shall contain a statement of the reasons on which it is based and shall be accepted by the Parties as the final adjudication of the dispute.

51. The Government agrees that the provisions of the Agreement between UNDP and the Government, published in the Official Ecuadorian Gazette on 17 February 2005, relating to UNDP's assistance to the country (SBAA) shall apply to UNDP and its personnel carrying out the management and other support services provided hereunder, except that the funds contributed to the Capital and Revenue Fund Windows of the Yasuni Fund Account shall be deemed resources of the Government.

52. In accordance with the SBAA, the Government shall bear all risks of operations arising under this Agreement and shall be responsible for dealing with claims which may be brought by third parties against UNDP, its officials or other persons performing services on its behalf, and shall hold them and UNDP harmless in respect of claims or liabilities arising from operations under this Agreement. The foregoing provision shall not apply where the Government and UNDP agree that claims or liabilities arise from the gross negligence or willful misconduct of the above-mentioned persons.

IN WITNESS WHEREOF, the undersigned, duly authorized representatives of the respective Parties, have signed this MOA in the English and Spanish language, each text being equally authentic, in two copies.

On behalf of the Government of Ecuador:

Econ. Ricardo Patiño
MINISTER OF FOREIGN AFFAIRS
REPUBLIC OF ECUADOR

3 August 2010

Date

signed

Signature

On behalf of UNDP:

Rebeca Grynspan
UNDER-SECRETARY GENERAL
OF THE UNITED NATIONS
ASSOCIATE ADMINISTRATOR OF THE UNDP

3 August 2010

Date

signed

Signature



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As witness of honor:

Maria Fernanda Espinosa
MINISTER OF NATURAL AND CULTURAL HERITAGE

3 August 2010
Date

signed
Signature

As witness of honor:

Lic. Lenín Moreno
CONSTITUTIONAL VICE-PRESIDENT OF ECUADOR

3 August 2010
Date

signed
Signature

ANNEX 1 – Yasuni Fund TOR
ANNEX 2 – SAA



***Ecuador Yasuni ITT
Trust Fund:
Terms of Reference***

28 July 2010

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The Ecuador Yasuni ITT Trust Fund Terms of Reference

Introduction

1. Ecuador is one of the most biologically diverse countries in the world, and is also noted for the richness and variety of its indigenous cultures. In 1972 the country became an oil exporter, and since then this product has been the centerpiece of the national economy. The environmental and social impacts of the oil industry have been dramatic; however this situation is changing due to government policies in effect since 2007.
2. In light of the recent confirmation of large deposits of heavy crude oil in the Ishpingo Tambococha Tiputini (ITT) field, which is located in the Yasuni National Park, one of the most important and diverse biological reserves in the world and home to the Tagaeri-Taromenane, indigenous peoples living in voluntary isolation, President Rafael Correa announced to the United Nations that Ecuador had decided to maintain the crude oil in the ITT field indefinitely underground within the Yasuni National Park, in order to put social and environmental values first, and to explore other ways to benefit the country economically. If the international community cooperates with Ecuador by contributing at least half of the revenue that the Government of Ecuador (hereinafter referred to as the "Government") would receive by extracting the oil, the Government would initially assume up to half of the opportunity cost of keeping the oil underground, becoming the first contributor to this Initiative.
3. The Ecuadorian initiative proposes non-exploitation of the Yasuni-ITT field, one of the most important oil reserves in the country, located in the Yasuni National Park. In this way, Ecuador will forgo close to one billion barrels of heavy crude reserves, and in turn become the first developing country to propose an effective, quantifiable, and verifiable carbon abatement model.
4. President Rafael Correa's vision of this pioneer proposal, unprecedented in the history of an oil-dependent country, has been received favorably by several governments and organizations around the world. The initiative also proposes a new cooperative model between developed and developing countries. It is an opportunity for the world to consider more just and equitable paradigms of sustainable development, which in Ecuador is conceived as *sumak kawsay* or life at its fullest.
5. As part of Ecuador's commitment to indefinitely refrain from extracting the 846 million barrels of heavy crude oil reserves in the ITT field, within the Yasuni National Park,

currently estimated at US\$ 7.2 billion, and prevent the emission of 407 million metric tons of Carbon Dioxide (CO₂) which would result from burning these fossil fuels, it has established the Yasuni ITT Trust Fund (hereafter referred to as “Yasuni Fund”), to enable the international community to channel financial contributions towards reduction of CO₂ emissions, preservation of cultural and biological diversity and poverty reduction – part of the key development objectives of the internationally agreed Millennium Development Goals. The Yasuni Fund will enable the Government to address climate change and sustainable development challenges by changing the energy matrix of the country, through investment in environmentally friendly and socially inclusive renewable energy projects such as hydro, geothermal, solar, wind, biomass and tidal power plants.

6. The Yasuni Fund will be administered by the United Nations Development Programme (UNDP), an international organization with experience and a demonstrated record in the administration of trust funds. It will be governed and overseen by a Steering Committee led by the Government, with the participation of representatives from Contributors, Ecuadorian civil society, and development partners. Contributors to the Yasuni Fund include Governments, Private and Public entities, including Intergovernmental and Non-Governmental Organizations, and individuals (hereinafter referred to as “Contributors”).

