Recommendations from Earth Council/World Bank
Associated Event, October 2–3, 1995

The strengthening of civil society is essential to improve the quality and impact of development investments. Officials of national governments and multilateral financial institutions and agencies should therefore cooperate to:

- Increase the resources for building social capital
- Facilitate participatory processes that are more inclusive of stakeholders in sustainable development
- Ensure that all segments of society have adequate information and education about, and access to, civic processes that include and respect diverse cultures and languages
- Document, disseminate, and exchange experiences about participatory approaches
- Invest in developing the capacity of local governments and communities to mobilize, manage, and invest financial resources
- Support intermediary organizations to facilitate the decentralization of financial resources and decisionmaking
- Fund, consult, and utilize national councils for sustainable development and other representative mechanisms.

To make more effective use of existing resources and justify additional resource flows, policies and operational directives should:

- Eliminate perverse incentives and subsidies that encourage destructive environmental and social activities
- Increase the efficiency and effectiveness of current financial assistance flows
- Build on the different comparative advantages of private, bilateral, and multilateral institutions
- Invest in innovative mechanisms to finance sustainable development activities, including trust funds, multilateral debt relief, and guarantees for socially and environmentally friendly investments.
Servicing Innovative Financing of Environmentally Sustainable Development

Ismail Serageldin and Joan Martin-Brown, Editors

Bonnie Bradford, Editorial Consultant

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Foreword

The 1992 United Nations Conference on Environment and Development (UNCED, or the Earth Summit) demonstrated that the engagement of major groups representing civil society is essential to advancing environmentally sustainable development.

The Earth Council, an international nongovernmental organization, was created as a result of the Earth Summit to help empower grassroots and community-based organizations, to link them to the policy and decisionmaking processes that affect them, and to mobilize support for their own initiatives in implementing the Earth Summit's Agenda 21.

In preparing for and following up on the Earth Summit, the World Bank has greatly expanded the scope of its analysis and the kind and quality of information it disseminates to illustrate how institutions can adopt environmentally sustainable development in their own programs and operations.

The character of relationships between ecosystems and development is determined by who has access to financial resources and how these resources are spent. This Associated Event of the Third Annual World Bank Conference on Environmentally Sustainable Development enabled a broad cross-section of participants to conduct a spirited and informative dialogue on the most effective ways to link the formidable financial and analytical expertise of the Bank to the programs and activities of the Earth Council and its extensive civil society constituency.

Our aspirations for this event were not disappointed, as the two days of discussions were rich in content. I am grateful for this opportunity to share the results of our deliberations in the wider circle of committed and concerned people.

Maurice F. Strong
Senior Advisor to the President
The World Bank
Preface

One of the primary goals of the Environmentally Sustainable Development Vice Presidency of the World Bank is to enable people, in partnership with their governments and community organizations, to make their own decisions. This is key to advancing environmentally sustainable development. If people are to be effective decisionmakers, they need greater access to fiscal and information resources, as well as to global networks of experts and national practitioners.

The Bank has invested considerable resources in examining the utility of various fiscal instruments and mechanisms and, more recently, in generating new information and analysis to support investments in environmentally sustainable development. However, the results of this work are too infrequently shared with international networks and national groups outside the financial community.

Many engaged with the work of the Earth Council have had impressive experience in advancing solutions that enable environmentally sustainable development at the community and national levels. The Bank has much to gain from this expertise. New partnerships between the Bank and others are essential to develop a shared literacy about innovative approaches to financing. In a world of such dynamic and profound social and economic changes shared knowledge and access to fiscal resources are critical paths to viable solutions.

The Earth Council/World Bank Associated Event, “Servicing Innovative Financing of Environmentally Sustainable Development,” provided a unique opportunity for seventy-five representatives of the Bank, the Earth Council, National Commissions on Sustainable Development, and global networks to address modalities for innovative financing.

This report reveals consensus on concerns and solutions. Common concerns are how to finance vehicles for engaging a broader and deeper community of people. Is “money making money” in ways that are inaccessible to many people in many communities? There is consensus that capital flows should be invested in ways that enable people to engage in economic development more equitably. Innovations in financing are also essential, because, ultimately, the aggregate of financially weak communities erodes the economic potential of a nation.

Participants expressed hope that the World Bank will increase its leadership in innovative financing and positively influence the ever-growing private capital flows that bypass communities. Finally, ample evidence was presented that many proven innovations require that the Bank in partnership with the Earth Council, governments, National Commissions, and international networks work together to advance these innovations.

Ismail Serageldin

Joan Martin-Brown
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The 1992 United Nations Conference on Environment and Development (UNCED, or the Earth Summit) was a milestone that engaged governments, international institutions, nongovernmental organizations, and representatives of the civil society to examine the world’s critical development issues.

At UNCED governments adopted Agenda 21, a framework to guide the world toward a more sustainable and equitable future by linking economic, environmental, and social priorities. Agenda 21 represents a consensus by governments on what they, international institutions, and people at all levels in society should do to develop specific strategies that advance sustainable development. Such strategies require partnerships with municipal and local governments, the private sector, nongovernmental organizations, citizens’ groups, and the civil society.

Following UNCED, the Earth Council was established in 1992. This international nongovernmental organization was formed to empower people to respond to the challenges and opportunities reflected in Agenda 21. In pursuit of this vision the Earth Council has formed partnerships with many municipal and local governments, the private sector, nongovernmental organizations, citizens’ groups, and the civil society.

In January 1993 the World Bank created a new Vice Presidency for Environmentally Sustainable Development (ESD) to advance environmentally sustainable development in the Bank’s work by integrating economic, social, technical, and ecological elements in sectoral lending. The ESD Vice Presidency provides policy guidance and technical support to project design and implementation and disseminates information on best practices.

A mutuality of interests in environmentally sustainable development led the Earth Council and the ESD Vice Presidency to jointly convene an Associated Event of the October 1995 Third Annual World Bank ESD Conference on "Servicing Innovative Financing of Environmentally Sustainable Development." This event examined the capacity of the civil society, when enabled financially and in partnership with governments and the private sector, to pursue environmentally sustainable development in ways that respond to the requirements of local communities.

Seventy-five participants from more than twenty countries shared their wealth of experience in working with the civil society and sustainable development. Participants included policymakers and practitioners of innovative and successful sustainable development activities, on both large and small scales. The jointly developed two-day program was designed to fully engage all participants in examining the requirements of the civil society for investing in sustainable development. The participants also examined ways in which the Earth Council and the World Bank can better support the needs of the civil society in the effective financing of environmentally sustainable development. Finally, the participants worked to distill their combined experiences into a set of recommendations to share with the ministers of finance assembled for the annual joint meetings of the World Bank and the
International Monetary Fund, held the week following the ESD Conference. These recommendations are shown on the inside front cover of this report. The event was an important opportunity for Earth Council participants, representatives of mega-networks, and World Bank staff to become more familiar with each other's expertise and experience.

The jointly developed objectives of the event were to:

- Facilitate progress among key actors in finance, environment, and development on innovative financing approaches and mechanisms to operationalize environmentally sustainable development
- Share information on techniques for advancing environmentally sustainable development that governments and civil society groups can use to formulate environmental and economic development policy
- Explore how nongovernmental organizations, businesses, national commissions on sustainable development, and other civil society groups can help and be helped to promote innovative mechanisms to finance sound environmental practices through public participation
- Consider links between fiscal accountability and environmentally sustainable development through information exchange, institutional dialogue, economic instruments, legislation, media, and ethics
- Discuss how social groups, related ministries, and national commissions can better articulate agendas and priorities that meet sound financial criteria, and form alliances that help formulate national budgets.