7. The Government has taken the initiative to establish a comprehensive governance and management structure for the Yasuni Fund, including:

- (a) Administration by UNDP through its Multi-Donor Trust Fund Office (MDTF Office);
- (b) Guarantees for non-exploitation of Yasuni-ITT petroleum reserves to the Ecuadorian society and the international community;
- (c) Use of international standards and systems for financial oversight, accountability and transparency;
- (d) Governance of the Yasuni Fund activities, including oversight of financial management taking into account the national laws, regulations, rules, directives and procedures, and accountability framework of Ecuador (hereinafter referred to as the “National Regulatory Framework”) and the development and approval of the Yasuni Fund portfolio of activities, in accordance with Paragraph 25;
- (e) Participation of the Yasuni Fund Contributors in the governance process;

- (f) Assessment of proposed Yasuni Fund activities, based on the technical merits, and the principles of independence and impartiality;
- (g) Government-wide coordination and participation in development of the Yasuni Fund portfolio, for both the Capital Fund Window and the Revenue Fund Window described below; and
- (h) Ongoing monitoring and evaluation of all Yasuni Fund activities.

Purpose, Principles and Structure of the Yasuni Fund

8. The Yasuni Fund, which will have two windows - a **Capital Fund Window** and a **Revenue Fund Window** - is established to assist the Government finance the following strategic sustainable development programmes, within the guidelines of the Ecuadorian National Development Plan:

a) Effectively prevent deforestation and conserve ecosystems, particularly the national system of natural protected areas, including its buffer zones. The total surface area currently under State's protection amounts approximately 20% of Ecuador's territory, one of the highest percentages in the world. Properly conserving the Yasuni National Park would also allow the Tagaeri and Taromenane indigenous peoples to remain in voluntary isolation.

b) Reforestation, afforestation, natural regeneration and appropriate management of one million hectares of forest owned by small and medium landholders, on land that is currently threatened by soil degradation. Also a substantial reduction in the current rate of deforestation, considered to be one of the highest in South America. This program includes watershed management.

c) Renewable energy and increase of national energy efficiency and energy savings, including investment in environmentally friendly and socially inclusive renewable energy plants: Hydro, geothermal, solar, wind, biomass, and tidal. Also, financial support for energy efficiency in industry and homes is considered.

d) Promote social development in the Initiative's zones of influence, with programs that include health, education, training, technical assistance and productive job creation in sustainable activities, such as ecotourism, agriculture, protection of ecosystems' services and agro-forestry.

e) Support research, science, technology and innovation with programs that enhance: a) the generation of goods and services based on bio-knowledge, b) integrated river basin

management, and c) change in the energy matrix, prioritized in the Ecuadorian National Development Plan.

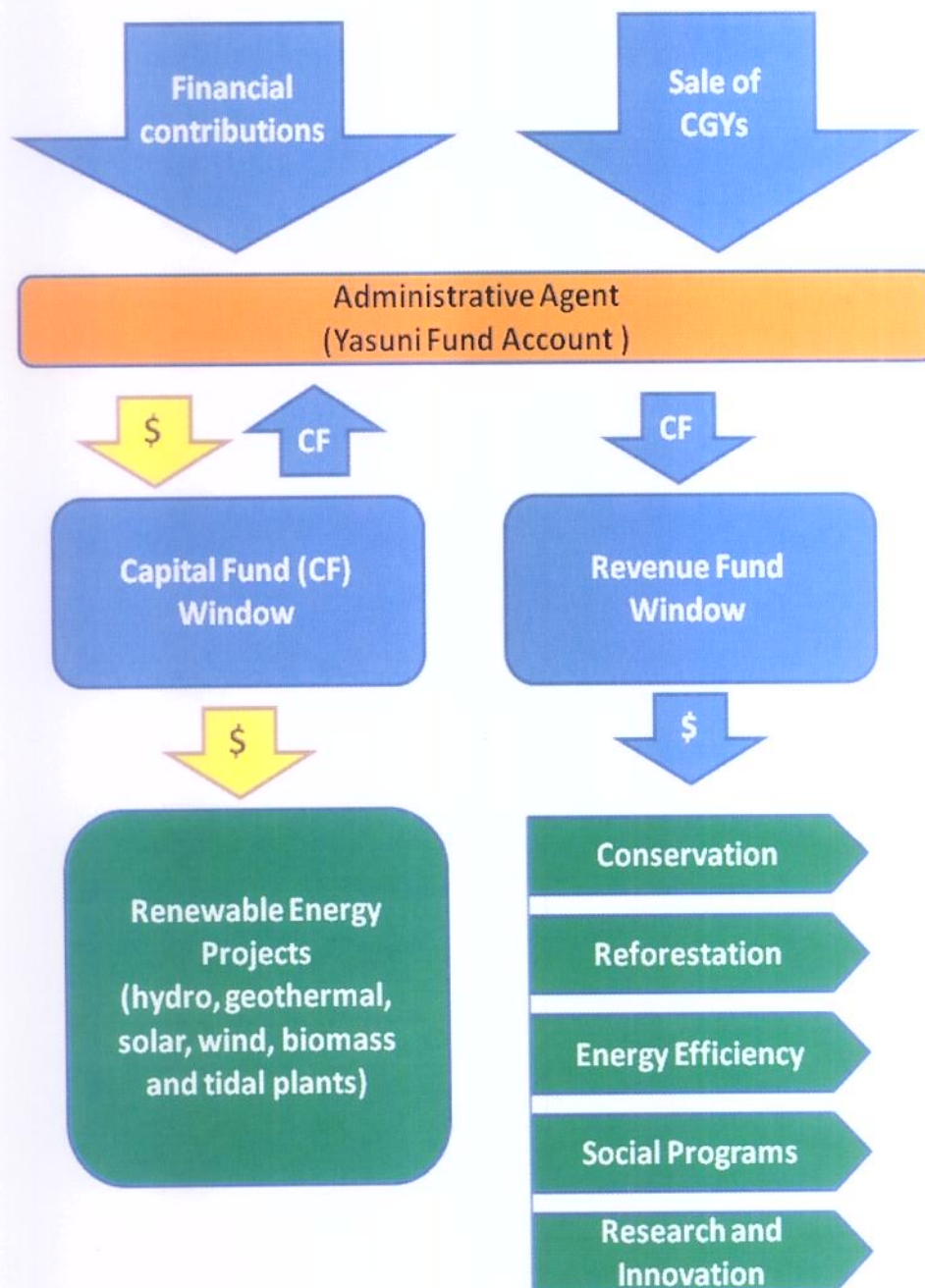
9. The following entities are involved in the Yasuni Fund:

- (a) **The Ministry of Heritage through the Yasuni ITT Coordination Office has been designated as the Government Coordinating Entity** with a mandate to coordinate the development and implementation of the Yasuni Fund activities on behalf of the Government, promote Government-wide participation in the Yasuni Fund process and, ensure the exercise of oversight, accountability and transparency in relation to the portfolio implemented. The Yasuni ITT Coordination Office will work closely with the Ministry of Finance to coordinate all financial activities related to the Yasuni ITT. Annually the Ministry of Finance will incorporate the projected Capital and Revenue Fund resources as part of the National Budget.
- (b) **Recipient Organizations**, national institutions responsible for the implementation of projects funded by the Capital Fund Window of the Yasuni Fund;
- (c) **Implementing Organizations**, national institutions responsible for implementation of projects funded from the Revenue Fund Window of the Yasuni Fund; and
- (d) **The Administrative Agent** entrusted with fund administration functions for the Yasuni Fund.

10. The funding flow of the Yasuni Fund is described in Figure 1 on page 6. The Capital Fund Window, which will be financed by contributions to the Yasuni Fund Account and/or the issuance or sale of Yasuni Guarantee Certificates (CGYs) to private and/or public entities, will be used to finance renewable energy projects submitted by Recipient Organizations.

11. The Revenue Fund Window of the Yasuni Fund shall be replenished with mandatory annual revenue payments received from Recipient Organizations for the use of the funds from the Capital Fund Window. The terms of payment of the Recipient Organizations will be approved by the Steering Committee. The Revenue Fund Window will be used to fund development projects within the framework of the strategic sustainable development programmes described in Paragraph 8 herein. The Revenue Fund Window projects will be implemented by national entities in accordance with the National Development Plan and the National Regulatory Framework.

Figure 1: Yasuni Fund- Funding Flow Chart



12. The Yasuni Fund arrangements aim to ensure, in particular, that:
- (a) Each project approved for funding is part of a Government-approved Yasuni-ITT Initiative priority programme according to the Ecuadorian National Development Plan;
 - (b) The activities financed are implemented by national implementation partners, under the overall ownership and leadership of the Government, to ensure sustainable local capacities;
 - (c) Funding and implementation are undertaken with full transparency and accountability, prompt delivery and efficient utilization of Yasuni Fund resources.
13. The Yasuni Fund mode of operation will enable the Government to oversee and guide the coordinated implementation of activities in the areas of the Yasuni Fund operations in accordance with its development agenda and ensure transparent fund administration and project implementation in accordance with international standards.

Administration of the Yasuni Fund and Legal Instruments

14. The Yasuni Fund shall be administered by the UNDP through its MDTF Office, as Administrative Agent, providing management and other support services to the Government, in accordance with UNDP's regulations and rules. UNDP will establish a separate bank account for receipt of contributions to the Yasuni Fund.
15. The Yasuni Fund will be established upon the signing of:
- (a) Memorandum of Agreement (MOA) between the Government and UNDP, as the Administrative Agent, for Management and Other Support Services related to the Yasuni Fund, including provisions related to the Government Coordinating Entity's overall accountability on behalf of the Government for funds approved for implementation by the Recipient Organizations of the Capital Fund Window and Implementing Organizations of the Revenue Fund Window; and,
 - (b) Standard Administrative Arrangements between the Administrative Agent and the Contributors to the Yasuni Fund, except for contributions under a minimum threshold to be established by the Steering Committee in its Rules of Procedures.