The opening and closing plenary sessions of this event were joined with a concurrent Associated Event, "Ethics and Spiritual Values and the Promotion of Environmentally Sustainable Development." The co-conveners of that event were the Center for Respect of Life and Environment and the World Bank. The Center for Respect of Life and Environment is a nonprofit organization focused on the centrality of ethics and values to the achievement of environmentally sustainable development. These shared plenary sessions—and the resulting shared recommendations—provided a unique opportunity for convergence among the participants in support of the visions reflected in Agenda 21.
New Promise, New Partners
James D. Wolfensohn, World Bank

In the past four months I have been to twenty-five countries and I have learned that development is not just a matter of constructing a dam, helping to create a school program, or building health facilities. Development cannot be defined in terms of single projects, and measuring it is not just a matter of looking at increases in GDP per capita. I saw successful development in Africa in villages where people were pulling themselves out of deep poverty. It is visible in people who, within the structure of their familial system or their tribal system, possess a sense of grandeur, a sense of optimism, a sense of hope, who talk with excitement in their eyes about their children's future. These people, living on next to nothing, feel a sense of progress that is more than economic. It encompasses recognition of their roots and their spiritual and cultural values, which we need to nurture and encourage. These values are what we should be developing.

These visits have been extraordinarily meaningful for me. They have brought home to me that the World Bank's central mission is to meld economic assistance with spiritual, ethical, and moral development. It is in this context that we need to measure our progress and relate to the groups with whom we are dealing. At the Bank we are trying to find ways to measure ourselves not by dollar value, but by the impact and the effectiveness of our programs in terms that relate to the development of a society.

I am proud to be leading this institution, an institution with an extraordinary history of fifty years. And I hope you will see a transition in the Bank in terms of balancing our financial objectives, our environmental objectives, and our moral and ethical standards. It is essential that together we help advance this transition. If we listen to each other and work together then I believe we have a chance of achieving the objectives that we all want so much.

New Convergences
Maurice F. Strong, Earth Council

The behavior of individuals and the priorities of society depend on people's moral, ethical, and spiritual values. It is too often assumed that there is a dichotomy between the real world of practical affairs and the ideal world of morals and the spirit. We now know that the way we treat each other and the way we treat the Earth must be motivated by a new sense of cooperative stewardship, rooted in our deepest ethical, moral, and spiritual traditions, and in our common interests and responsibilities.

The transition to sustainable development is not a soft option, but an imperative for our survival. Our current patterns of production and consumption are unsustainable, and we must change course. We have lost our innocence. We know what we are doing to the environment that God has bequeathed to us as our endowment on this Earth. We know what we are doing to future generations. We know what we are doing to each other. These realizations pose the ultimate moral challenge to our civilization.

At the Bank we are trying to find ways to measure ourselves not by dollar value, but by the impact and the effectiveness of our programs in terms that relate to the development of a society.

—James D. Wolfensohn
Sustainable development cannot simply be financed by add-ons at the margins of the traditional economic development process; instead, the environmental, financial, and social dimensions must be integrated into every aspect of development. This means that governments must reorient their fiscal policies and practices, subsidies, and budgetary priorities to account for environmental and social costs and provide incentives for sustainable development.

In the meantime we must be innovative and resourceful in seeking new sources of financing to support the transition to sustainable development within the existing economic system. Although we may deplore the absence of funds for this purpose, we must remind ourselves that the total wealth of our planet is greater than it has ever been before.

The principal challenge to sustainability is how to make private investment a vehicle for sustainable development. Developing countries face a dilemma: they must compete for funds, yet they want to create their own pathway to development. We must support their efforts toward sustainability; our financing is too often biased toward the patterns of development that have brought the world to its present state. The Earth Council and the World Resources Institute, among others, are launching an effort to help developing countries establish criteria and voluntary guidelines for private investment in key sectors, to ensure that it is responsive to environmental and social needs.

The proposal by the United Nations Conference on Trade and Development to establish a global emissions trading system is an example of how market forces can be used to meet sustainable development goals. Innovative financing instruments continue to emerge. Energy 21 has established a global collaborative to facilitate the financing of energy efficiency, one of the best win-win investments both environmentally and economically.

A voluntary green tax on products from developing countries is also possible, based on the fact that their prices in our markets do not reflect the environmental and social costs to the countries which produce them. The World Bank has established the Consultative Group to Assist the Poorest (CGAP), providing a fund of some US$200 million for small loans to community and grassroots actors who normally would not have access to international development finance. National Environmental Funds can be used to mobilize local resources and deploy external funds in support of community-level sustainable development projects.

I am sure that most of us believe that ideals which do not give rise to practical actions are sterile and unproductive, even hypocritical. Equally, actions which do not flow from our deepest spiritual, ethical, and moral values cannot build the secure, sustainable, and hopeful future to which the Rio conference pointed and to which we all aspire.

**Asserting Ethics: The Basis for Environmentally Sustainable Development**

*John A. Hoyt, Center for Respect of Life and Environment and The Humane Society of the United States*

In this Event we are seeking to better understand in what manner and to what degree ethical and spiritual values can help define and shape environmentally sustainable development (ESD). This Event is historic because it is the first time...
threat to the biosphere that supports us and all living things, a threat some believe has the potential to imperil the continuation of civilization as we know it.

I suggest that we begin with each of us individually. Most changes that altered the course of history began with individuals who, by their example and actions, did what many thought impossible. In small but important ways each made a beginning, and underlying each one was a moral conviction and certainty that refused to be deterred. Perhaps in a similar, small way what we do here may also mark a beginning, a beginning that will have consequences far beyond our imaginations.

The story is told of an old man who, walking along a beach one day, noticed a youth ahead of him picking up starfish and flinging them into the sea. Finally catching up with the young man, he asked, “Why are you doing this?” The young man responded, “If left on the beach until the noonday sun, they will surely die.” “But,” protested the old man, “the beach goes on for miles and miles, and there are millions of starfish. How can your efforts make a difference?” And looking at the starfish in his hand and throwing it into the safety of the sea, the young man replied, “It makes a difference to this one.”

It matters that we care—that we are concerned enough about the inequity and the injustice, the exploitation and the degradation so prevalent about us that we resolve personally and individually to become involved, to make a difference. For if we do, and hundreds, thousands, or perhaps millions of others do likewise, we can change the course of history for the benefit not only of humankind, but of all living creatures, and perhaps even the Earth itself.

Most changes that altered the course of history began with individuals who, by their example and actions, did what many thought impossible. In small but important ways each made a beginning, and underlying each one was a moral conviction and certainty that refused to be deterred.

—John A. Hoyt
Environmentally Sustainable Development: Developing a Common Vision
Ismail Serageldin, World Bank

At the Earth Summit in Rio the world came together to acknowledge that the incredible challenges facing this generation and the next require a different kind of development. Since the Earth Summit, the World Bank has dramatically increased its environmental assistance to client countries.