16. The UNDP MDTF Office, as the Administrative Agent of the Yasuni Fund, will:
- (a) Receive financial resources from Contributors and payments from the sale of CGYs and deposit those in the Yasuni Fund Account for transfer to the Capital Fund Account.
 - (b) Upon receipt of financial contributions, notify the Government and request it to issue within 30 days CGYs to Contributors equivalent to the amount contributed by each of them;
 - (c) Receive payments into the Yasuni Fund Account for transfer to the Capital Fund Window Account from the Government's placement and sale of CGYs to private and public entities;
 - (d) Administer the funds received, in accordance with UNDP regulations, rules, policies and directives and the Yasuni Fund TOR, including the provisions relating to winding up the Yasuni Fund Account and related matters;
 - (e) Subject to availability of funds and following agreements signed between the Government Coordinating Entity and Recipient Organizations, and after instruction from the Government Coordinating Entity, disburse the funds from the Capital Fund Window to each Recipient Organization for the Yasuni Fund projects in accordance with the decisions of the Yasuni Fund Steering Committee, taking into account the budget set out in the approved programmatic document¹, as amended in writing from time to time by the Steering Committee;
 - (f) Receive annual revenue payments from the Recipient Organizations in the amount approved by the Yasuni Fund Steering Committee from the Capital Fund Window for each Recipient Organization, by initially deducting such amount before disbursement to the Recipient Organization and depositing the payments into the Revenue Fund Window, as the revenue payment for the first year, with subsequent payments falling due on the anniversary of the initial disbursement;
 - (g) Subject to availability of funds, and following the agreement signed between the Government Coordinating Entity and the Implementing Organizations

¹ As used in this document, an approved programmatic document refers to projects, programmes which are approved by the Yasuni Fund Steering Committee for fund allocation purposes.

carrying out activities financed from the Revenue Fund Window, disburse the funds from the Revenue Fund Window to the Implementing Organizations, in accordance with the decisions of the Steering Committee and the instruction of the Government Coordinating Entity, taking into account the budget set out in the approved programmatic document, as amended in writing from time to time by the Steering Committee;

- (h) Consolidate statements and reports, based on submissions provided to the Administrative Agent by the Government Coordinating Entity containing the submissions of each Recipient Organization of the Capital Fund Window and Implementing Organizations of the Revenue Fund Window, as set forth in Paragraph 47 below, and provide these to the Steering Committee and Contributors, through the Technical Secretariat;
- (i) Provide final reporting, including notification that the Yasuni Fund has been operationally completed, in accordance with the Yasuni Fund TOR;
- (j) Disburse funds to the Government Coordinating Entity for any additional costs of the tasks that the Steering Committee may decide to allocate in accordance with the Yasuni Fund TOR.

17. At the request of the Government, UNDP has agreed to provide fund administration services to the Yasuni Fund until there are no further contributions to the Yasuni Fund, as specified in Paragraph 22. The Steering Committee will undertake a comprehensive review of the Yasuni operations at a date to be determined by the Steering Committee and decide if UNDP can hand over the fund administration functions to a national successor or maintain UNDP or select another international organization as the fund administrator. If the Steering Committee decides that the fund administration should continue to be provided by another international organization, it will initiate a process, in consultation with the Government and the Contributors to the Yasuni Fund, to identify and reach agreement with such an organization that will assume all the responsibilities of UNDP as the Yasuni Fund Administrative Agent.

Contributions to the Yasuni Fund

18. Contributions to the Yasuni Fund, as compensation for Ecuador's commitments to indefinitely refrain from extracting the 846 million barrels of heavy crude oil reserves in the ITT field located in the Yasuni National Park and preventing CO₂ emission of 407 million metric tons will be accepted from three main sources:

- (a) contributions from Governments, Intergovernmental Entities, Non-Governmental Organizations, Private Foundations, Private-Sector Organizations, and individuals;
- (b) contributions from the public at large, through public fund-raising events following the prior approval of the Steering Committee, and
- (c) Income from the sale of CGYs by the Government to private and public entities in return for mitigating greenhouse gas emissions through avoidance of oil and gas extractions from the Yasuni area that is socially and environmentally sensitive, in accordance with Paragraph 27 herein.

19. Contributions to the Yasuni Fund will be made as unearmarked contributions. Their use will subsequently be approved by the Yasuni Fund Steering Committee on the basis of a transparent fund allocation criterion that will be agreed to by the Steering Committee, in accordance with Paragraph 8 above.

20. Contributions to the Yasuni Fund may be accepted in United States dollars or in any other currency that can be readily utilized. Such contributions shall be deposited into the bank account established by the UNDP MDTF Office. Funds received from Contributors will be received on account of the Government, and not as UNDP resources.

21. The value of a contribution payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Gains or losses on currency exchanges shall be recorded in the Yasuni Fund Account established by the Administrative Agent.

22. Contributions to the Yasuni Fund will be received until the CGYs have been issued or sold for 407 million metric tons of CO₂, amounting to the maximum of the total avoided emissions, as stated in Paragraph 5.