"Greening the portfolio" means much more than just funding environmentally targeted interventions. The Bank today lends about US$20 billion each year, only a small part of which is directly focused on environment. We need to ensure that the entire $20-25 billion goes to environmentally friendly and socially responsible investments. Projected over the next ten or fifteen years, we will be committing US$200 billion to projects that support the environment and social development. With government contributions and cofinancing this represents half a trillion dollars of environmentally friendly and socially responsible investments.

In addition to engaging in dialogue, developing technical standards, and carrying out studies, the Bank can influence projects that it does not finance directly. To do so, however, we need effective operating partnerships with others. This is why we have reached out to you—to learn from your experiences, to be challenged by your example, and to try together to forge a better future.

In this way we can become a major force for environmentally sustainable development. When defining environmentally sustainable development, nearly everyone starts with the Brundtland Commission definition: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Although this definition is philosophically acceptable, it is not always operationally useful. The "needs" of the billion people who live on less than a dollar a day or the billion people who have no access to clean water are clearer than those of families that already have two cars, three televisions, and two VCRs. Yet it is the second group that consumes about 80 percent of the world's products every year.

The Environmentally Sustainable Development Vice Presidency has a two-step approach to developing an operational definition of sustainability. First, we have set up a systematic way of testing every proposal for economic, environmental, and social sustainability. Our ESD logo is a triangle to represent these three criteria. Now we are developing a concept of sustainability that views it as opportunity, so that sustainability means leaving future generations at least as many opportunities as we ourselves have had.

We can measure opportunity in terms of capital. There are at least four kinds of capital, all equally important: man-made, natural, human, and social capital. Sustainability can be defined in terms of the combined total of these four kinds of capital per capita that we leave to future generations. This concept enables us to construct balance sheets for nations and to develop a new system of environmentally adjusted national accounts.

To test this concept, the Bank calculated wealth—man-made, natural, and human and social capital—for 192 countries. We discovered that man-made capital represents less than 20 percent of the total wealth. But it is on this small fraction of total wealth that most economic policymakers focus their attention.
This research led us to the conclusion that most wealth is in human and social capital. Therefore, investing in people is a primary goal of development. We have known this intuitively, and it is now supported by evidence. We need to put people first.

We have to recognize the need to empower the poor, especially women. This empowerment means working to promote increased legal tenure to land; access to credit, education, and extension services; and accountable governments that feel responsible to protect the weak and marginalized of society. We need to create a framework in which governance means transparency, accountability, pluralism, participation, and the rule of law. And all these actions must be based on shared moral values and a shared perspective of the future.

We dare to dream of a world where people recognize that the wealth of nations comes primarily from society and from people, that treating people with respect and strengthening the bonds among them is the way to build a better society and a better future. We dare to dream—but we cannot wait for centuries. We need to dare to dream, not just for ourselves, but for the poor, for the marginalized, and for future generations. —Ismail Serageldin

We dare to dream—
but we cannot wait for centuries

—Ismail Serageldin
Maurice F. Strong, Secretary General of UNCED and of the 1972 Stockholm Conference on the Human Environment, and Senior Advisor to the President of the World Bank, moderated the first forum. The forum highlighted diverse experiences related to innovative financing of environmentally sustainable development. The dialogue focused on distilling messages from the presentations, generating ideas about how the lessons learned could help others, and developing recommendations to the World Bank on innovative financing.

An Overview

Muhammad Yunus, Grameen Bank

Financial services today are innovative, efficient, and fast growing, constantly developing new products and new markets. But I criticize these financial services and the institutions that offer them because they are only available to a very small number of people in the world. The higher a person is on the income ladder, the more services are available. The services become fewer and fewer further down the ladder, until you reach the bottom, where services are nonexistent.

People who are rejected by the financial system—the poor, in many cases minorities and immigrants—are left with only one financial service. This is the kind of service traditionally provided by loan sharks, who throughout the world use a standard interest rate of about 10 to 20 percent per day. The leaders of financial institutions have convinced themselves that they cannot serve those at the bottom of the income ladder. The number of poor people on the planet is about 1.3 billion and growing, and the poor are completely outside the reach of financial institutions. There is no reason for this.

The argument has been made that the poor are not creditworthy, and that is how they appear within the framework of these financial institutions. That framework has been a kind of straitjacket that has prevented us from finding other ways to finance and service the poor, who can create businesses as good as any other.

Two approaches are possible. One is to step down the existing financial system toward people at the bottom. The other is to build a financial system from the bottom up. In my own experience it is more difficult to step down because the premises on which the system is founded are inappropriate for the poor and are therefore difficult to extend. It is easier to build from the bottom and expand upwards.

Why do people need credit or financial services? Not just for the economic reasons that they need money to start a business and earn income. Credit gives people a ticket to explore their own potential. A woman who borrows a small amount of money—US$10 or US$15—from Grameen Bank in Bangladesh, and who repays that loan in one year, is not the same person that she was before. She has confidence in herself, her plans, and the way she looks at the future. She is completely different from the formerly shy woman who was reluctant to discover new things.

This is one example of human capital. As this woman moves from one loan cycle to the next, she goes through a
series of explorations. If we could provide those 1.3 billion people with access to credit, we would enable them to be productive and to transform themselves in the process.

In Bangladesh diarrheal disease is a major threat to health. Diarrhea kills many children and adults every year, largely because potable drinking water and sanitation are not available. Through international assistance the government distributes tube wells, which draw drinking water from underground aquifers. But the tube wells tend to be sunk near the houses of the most powerful or influential people in the village rather than near the houses of the poor.

At Grameen we started offering loans to poor people to sink tube wells. Nearly 300,000 tube wells located at poor people’s homes have been financed by Grameen loans, with perfect repayment records. There is a distinctive difference between a free tube well and one which is sunk with a Grameen loan. Most of the free tube wells become dysfunctional quickly because they do not belong to anyone. But when individuals borrow money for a tube well, they take extreme care in its use and maintenance.

Lack of sanitation, which results in the spread of many diseases, is another major problem in Bangladesh. We started providing loans for people to build sanitary latrines. Although there are government-subsidized sanitary latrine programs, ours is a full cost recovery program. Grameen Bank lends people money to build sanitary latrines, and they pay back the loans according to our system.

Grameen also provides a financial service to address the lack of housing. We have made more than 325,000 housing loans, typically US$300 each, and people pay back their loans with interest in weekly installments over a period of 10 years.

We have introduced a leasing program to help fishermen. It is nearly impossible for a fisherman in Bangladesh to finance the purchase of an inexpensive boat. Usually, a fisherman provides labor to someone who owns a boat, and he works all his life to satisfy the demands of this person. Most fishermen in Bangladesh do not own their fishing nets and pay an exorbitant amount to use a net owned by someone else. Under the Grameen Bank leasing program if someone needs a fishing boat, a fishing net, a tiller, a thresher, or other equipment, we will lease them that equipment, which they can then use to support themselves and pay for the lease.

These are just a few of the programs that can remove the barriers that block the poor from getting out of the circumstances they are in. We need to look at the situation differently rather than just continuing to create new products for the same markets over and over again.

A central issue we need to discuss in this forum is how we can establish credit as a universal service and a human right so that people can improve their living conditions, explore their own potential, discover how much they can contribute to the world, and in the process create a world free from poverty.

Venture Capital Funds to Service Communities

Roberto Mizrahi, South-North Development Initiative Group

The resources traditionally allocated to the battle for economic development and the alleviation of poverty are quite small compared with the needs and challenges we face. As we look for other resources and new partners who can bring those resources to the table, we would do well to look to the world’s cap-

A central issue is how we can establish credit as a universal service and a human right

—Muhammad Yunus
ital markets and to mobilizing people's local savings. Capital markets are quite distant from development projects, and the challenge that some of us are trying to meet is to bridge that distance. A new generation of socially responsible economic organizations is emerging. New microenterprise lending institutions such as the Grameen Bank have been created over the last ten years. Especially promising are local venture capital funds, which make equity investments in small and medium-size businesses with high social impact. Other mechanisms include franchising, which brings together a number of microenterprises, and trading companies that market local products from low-income communities.

What is a local, socially responsible venture capital company, or LVC? An LVC is a legal, private corporation established through the initiative and with the support of local individuals and organizations to provide small and medium-size businesses with capital, technical and managerial assistance, and commercial contacts and tips. LVCs assist these businesses with information and knowledge, especially how to link up with other economic actors.

Venture capital companies provide the capital and the managerial and technical assistance to local business projects. Local venture capital companies can help improve the living standards of low-income people. These companies also protect the principal invested by ensuring a sufficient return on the investment to cover operational costs and provide for prudent capital growth.

As an example, in a valley with 1,000 farmers, a credit program makes 1,000 small loans of US$500 to US$1,000 each. These loans help to an extent: they may increase productivity and production. But if, in addition to that credit, and with the intervention of an LVC, an agro-industry is established in that valley that can buy or process the farmers' products (for example, a coffee drying or a vegetable canning operation), then we are generating a different kind of relationship between that valley and the outside world. The socially responsible investment in the agro-industrial plant will work as a leverage for the farmers, perhaps by paying a better price, offering them more constant demand, or providing technology or conduits to new markets.

Local venture capital companies complement, but cannot be a substitute for, other development efforts. As an excellent way to support small businesses with growth potential, they add to the battery of instruments available for development and the alleviation of poverty.

**Reaching the Poor**

*Maximo Kalaw, Green Forum*

Reaching the poor means much more than simply providing access to financial resources; it also includes access to human services, cultural resources, technologies, political power, and ecological security. The poor have not yet been reached in a positive way because they have been excluded from the economic development models we have been practicing, and because there has been a lack of investment in human resources in most poor areas.

When the poor have been reached, it has usually been in a negative sense. For example, development projects have deprived them of what used to be free goods needed for survival: fuel, medicine, and food from forests and fisheries.

The poor have also been excluded from the market. They are not market
players in the global economy, nor are they market players in the local economy, because there are very few cooperative entities such as the Grameen Bank in local economies.

The poor are institutionally excluded in the sense that financial intermediaries, including the World Bank, have not really included the imperatives of social equity or ecological sustainability in their operations. The Bank is just now creating performance criteria that contain these elements as standards.

We talk about empowering people in poverty. I think one of the major first steps needed is to redefine the target of poverty programs. The target of poverty programs should not be the poor; it should be the life support system that supports the poor—the cultural, spiritual, and ecological life support systems—so that they do not develop a dependency on service providers. The rights of the poor to natural resources which they need for survival must be protected. Other nonsubsistence use of these resources should be limited.

Designing systems to deliver financial resources is less important than developing the institutional capacity of the poor to use these resources. Of primary importance to the delivery of resources is the creation of institutions for the collective decisionmaking processes of the poor.

Of the many new mechanisms for participation and cooperation, one of the most promising models in the Philippines is the National Council for Sustainable Development. Nongovernmental organizations (NGOs) and the civil society are working with the state to address problems of sustainability at both the local and national levels. The first World Bank grant to an NGO and People's Organizations' network through the National Council in the Philippines was made for an integrated protected area system, and this has enabled both participatory governance and control over the use of funds by local communities.

To develop human and cultural capital we need social and cultural intermediaries, and NGOs and other civil society organizations provide this structure. Physical and ecological infrastructure need to ensure human and ecological security.

Investing in Rural Capacity
Alexander McCalla, World Bank

Achieving environmentally sustainable development will require that we have combinations of successes in three critical areas: poverty reduction; food security, at both the national and household level, and natural resources management. As we look for ways to finance the means to realize these successes, we need to rededicate ourselves to the issues that affect the poorest of the poor in rural areas.

Why the attention to rural areas? The world faces the challenge of nearly doubling food supplies in the next thirty years, and we must do that with roughly the same area of arable land that now exists, without the benefit of another round of doubling irrigated acreage, as happened in the last thirty years. The challenge is enormous, not only in terms of productivity, but also because it must be met without causing harm to the environment.

Of the 720 million poor people identified in thirty-eight poverty profiles concluded by the Bank, 75 percent live in rural areas, the majority of them earning their limited livelihood from agricultural pursuits. Farmers use more than 75 percent of the world's fresh water, and they husband most of the arable land. Poverty
Poverty reduction, food security, and sustainable management of natural resources cannot be achieved without improving the productivity and profitability of small-scale poor farmers in developing countries.

To do this will require innovative approaches that combine the resources of the public sector, the private sector, and the NGO community in a strategy that simultaneously addresses the critical issues of poverty alleviation, degradation of natural resources, and food security. For example, the profitability of small farmers depends on the development of yield-increasing, affordable technology that does not degrade the natural resource base. Developing such technology will require continued investments in research.

We need creative, supportive rural financial institutions that both generate savings and provide funds, such as Grameen Bank, which Muhammad Yunus has described. We need to understand and arrest dangerous declines in soil fertility, a particularly critical problem in Sub-Saharan Africa. And we need to address water shortages in the twenty-first century as a major development issue.

Past experience has taught us many things, such as the need for an appropriate economic and policy environment in which governments do not discriminate against rural, agricultural, and small entrepreneurs. We have learned that the full participation of local citizens in prioritizing needs and designing, implementing, and managing solutions is absolutely crucial.

Environmentally sustainable development cannot occur without extensive and effective investment in rural areas. To think otherwise would mean that we had failed to learn from many years of trying to solve rural problems with industrial and urban programs.

**Alternative Investment for Women**

*Michaela Walsh, Women's Asset Management*

Financing is neither an abstract concept nor an absolute: it requires a unique mix of management and resources, defined within a specific historical and political environment. Most importantly, it requires a community of individuals deeply committed to a vision of some future objective. When all the elements are working, the potential it offers helps to define clear objectives. Financing helps to create growth and efficiency, a product, a new institution, or a business, and it helps eliminate unproductive chaos.

The most efficient financing in anyone's terms today is financing that has been used for alternative technologies, such as Apple, Microsoft, Federal Express, Cable News Network, and VISA or MasterCard. These are recent examples of individual creative endeavors that have had immense impact in every country of the world, yet they had no impact on society when they began. If we look at the worldwide impact of that creativity, we are forced to step back and rethink how we look at alternative investments.

Women are at the heart of alternative investing. The Fourth World Conference on Women that took place in September 1995 in Beijing was an extraordinary event. It is now very clear that women will no longer accept small, alternative projects designed by those who do not understand our needs and our concerns for our families, our communities, and our environment. Women understand that they are not tools for development, but rather equal partners in a global economy.

Women's World Banking has challenged banking and management pre-
cepts, and in so doing became a model for global management infrastructures. Women's World Banking has been very successful under the leadership of Nancy Barry. But twenty years ago when I founded the organization it was an alternative dream. Local women understood clearly, however, that we were offering them an option they had never had, which could provide additional income and lead to real change in their local economies.