23. Resources from the Yasuni Fund will be utilized for the purpose of meeting the direct costs of projects managed by the Yasuni Fund Recipient and Implementing Organizations. Details of such projects, including respective budgets and implementation partners (national entities, NGOs/civil society organizations, intergovernmental organizations) will be set out in the relevant project documents that will be reviewed by the Technical Secretariat and subsequently approved by the Steering Committee.

24. To cover the cost of the UNDP MDTF Office fund administration services specified in Paragraph 16, UNDP will submit an annual estimated cost of services to the Yasuni Fund Steering Committee, through the Technical Secretariat in the third quarter of the year, for

services to be provided in the following year. The annual estimated costs will be reviewed and approved by the Yasuni Fund Steering Committee and payment will be made to UNDP out of the Yasuni Fund Account prior to the commencement of the fund administration services. Until such time that the Yasuni Fund Account has sufficient funds to cover the Administrative Agent's services, the Government will provide such funds directly to UNDP, following the signature of the Memorandum of Agreement (MOA) between the Government and UNDP specified in Paragraph 15(a). As soon as the Yasuni Fund Account has received sufficient funds, the Government will be reimbursed the cost it has paid to UNDP for the Administrative Agent's services, following approval of the Steering Committee.

25. The Government Coordinating Entity through the Yasuni Fund Recipient and Implementing Organizations shall assume full programmatic and financial accountability for the funds disbursed to them by the UNDP MDTF Office as Administrative Agent upon the instruction of the Steering Committee. Such funds shall be administered by each Yasuni Fund Recipient and Implementing Organization in accordance with the National Regulatory Framework, provided that national financial regulations and rules do not contravene the principle of UNDP's Financial Regulations and Rules.

Yasuni Guarantee Certificates (CGY)

26. In exchange for contributions, the Government will provide a guarantee to maintain the Yasuni ITT field oil reserves underground indefinitely. Where the contribution is below the minimum threshold, established by the Steering Committee in its Rules of Procedure, it shall constitute a donation to the Yasuni Fund and will not entitle the Contributor to Yasuni Guarantee Certificates (CGYs). Upon receipt of contributions by the Administrative Agent and its subsequent notice to the Government Coordinating Entity of the amount of such contributions, the Government will issue within 30 days CGYs in US dollars equivalent to the face value of each contribution. The CGYs will also include the metric tons of CO₂ avoided according to the price, at that date, of the European Union Allowances (EUAs) in the Leipzig Carbon Market. 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 Yasuni ITT oil reserves.

27. In addition, if in the future the world carbon market accepts the CGYs as equivalents of Emission Permits, the Government will issue CGYs for sale to private and/or public entities in mitigating greenhouse gas emissions through avoidance of oil and gas

extractions from megabiodiverse areas that are highly socially and environmentally sensitive.

28. Consistent with Paragraph 22, 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 CO₂ not emitted as a result of preserving the Yasuni ITT oil reserves.

29. In the event that the Government defaults on its commitment and decides to initiate oil prospecting in the Yasuni ITT oil fields, the CGYs will entitle the holders to be reimbursed by the Government the equivalent to the face value of the CGYs in US dollars², in such form as shall be agreed between the Government and the Contributor. In that event, the uncommitted balance of the Capital Fund Window shall be used by the Government towards the reimbursement to the Contributors of the face value of the CGYs. To this end, the uncommitted balance of the Capital Fund Window, if any, shall be returned to the Contributors in the proportion of their contribution. Once the Government notifies the Steering Committee and the Administrative Agent of its decision to initiate oil prospecting in the Yasuni ITT oil fields, the Yasuni Fund accounts will thereafter be wound up so as to permit the orderly closure of the Yasuni Fund, including settlement of claims on issued CGYs.

30. The contributions to the Yasuni Fund must reach a minimum threshold of US\$ 100 million by the end of 2011. The Yasuni Fund will be assessed every two years regarding the contributions obtained according to the present value and considering the expected minimum amount of US\$ 3.6 billion in 13 years. In the case that the Yasuni Fund does not receive US\$ 100 million by December 2011, the Government will refund the Contributors with the exception of those that have explicitly expressed their interest in donating these resources for the activities described in Paragraph 8.

Governance Structure

31. The overall governance structure of the Yasuni Fund is depicted in Figure 2.

² If the contribution is received in currency other than US dollars, in the event repayments have to be made by the Government of Ecuador to the contributors, the repayments will be made applying the original United Nations operational rate of exchange used by the Administrative Agent to record the contribution.

The Yasuni Fund Steering Committee

32. The Yasuní Fund shall be governed by a Steering Committee chaired by a representative of the Government. The Steering Committee will have six full members, each one with a vote: (i) three representatives of the Government, including the Chairperson with casting vote; (ii) two representatives from the Contributor Governments; and (iii) one Ecuadorian civil society representative. After the launch of the Yasuni Fund, the Government will establish the Steering Committee as soon as possible, and thereafter the Steering Committee will establish its Rules of Procedure.

33. The UNDP Resident Representative, who also serves as the UN Resident Coordinator, and the Executive Coordinator of the UNDP MDTF Office, representing UNDP as the Administrative Agent of the Yasuni Fund, will participate in the Steering Committee as *ex officio* members.