I have been involved in a number of activities since leaving Women's World Banking. One of these is a new venture capital fund that I am cosponsoring with the South-North Development Initiative. This venture capital fund finances small to medium-size businesses in Zimbabwe and is designed to help local managers and employees take advantage of the opportunities of partnership with outside investors to own and manage, in a new, sophisticated way, the enterprises in which they work.

This type of investment, mixed with hands-on, day-to-day management and marketing techniques and on-the-job training for employees, will help to create new opportunities and develop skills that will lead to a broader distribution of ownership and wealth throughout the society. And we will do this with a real profit for all investors.

**Community Financing**

*Subha Loganathan, Association for Sarva Seva Farms*

The Association for Sarva Seva Farms (ASSEFA) has been attempting to create an equitable rural society. It uses the concepts of *sarvodaya* and *gram swaraj*, as defined by Gandhi, as its guiding principles. *Sarvodaya* means sharing, in the sense that everyone should be concerned with the welfare of others. *Gram swaraj* means the establishment of independent village republics that are self-sufficient and self-reliant. ASSEFA is currently operating in 2,400 villages in six states of India. Its annual budget is over Rs 400 million (about US$14 million).

Within a village democratically run groups address issues in various sectors such as agriculture, women's self-help, education, health, and housing. Each group plans its own activities and has its own savings and common fund. Common concerns of the village are addressed by the village assembly.

To create a single channel of credit for the village, ASSEFA established a federated body of these groups, the Nidhi Foundation, which administers the groups' common funds and dispenses credit to members. To manage the foundation's funds and to monitor the overall credit program, a people's bank, the Kosh, was established. The total amount of funds in the Kosh is Rs 73.6 million (about US$2.4 million) and growing at 25 percent per annum.

The Kosh takes 2 percent of the interest rate on loans to cover the costs of managing the service. The rest of the interest collected and the income derived goes to the accumulation of the revolving fund. The community decides how to use any surplus. For example, one cluster of communities decided to pool their surplus and start a transport company. A school for village needs is also planned in which village youth will be given skill and entrepreneurship training to meet village needs. This will benefit both the youth, who can earn their livelihoods, and the community, which will receive services. To promote self-reliance in the villages, ASSEFA has linked production to local needs. Approximately 120 traditional local

*It is clear that women will no longer accept small, alternative projects designed by those who do not understand our needs and our concerns for our families, our communities, and our environment.*

—Michaela Walsh
products have been identified for production, and retail outlets to market these products have been opened in the centers of clusters of communities.

Establishing community financing institutions for environmentally sustainable development is a financially viable proposition. However, multinational institutions and NGOs should make sure people are participating before they provide capital. External financing is needed initially in the form of long-term loans with minimal interest rates. Capital coming from outside the community should be leveraged with local savings.

The ownership and control of community financing institutions must remain in the hands of the people. However, they will need high-quality professional assistance both in financial management and in support of income-generation programs. Professionals should not control, but rather assist, the community financial institutions.

**Open Dialogue**

Gloria J. Davis began the discussion by noting that although there are many useful cases, it is important to look for general principles that can be extracted from specific examples. These principles can guide development institutions as they try to replicate these experiences.

**Constraints to Channeling Resources**

Many of the participants described the difficulties in the channeling of financial resources from large, centralized entities to the poor at the local level. This is of particular concern because significant financing for sustainable development originates from international lending institutions, governments, and large development organizations.

Lenders and donors, especially highly centralized ones, often insist on maintaining tight control over how and when their funds are spent. Participants including Julia Carabias and Richard Sandbrook noted that many governments and donors operate according to an annual funding cycle. This is often at odds with sustainable development, which generally requires long-term investments of time, energy, and financial resources. New and more flexible approaches are needed for greater compatibility between short-term and long-term planning for environmentally sustainable development.

Jeb Brugmann stressed the need for donors to shift their attention toward identifying individuals and institutions that are already in the process of developing new and creative local initiatives, and then finding ways to provide them with capacity-building support. A number of participants noted that capital provided by highly centralized organizations often hampers creativity and leads to approaches that are not locally based or culturally appropriate. These kinds of constraints often result in continued centralization of power, lack of flexibility to respond to changing conditions, and encumbering local organization with bureaucratization to enable them to disburse funds using systems acceptable to lenders and donors. Such constraints can seriously jeopardize the success and sustainability of policies and programs.

Several participants discussed the limitations of working with national governments, and the World Bank's constitutional requirement to lend to governments. Maurice Strong pointed out that although governments may be the initial borrowers, World Bank funds have been channeled to a tremendous range of institutions.
Overcoming Constraints

A number of participants suggested that nearly all donors and lending agencies need to examine how their institutions are structured, and to assess how these structures may be setting up barriers to getting available resources where they are most needed. This is especially true when resources are designed to reach the poor. Institutions should assess their comparative advantages and disadvantages in relation to other institutions and determine how best to coordinate and cooperate with others.

Open dialogue participants identified a number of important factors in implementing innovative financing mechanisms and overcoming constraints to reaching the poor:

- **Having trust, support, and confidence in local people.** Solidarity is an upgrading and infrastructure-building program in Mexico that has channeled money to local people through small community-based organizations. In describing this program, Julia Carabias noted that one of the key lessons learned is the importance of supporting local people. One of the prerequisites to success in these types of projects is to have confidence and trust that local people are capable of participating, managing funds, and making rational decisions about how to spend these funds. Bisi Ogunleye stressed the importance of donors and financial institutions listening to people’s demands rather than demanding that people listen to them. Innovative programs that work build upon what people want rather than abstract economic theories. Richard Sandbrook noted that there should be consistency of behavior between the policies of OECD donor governments within their own countries, and the conditions they impose on others. High levels of trust and delegated authority along with accountability between aid donors and recipients would transform levels of cooperation and the way things get done.

- **Instilling honesty and integrity versus corruption.** David Steeds asked participants to consider how innovative financing programs, especially those involved in providing small loans, have managed to prevent the rampant corruption so prevalent in public enterprises. Some participants observed that dishonesty is most likely to occur when the administrative staff and participants do not feel ownership. Others have found that corruption is unlikely to occur when management systems are appropriate, relevant, and properly designed. Transparency, especially regarding the disbursement and repayment of funds, was considered critical to reduce the likelihood of dishonesty and corruption.

- **Decentralizing the administration of funds.** Tightly controlled bureaucratic systems for administering small amounts of money to large numbers of people tend to be burdensome and extremely expensive. A number of experiences have demonstrated that more streamlined systems for managing and administering programs are not only possible, but essential for expanding the scope and coverage of programs targeted to the poor. Frans van Haren described a method used in five countries in...
Central America to administer about 500 small projects of US$10,000–US$20,000 each, funded by the government of the Netherlands. To reduce overhead, one part-time person has been employed in each country to monitor these projects on a regular basis.

**Encouraging partnerships for development.** Local governments and local authorities are emerging as key actors for sustainable development in many parts of the world. Aniceto Sobrepeña described how a local government autonomy law in the Philippines decentralizes resources from the national government to local governments, which become the major conduit for partnerships with civil society. NGOs also play an important role in these partnerships, for example, by helping to design and implement financing programs for the poor. Maximo Kalaw described an initiative in the Philippines in which the World Bank funded the work of local NGOs because the National Council for Sustainable Development, of which the government is a part, approved the process. As more space opens up for cooperation with civil society, governments may become more comfortable sharing power at the local level because they will continue to be responsible for overseeing it. Many new institutional structures have emerged since the Earth Summit in 1992, such as National Councils for Sustainable Development. Participants recommended consultation with, and use and support of, these new institutions in framing development programs.