34. The Steering Committee may invite other entities, such as those listed below, to hear their views and perspectives on the Yasuni Fund financed activities:

- (a) An entity that is involved in an activity financed by the Yasuni Fund;
- (b) An entity that is affected by the impact of a Yasuni Fund-financed activity, noting in particular organizations and indigenous persons and local communities, and/or
- (c) A national or international entity whose work is of direct relevance to the Yasuni Fund, and where possibilities for collaboration exist.

35. The Head of the Technical Secretariat will act as Steering Committee Secretariat without participation in the decision making process.

36. The Steering Committee shall make decisions by majority, aiming to consensus. In the case of no consensus, the Chairperson will have the casting vote.

37. The Steering Committee shall undertake the following responsibilities:

- (a) Provide overall leadership and set the strategic direction and oversight of the Yasuni Fund;
- (b) Review and make fund allocation decisions on all Yasuni Fund activities, from both the Capital Fund and the Revenue Fund, as recommended by the Government Coordinating Entity and appraised by the Technical Secretariat

and in accordance to the programs set by the Yasuni-ITT Initiative within the framework of the Ecuadorian National Development Plan;

- (c) Authorize the Administrative Agent to release funds to the Recipient and Implementing Organizations;
- (d) Review and approve the *Yasuni Fund Annual Strategic Plan*, which shall include the proposed budget framework and programme priorities for the Capital Fund and Revenue Fund, the Technical Secretariat and other Yasuni Fund entities as relevant. The *Annual Strategic Plan* shall be prepared by the Government Coordinating Entity, in collaboration with the Technical Secretariat;
- (e) Review and approve the annual estimated costs submitted by the Administrative Agent to cover its fund administration services and ensure that payments are made to the Administrative Agent prior to the commencement of the fund administration services.
- (f) Review and approve the *Annual Yasuni Fund Consolidated Report* that will be submitted by the Administrative Agent, for further submission to Contributors and public dissemination. Among other information, the *Annual Yasuni Fund Consolidated Report* shall include the annual consolidated narrative and financial reports of the Yasuni Fund projects, as implemented by the Recipient and Implementing Organizations and compiled and submitted to the Administrative Agent by the Government Coordinating Entity;
- (g) Review and approve, as applicable, the *Final Consolidated Reports* of the Yasuni Fund activities which shall include the final consolidated narrative and financial reports of the Yasuni Fund projects, implemented by the Recipient and Implementing Organizations for further submission to Contributors and public dissemination;
- (h) Maintain oversight of financial management of the Yasuni Fund, including through requesting third party financial audits of Recipient and Participating Organizations, as required;
- (i) Oversee effective monitoring and evaluation of all Yasuni Fund activities to ensure fund-wide success and transparency, including receiving and approving the *Annual Monitoring and Evaluation Report* from the Technical Secretariat, including commissioning independent performance evaluations and “lessons learned” exercises;

- (j) Ensure the implementation of an effective communication strategy; and,
- (k) Ensure coherence and/or collaboration between the Yasuni Fund and national programmes, maintaining close collaboration with national authorities to ensure flexible adaptation of the Yasuni Fund activities to changes in national programmes. It will also ensure coordination with other relevant initiatives related to the United Nations Framework Convention on Climate Change (UNFCCC), the UN Convention on Biological Diversity (CDB), the UN Convention to Combat Desertification (UNCCD), the UN Permanent Forum on Indigenous Issues, the UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN REDD), and other international and regional organizations and coalitions.

38. The Steering Committee shall meet on a quarterly basis preferably in Quito. Upon request of a member of the Steering Committee for an extraordinary meeting, such a meeting could be accommodated, provided that there is one-month notice in advance of the meeting. Decisions of Steering Committee meetings will be shared with all Yasuni Fund Contributors through the official website and other means.

The Yasuni Fund Technical Secretariat

39. The Technical Secretariat of the Yasuni Fund is an impartial entity providing administrative, technical and substantive support to the Steering Committee. The Technical Secretariat shall be staffed by the Government, which will request support from UNDP for the Technical Secretariat, as appropriate. The Secretariat shall provide high quality project appraisals, capacity assessment, monitoring and evaluation of project performance and other analysis, as required.

40. The Technical Secretariat shall undertake four functions under one management structure:

- (a) Technical support,
- (b) Project appraisal based on documentation provided by the Government Coordinating Entity,
- (c) Monitoring and evaluation, and
- (d) Administrative support.

41. The Technical Secretariat shall also:

- (a) follow-up on the Steering Committee meetings to ensure that decisions are implemented, and report back to the Steering Committee as required,

- (b) provide liaison and coordination between the Steering Committee, the Government Coordinating Entity and the UNDP MDTF Office; and
- (c) monitor the volume of CGYs issued by the Government to both Contributors to the Yasuni Fund Account and private and public entities that purchase CGYs so as to ensure that the total volume of CGYs issued will not exceed the maximum value of 407 million metric tons of CO₂ and regularly report to the Steering Committee.

The Government Coordinating Entity

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

- (a) Instruct the Administrative Agent on the disbursements of the funds approved by the Steering Committee to the Recipient and Implementing Organizations, pursuant to the National Regulatory Framework.
- (b) Assume full programmatic and financial accountability, on behalf of the Government, for activities implemented by the Recipient and Implementing Organizations;
- (c) Promote Government-wide participation, coordination and coherence in the Yasuni Fund;
- (d) Coordinate the design of the overall Yasuni Fund portfolio, including selection of the individual projects that will comprise such portfolio;
- (e) Authorize the development of *Project Proposals* by Recipient and Implementing Organizations;
- (f) Ensure that all *Project Proposals* are relevant to the Yasuni Fund priorities, in accordance with the Ecuadorian National Development Plan, and that all development criteria have been met;
- (g) Submit *Project Proposals* to the Technical Secretariat for appraisal, including follow up as required;

- (h) Ensure the timely issue of CGYs and their issuance to Contributors to the Yasuni Fund Account and their sale to private and public entities, and
- (i) Compile and submit to the Administrative Agent the narrative and financial reports of the Yasuni Fund activities implemented by the Recipient and Implementing Organizations.

43. **The Ministry of Heritage' Yasuni ITT Coordination Office**, in cooperation with the Ministry of Finance, will ensure that funds disbursed by the Administrative Agent to the Recipient and Implementing Organizations, as approved by the Steering Committee, for the purposes of the approved activities under the Yasuni Fund, shall not be co-mingled and are released to the Recipient and Implementing Organizations timely.

44. **National Recipient and Implementing Organizations**, through the Government Coordinating Entity, will prepare proposals for funding and submit them to the Steering Committee for approval after review by the Technical Secretariat. Based on the instructions from the Steering Committee, the Administrative Agent will transfer the approved funding to the relevant Recipient and Implementing Organizations.

45. **The Government Coordinating Entity**, through each Recipient and Implementing Organization, shall assume full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent. Each Recipient and Implementing Organization shall establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it by the Administrative Agent, from the Yasuni Fund Account. This separate ledger account shall be administered by each Recipient Organization and Implementing Organization in accordance with the National Regulatory Framework, including those relating to interest, subject to Paragraph 25 above. This separate ledger account shall be subject exclusively to the internal and external auditing procedures set forth in the National Regulatory Framework, subject to Paragraph 25 herein.

Project Identification and Review

46. The development and approval of the Yasuni Fund *Projects* shall follow the following stages:

- (a) **Development of a *Project Proposal***: The development of a *Project Proposal* shall be authorized by the Government Coordinating Entity. 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 Yasuni

Fund and the national investment procedures. *Project Proposals* will use a *Standard Project Application Form* in accordance with the General Guidelines for Investment and Foreign Cooperation developed by SENPLADES. The Recipient and Implementing Organizations shall ensure that each Yasuni Fund *Project Proposal* is supported by the appropriate performance, impact and capacity studies, as outlined in the *Standard Project Template*. Where appropriate, the Recipient and Implementing Organizations shall engage in processes of public consultation, and include consultation results in the proposal;

- (b) **Submission of *Project Proposals* for appraisal by the Technical Secretariat:** *Project Proposals*, from both the Capital and Revenue Fund Windows, shall be presented to the Technical Secretariat for appraisal, with all relevant supporting documentation. *Project Proposals* shall be presented through the Government Coordinating Entity, which will make its own recommendation on funding allocation. The Technical Secretariat shall conduct a comprehensive, independent and impartial Technical Appraisal of each *Yasuni 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 to ensure the organization has the means to implement the project, among other elements. The Technical Appraisal may be conducted directly by Technical Secretariat personnel. Alternatively, the Technical Secretariat may hire the services from a competent national or international entity.
- (c) **Decision on Funding Allocation by the Steering Committee:** The Technical Secretariat will present the findings of its *Technical Appraisal of Project Proposals* to the Steering Committee, along with all relevant project documentation and the recommendation of the Government Coordinating Entity. At its regular meetings, the Steering Committee will render a decision on funding allocations to each *Project Proposal*, taking into account the recommendations of the Government Coordinating Entity and the findings of the Technical Secretariat appraisal. The Steering Committee may also receive submissions from other interested parties, where these are of direct relevance to the *Project Proposal* under consideration. The Steering Committee shall have access to all information it deems relevant in making its decision. If the Steering Committee rejects a project or if it requests further study or review. It

shall communicate its decision or request to the Government Coordinating Entity, and will direct the Technical Secretariat to take the appropriate follow up action;

- (d) **Release of funds:** Following its project approval and funding allocation decisions, the Steering Committee will authorize the Administrative Agent to disburse funding promptly from the Yasuni Fund Account to Recipient and Implementing Organizations. The fund transfers to the projects by the Administrative Agent will normally be released quarterly, in accordance with the National Regulatory Framework, in order to avoid interruptions in the ongoing activities due to lack of funds. On a quarterly basis, the Steering Committee will verify the accurate use of the resources for the previous quarter, and will authorize the next fund allocation.
- (e) **On-going Monitoring and Evaluation:** After the funding allocation decision is made, the Recipient and Implementing Organizations, working with the Government Coordinating Entity and the Yasuni Fund Technical Secretariat, shall ensure that each activity is subject to the required standards and procedures for accountability and transparency, including all financial and programme performance monitoring, evaluation and reporting, in accordance with internationally-accepted standards.