**Focusing on women’s needs.** Michaela Walsh suggested that research or studies by the World Bank related to women should focus on women’s perceived needs rather than being tied to Bank objectives. She recommended creating an independent President’s Council for Women in a Global Economy as a mechanism for determining how the Bank can identify barriers to women becoming equal partners in their economies.

**Exchanging experiences between industrial and developing countries.** Richard Sandbrook stressed the need for a better exchange of experiences related to community development between industrial and developing countries.

**Matching expectations with conditions of poverty.** Julia Carabias and others suggested that, to work effectively with the poor, agencies may need to develop a greater tolerance and alter unrealistic expectations. The poor often live under marginalized conditions and are highly dependent for their livelihoods on degraded ecosystems. Outside agencies that set conditions before providing funds may ask communities to have levels of capacity, education, participation, organization, and conditions of sustainability that are unrealistic, especially when people have not had much experience in working together. Maurice Strong noted that it is important to select appropriate indicators in evaluating projects and attempting to measure success. Projects may be deemed unsuccessful by outside evaluators based on preconceived
criteria that may not be appropriate. One should not apply the same rigid standards to lending for small local projects as for major governmental institutions. However, the criteria should not undermine the confidence of those providing the funding.

Credit Programs for the Poor

Successful credit programs for the poor were often mentioned by participants in the context of innovative financing. Such credit programs generally disburse very small amounts of funds that can be used for a variety of purposes in a timely fashion. Institutions need to assess their comparative advantages in determining how they can support such credit programs. For example, Muhammad Yunus noted that the World Bank does not have to go to each individual borrower and offer a small loan. The Bank can use its comparative advantage to help create institutions and programs to provide this service and help them to expand their activities over time.

Many NGOs have become interested in credit programs but often lack the funds to get started. Donors and lending agencies can help meet this need by providing start-up funds and technical assistance that includes strengthening the local institutions involved in lending. Several participants urged caution in involving governments directly in delivering credit programs because this can lead to the politicization and violation of credit principles. The most appropriate role of government may be to create a favorable and supportive environment for credit programs and to encourage the involvement of NGOs, foundations, and the private sector in such programs.
FORUM 2  New Institutional Approaches: Innovative Mechanisms, Tools, and Techniques

Andrew Steer, Director of the World Bank's Environment Department, moderated the second forum on innovative financing mechanisms, tools, techniques, and methodologies. The discussion centered on applying financing instruments and indicators, and linking them to environmental and economic development issues.

An Overview

Emile van Lennep, Ministry of Finance, The Netherlands

While it is good to try to formulate innovative ideas, we should not ignore the traditional ways of mobilizing financial resources for development. For example, we should not reduce the pressure on industrialized countries to live up to their responsibilities with respect to Official Development Assistance (ODA). Rather than increasing since the Rio conference, the total amount of ODA relative to GNP has been declining. We should insist on the commitment of the rich countries in the framework of development. During this same period of time there has been a substantial increase of private capital flows to developing countries. However, these flows go to a relatively small number of countries and certainly do not benefit the large group of least developed countries.

It is not the task of ministers of environment or development cooperation to invent new ways in which budgetary expenditures for ODA or for deficits in general should be financed. This is the task of finance ministers. I believe many of the ideas now under discussion about innovative financing mechanisms for international programs are irrelevant for the implementation of the Earth Summit's Agenda 21.

Some proposals, such as a tax on international airline tickets, may at first sight look attractive from the point of view of reducing CO₂ emissions from air travel. But why tax only international airline tickets and not domestic flights, freight, and private and government flights?

For ministers responsible for sustainable development policies, the real challenge is to develop financial instruments that change the pattern of consumption and production.

For ministers responsible for sustainable development policies, the real challenge is to develop financial instruments that change the pattern of consumption and production to favor sustainability. The market does not include environmental damage and pollution in pricing. In economic terms environmental pollution is therefore underpriced. Governments contribute to this underpricing when they subsidize energy, water for industrial and consumer uses, pesticides and fertilizers used in intensive agriculture, and transport. They are in effect subsidizing environmentally damaging goods.

Most environmentally harmful subsidies are also economically distorting. Ending these subsidies would be a highly desirable and extremely cost-effective way of financing Agenda 21. The Earth Council, with strong support from the World Bank, the Organisation for Economic Co-operation and Development (OECD), and many other institutions, has embarked on a project to develop policy proposals to reduce these subsidies, which are substantial in both developed
and developing countries. This may be the most logical and promising means to obtain the active cooperation of finance ministers in implementing the agreements reached at the Rio conference.

Analyses show convincingly that in many cases removal of subsidies does not harm the poor, does not harm economic growth, and does not harm industrial competitiveness. Finance ministers need to see that their financial resources can be used for better purposes than subsidizing environmental damage.

According to Principle 16 of the Rio Declaration, "the polluter should, in principle, bear the cost of pollution." Such internalization of the actual costs of environmental damage and pollution into market prices has to be carried out by all developed and developing countries. Levies and taxes can be used to internalize environmental damage and to correct the underpricing of environmental pollution. These instruments should be used to change production and consumption patterns and behaviors, not to generate large amounts of revenue.

Strong objections have been voiced, particularly by the business community in the OECD countries, against the introduction of "incentive" taxes. The arguments against a proposed CO\textsubscript{2} tax in Europe were both incorrect and partly valid. It is incorrect that a tax on energy would have to be excessively high to have a notable effect on demand; we know from experience that this argument is correct in the short term but incorrect in the long term.

The fear of losing competitive position is valid. Nevertheless, some countries have decided to impose these taxes unilaterally. This action should be welcomed, and it is possible that these countries will eventually benefit from adapting early to unavoidable conditions. It is unlikely, however, that progress will be made in reaching agreement on an internationally coordinated imposition of CO\textsubscript{2} taxes as long as those opposed can successfully argue that there is no evidence that moderate taxes will have any notable impact on demand. Economists need to clarify this issue.

Let me conclude with some remarks about the institutional aspects of the follow-up to the Rio conference. International dialogue, negotiations, and decisionmaking are to a large extent concentrated in the United Nations Commission for Sustainable Development. However, the World Bank and the Earth Council have organized a dialogue on some fundamental elements of the Rio agreements, particularly the financial and economic issues. This joint initiative signals a potentially stronger role for the World Bank and highlights the essential role of nongovernmental organizations in supporting the post-Rio process.

I hope the World Bank will be able to keep the financial and economic issues of sustainable development high on the agenda to help mobilize more support from finance ministers for this process. This would be a major innovative mechanism that would benefit all countries.

**Sustainability and the Wealth of Nations**

*Ismail Serageldin, World Bank*

Efforts at the World Bank and elsewhere to develop an operationally useful concept of sustainability are very much work in progress. Although many questions remain, especially about how to estimate national wealth and how to define and quantify "social capital," we are moving toward a more rigorous definition of sustainability.
As I mentioned in my keynote address, one of the ESD Vice Presidency's first steps was to define environmentally sustainable development within a triangular framework. Technical proposals must be sustainable (1) economically, (2) environmentally, and (3) socially, each of these aspects being represented by one side of the triangle.