Reporting, Transparency and Accountability

47. For each project approved for funding from the Yasuni Fund, each Recipient and Implementing Organization through the Government Coordinating Entity shall provide the Administrative Agent with the following statements and reports prepared in accordance with the reporting procedures of the Yasuni Fund:

- (a) Annual narrative progress reports, to be provided no later than three months (March 31) after the end of the calendar year;
- (b) Annual financial statements and reports as of 31 December with respect to the funds disbursed to it from the Yasuni Fund Account, to be provided no later than four months (April 30) after the end of the calendar year;
- (c) Final narrative reports, after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than four months

(April 30) of the year following the financial closing of the Fund. The final report will give a summary of results and achievements compared to the goals and objectives of the Fund, as applicable.

- (d) Mid-year progress updates that will allow the Government and the Steering Committee to assess project implementation progress on an on-going basis;
- (e) Certified final financial statements and final financial reports after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than six months (30 June) of the year following the financial closing of the Fund, as applicable.

48. In line with the Memorandum of Agreement, the Administrative Agent will prepare consolidated narrative progress and financial reports, based on the reports referred to in Paragraph 47 (a) to (e) above, and will provide those consolidated reports to each Contributor to the Yasuni Fund Account, as well as the Steering Committee, in accordance with the timetable established in the Standard Administrative Arrangement.

49. The Administrative Agent shall also provide to the Contributors and the Steering Committee an annual certified financial statement on its activities as Administrative Agent ('Report on Sources and Use of Funds') no later than five months (May 31) after the end of the calendar year, as well as a certified financial statement no later than seven months (July 31) of the year following the financial closing of the Fund, as applicable.

Public Disclosure

50. The Steering Committee, Government Coordinating Entity and Administrative Agent shall collaborate to ensure full transparency and accountability of the Yasuni Fund operations. The Government and Administrative Agent will ensure that operations of the Yasuni Fund are publicly disclosed on the website of the Yasuni ITT(www.yasuni-itt.gov.ec) as well as on the Administrative Agent's website (<http://mdtf.undp.org>). Website postings will include a record of decisions of the Steering Committee, summary sheets of proposed and approved projects, project and fund level financial and progress reports, and external evaluation reports, including relevant information on the Yasuni Fund operations.

51. Each Recipient and Implementing Organization shall take appropriate measures to promote the Yasuni Fund. Information given to the press and to the beneficiaries of the assistance provided through the Yasuni Fund, all related promotional material, official notices, reports and publications shall acknowledge the leading role of the Government. In particular, the Administrative Agent will ensure that full recognition is given to the role of

the Government and national partners in all external communications relating to the Yasuni Fund.

Other Matters

Ownership of Equipment, Supplies and Other Property

52. Ownership of equipment, supplies and other property financed by the Yasuni Fund shall be vested in the Government.

Audit

53. Project-level auditing shall be subject exclusively to the internal and external auditing procedures provided in the National Regulatory Framework. The activities of the UNDP MDTF Office, as the Administrative Agent shall be subject exclusively to the internal and external auditing procedures provided in the financial regulations, rules and directives of UNDP.

Evaluation and Independent Lessons Learned Review

54. The Steering Committee will ensure that the Technical Secretariat develops an appropriate Monitoring and Evaluation Plan so that all projects supported by the Yasuni Fund will undertake proper monitoring and final evaluation which will assess the relevance and effectiveness of the intervention, and measure the development impact of the results achieved, on the basis of the initial analysis and indicators described at the time of programme formulation.

55. In view of the unique features of the Yasuni Fund and its possible relevance and lessons for other similar initiatives of other developing countries, the Steering Committee shall commission an independent “lessons-learned and review studies” of the entire operation of the Yasuni Fund, as appropriate.

56. The Government Coordinating Entity will ensure the development of a system for evaluation of the Fund’s use of resources and operations in accordance with the National Regulatory Framework.

Termination of the Yasuni Fund

57. Notwithstanding completion of the projects financed from the Yasuni Fund, as applicable, any unutilized balances shall continue to be held in the Yasuni Fund Account

until all commitments and liabilities incurred in the implementation of the projects have been satisfied and project activities have been brought to an orderly conclusion.

58. Any balance remaining in the Yasuni Fund Account or in the individual Recipient, or Implementing Organizations' separate ledger accounts upon winding up of the Yasuni Fund will be used for a purpose as decided by the Steering Committee or will be returned to the Government.

59. The Yasuni Fund has an undetermined termination date since the fund will continue generating revenue payments over the years. However, UNDP's role as the Yasuni Fund Administrative Agent shall be limited until there are no further contributions to the Yasuni Fund, as detailed in Paragraph 17 herein or a new national or international successor is selected by the Steering Committee in consultation with the Contributors.

Figure 2: Governance Structure of the Yasuni Fund