A proposal should be economically and financially sustainable in terms of growth, capital maintenance, and efficient use of resources and investments. It also should be ecologically sustainable, which means that it should maintain ecosystem integrity and biodiversity. Finally, it should be socially sustainable, which means it should promote equity, social mobility, social cohesion, participation, empowerment, cultural identity, and institutional development.

However, this approach is now being superseded at the World Bank by a much more attractive concept: sustainability as opportunity. Sustainability in this context means leaving future generations at least as many opportunities as we have had ourselves.

How do we measure opportunity? In economic terms we can use the concept of capital. Capital, and the growth of capital, is the means to provide future generations with as many (or more) opportunities as we have had, provided that we define it as per capita capital. If sustainable development means leaving future generations more capital per capita, than we have had, then the rate of genuine saving becomes a good measure of whether or not our aggregate activities are sustainable.

We recognize at least four kinds of capital: man-made (this is the type of capital usually considered in financial and economic accounts, such as buildings, roads, and other infrastructure), natural (assets such as soil, atmosphere, forests, water, and wetlands, that provide useful goods or services), human (including investments in education, health, and nutrition), and social (the institutional and cultural basis on which a society depends).

The most difficult to define of these four is social capital. Social capital is an essential ingredient for the social cohesion and effective legitimate institutions that make an economy function. In a landmark study presented in Making Democracy Work: Civic Traditions in Modern Italy, Robert D. Putnam of Harvard University and his colleagues made a convincing case that the existence of a civic community is not only the precursor and guarantor of good governance, but also the key to sustained socioeconomic development.

We can define sustainability in terms of the combination of the four kinds of capital, per capita, that we leave to future generations. We can also define degrees of sustainability: weak, sensible, and strong. To achieve weak sustainability, the total level of capital would be maintained without paying any attention to its composition. This approach assumes that the different kinds of capital are perfect substitutes for one another.

Sensible sustainability would require monitoring the relative proportions of the four types of capital, as well as ensuring that the total level of capital per capita grows or remains intact. Sensible sustainability assumes that man-made and natural capital can to a large extent be substitutes for each other, but also recognizes that they are complementary. Thus, for example, drawing down a barrel of oil might be acceptable as long as the receipts are invested in another form of capital, such as the education of girls (human capital). Critical levels need to be
defined for each type of capital, below which concerns about sustainability arise.

Strong sustainability would require the different kinds of capital to be maintained intact in separate categories, and assumes that man-made and natural capital are not substitutes but complements in most production functions. This would mean, for example, that the receipts from a barrel of oil should be invested in renewable energy rather than in other types of capital.

These definitions and concepts involve formidable issues of measurement (although we must not forget that we are talking about people, not just numbers and statistics). A useful approach to defining sustainability requires two types of measurement: one to do with the indicators used for physical accounting, and the other to do with pricing and valuation.

Indicators must be tested for policy relevance, analytical soundness, and measurability. Policy relevance means that an indicator is easy to interpret, shows trends over time, responds to changes in underlying conditions, and has a threshold or reference value against which conditions can be measured. Analytical soundness in indicators is very important, especially since many used in the past have not been technically or scientifically well founded. Indicators should also be measurable: it should be possible to calculate them from data that are available readily and at a reasonable cost. In addition, indicators should be documented, be of known quality, and be updated at regular intervals. These criteria are not met by most of the environmental indicators that we discuss in international affairs. Above all we need indicators that are relevant to policy actions, so that ministers of finance, decisionmakers, and politicians will look carefully at the trends they reveal.

Even when we have chosen indicators of this kind, we still have to agree on definitions and methodology. An indicator such as the rate of deforestation needs a universally accepted definition—Any touching of a pristine forest? A significant change in the vegetative cover (and what is “significant”)? A change in land use? There are also questions related to methodology. For example, at present we monitor deforestation using satellite data and aerial photographs, but questions remain about which and how many locations to monitor and about the formula for scaling up the sample measurements.

Once we have arrived at how to measure the physical realities of our world, we have to translate these measurements into natural capital, which requires valuation. We need to estimate not only the direct benefits to human beings (such as productivity benefits of good soils and health benefits of clean water) but also the indirect benefits (such as watershed protection from woodlands). Some natural assets, such as biological diversity, have values of which we are not even aware (such as providing new medicines in the future) and that are particularly difficult to estimate.

Some assets also have non-use values, which rely much more on moral conviction, such as the need to protect wildlife. Most of us believe that the natural world has a greater worth than simply its value to human beings, and the best we can do is to estimate that value, based on our perceptions. We must recognize the limits of the current systems of measurement and indicators.

This brings us to the issue of the greening of national accounts. Conventional national accounts may serve macroeconomists and central bankers well, but they do a poor job of measuring sustainable income or changes in a nation’s productive

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A useful approach to defining sustainability requires two types of measurement: physical accounting, and pricing and valuation

—Ismail Serageldin
We need to agree on an international framework for analyzing and measuring sustainability that will enable us to use and analyze one another’s data.

—Ismail Serageldin

capacity. For example, when a tropical forest is logged, it is shown as an increase in GDP. It is not seen as a depletion of natural capital. No estimate is made of the loss of this irreplaceable asset.

To address some of these deficiencies, the Bank has been collaborating with the United Nations Statistical Office, UNEP, nongovernmental organizations, and others to develop a new system of environmentally adjusted national accounts. We are making good progress in developing a system of integrated environmental and economic accounts.4

But greening national accounts does not deal with wealth, because national income accounts are concerned with the flow of income. We must also focus on stocks. To calculate the wealth of nations, we need to look at asset stocks and at the components of wealth.

The Bank has used published data to calculate wealth for 192 countries.5 We looked at the four types of capital. Social capital was combined with human capital and treated as a residual in these calculations. The results of this research are still very preliminary, but the overall patterns that emerge from the calculations are worth noting. Two conclusions deserve our attention:

- The role of human capital. Man-made capital represents less than 20 percent of the wealth of all the countries studied. With the exception of some raw material exporters, the human and social capital of the countries studied is equal to or exceeds their man-made and natural capital combined. This reinforces the view that development is best achieved by investing in people.

- The importance of genuine saving. The results show that adjusting national accounts has little impact on measures of income per capita but sends important signals on saving and investment. Genuine saving appears to be an important indicator of sustainability, so it is very important to look into the composition of investment and the level of genuine saving.

We need to agree on an international framework for analyzing and measuring sustainability that everyone can use and that will enable us to use and analyze one another’s data. We must be pragmatic in developing our new measurements and methodologies, as well as in pursuing our policies and investments, while these tools are evolving.

We need to chart a path of growth that enables us to protect the environment for future generations. All of us who have the chance to affect policymaking must be sure that the concerns of future generations are reflected in our concerns today.

Operationally, this translates into:

- Encouraging the growth of natural capital by reducing current levels of exploitation

- Investing in projects to relieve pressure on natural capital stocks by expanding cultivated natural capital, such as tree plantations to relieve pressure on natural forests

- Increasing investment in human resources, particularly in the poor, who are both the victims and the unwitting agents of environmental degradation in many of the poorest societies on earth.

Methodologically, we should follow the wise advice of Nobel Laureate Robert Solow, who advocated a series of imperfect steps to improve our current work, rather than an interminable debate about the perfect formulation to be used. We also must make a major effort to improve our databases for the different kinds of capital.
This is a tall order, and it will be a long journey before the concept of sustainability sketched here is operational in a meaningful sense. But the longest journey begins with a single step, and on this journey many steps have already been taken.

**Innovative Economic and Fiscal Instruments**

*Theodore Panayotou, Harvard Institute for International Development*

Countries with abundant natural resources tend to become overly dependent on these resources, have overvalued exchange rates and wages that are too high, and are unable to compete in world markets. Natural resources are critically important, but should only be generators of income in the early stages of development, when a very poor country with no other source of livelihood or investment funds must exploit those resources. But unless the country saves and reinvests the profits, it will not be able to achieve sustainable development.

The greatest value of natural resources is as a source of ecological functions and environmental amenities, or quality of life. The source of unsustainable development is the underpricing of natural resources and the environment. The enormous amounts of money we spend subsidizing resource depletion and environmental degradation reduce the world's wealth and underlie excessive consumption.

A number of new and unconventional approaches for mobilizing private initiatives and public funding have been advanced in recent years, and some have been experimented with on a pilot basis. These new instruments have the potential to mobilize enormous financial and technological resources as well as to introduce new elements in intersectoral linkages and international relations. Although these instruments are understandably receiving mixed reactions, ranging from suspicion to outright opposition, they are becoming increasingly acceptable for further study and experimentation. Examples of countries or regions that are known to be testing or using these mechanisms are identified in parentheses.

Betterment charges and impact fees are usually imposed on private property owners who benefit from public investments such as new roads, parks, and environmental cleanups. Betterment charges (Republic of Korea) are innovative but underutilized instruments for financing land improvements. Impact fees (Europe, United States) are intended to internalize the external cost of private investments, such as construction, tourism, or industrial development, on the landscape or the ambient environment.

Environmental performance bonds (Indonesia, Malaysia) aim to shift responsibility for controlling deforestation, monitoring, and enforcement to individual producers and consumers, who are charged in advance for potential damages.

Deposit-refund systems (Republic of Korea, The Netherlands) can similarly shift the responsibility for controlling environmental degradation to producers and consumers of polluting products, who are obliged to recycle, treat, or safely dispose of the by-products of their production and consumption.

Land resources and sustainable agriculture can be financed through a differential land use tax (Germany). Land uses are classified on a scale ranging from most environmentally beneficial to most environmentally destructive. Charges are imposed on landowners when they change to more destructive uses of land.

**New and unconventional funding instruments have the potential to mobilize enormous financial and technological resources as well as to introduce new elements in intersectoral linkages and international relations**

—Theodore Panayotou
One of the innovative instruments for financing water resource development and management as well as sustainable agriculture is the use of tradable water shares (Australia, India, New Zealand, United States). Tradable water shares can address all the equity concerns of policymakers and at the same time improve the efficiency of water use.

Two other innovative instruments can be used to finance protection and reforestation of watersheds. A watershed protection charge (Brazil, Costa Rica, Indonesia) can be imposed on either loggers or beneficiaries such as farmers or urban dwellers. The charge is in proportion to the damages caused by loggers or the benefits received from watershed protection. The proceeds are used to protect and reforest the watershed. Alternatively or additionally, a tradable reforestation credit (Costa Rica) may be introduced for private landowners to encourage them to keep their land under forest cover or to plant it with native species if it has been deforested. Eligible landowners receive a tax credit against their general tax obligations, and small-scale landholders who do not pay taxes can sell their credits to wealthier people who do.

Cross-sectoral instruments include ecofunds, green funds, and ecolabeling. Ecofunds (Hungary, Poland) collect and disperse public, private, and international funds in support of environmental strategies, action plans, or single-purpose projects. They are usually funded from pollution charges, fees and fines, budgetary contributions, debt-for-nature swaps, and contributions from donor agencies. Green funds (United Kingdom, United States) are private social-purpose funds made available by private investors to environmentally sound enterprises and projects. Ecolabeling (Costa Rica, Germany, Republic of Korea, Peru) attempts to create product differentiation for sustainably produced products, energy-efficient manufactured items, sustainably grown crops, and environmentally sensitive services such as ecotourism. Despite some successes, ecolabeling requires an independent certification process and standards that are agreed upon internationally.

Biodiversity instruments include bioprospecting rights and fees and ecotourism. Bioprospecting rights and fees (Costa Rica, Madagascar) enable a country to protect its biodiversity and benefit from it at the same time by charging a price for its use and collecting revenues through exclusive bioprospecting agreements with chemical or pharmaceutical companies. These companies agree to pay prospecting and discovery fees, undertake conservation investments, and share profits with the host country for any successful biotechnology products developed with information and chemicals discovered. Ecotourism (Costa Rica, Kenya, Thailand) is a well-established and growing market throughout the developing world. A few countries, such as Indonesia and Costa Rica, are beginning to use watershed charges as financing instruments for biodiversity conservation and protection.

The most innovative global economic and fiscal instrument to emerge since the Rio conference is the concept of joint implementation. Two or more countries—usually one industrial and one developing—join forces, utilizing their comparative advantages to advance sustainable development. In principle joint implementation can potentially mobilize huge amounts of resources for sustainable development in a cost-effective and equitable manner. In practice the mechanism is still controversial and not gener-
ally accepted due to concerns about fairness, the impact on developing country priorities, and developed country incentives for behavioral changes and technological efforts to control global pollutants at home.

Carbon offsets (Costa Rica, Guatemala, Malaysia, Paraguay) are a special type of joint implementation by a developed country power utility and a developing country forest company or forestry department. The power utility finances a shift to reduced-impact logging techniques, enrichment planting forest protection, or reforestation in exchange for credit for the carbon saved by the funded activity. The potential benefits are substantial and are shared between the parties involved, both private and public. While several such pilot offsets have been initiated in recent years, carbon offsets have not yet been sanctioned by the global community as a legitimate means of meeting CO$_2$ reduction obligations under the Climate Convention.

Another innovative instrument that promises to transfer substantial financial resources from developed to developing countries is the concept of tradable forest obligations to protect forests worldwide. This instrument requires an international forest convention and appropriate monitoring institutions.

Transferable development rights (Cyprus, Puerto Rico, United States) can serve as an innovative instrument for protecting fragile ecosystems. The government, with the consent of the communities involved, declares a fragile ecosystem as a protected area that cannot be used for certain crops, agricultural practices, and forms of development. The revenues transferred to the community by the purchase or lease of the tradable development rights can be used to develop alternative, environmentally benign economic activities such as low-impact farming and ecotourism.

Internationally tradable conservation credits (Costa Rica, Mexico) widen the market for valuing biodiversity beyond pharmaceutical companies and the scientific community. Countries can set aside habitats for biodiversity conservation and divide each habitat into a number of tradable conservation credits corresponding to the size of the area. Each tradable conservation credit would state the location, condition, diversity, and degree of protection of the habitat and any special rights it conveys to the buyer or holder. The potential buyers of tradable conservation credits include local and international organizations, foundations and corporations, chemical and pharmaceutical companies, scientific societies, universities and research institutions, and even environmentally-minded individuals.

Two other promising innovative instruments are biodiversity patents and intellectual property rights for traditional, ecological, and ethnoscientific knowledge. An international system of biodiversity patents (at the gene, species, and ecosystem levels) would create an international legal basis for licensing its use and extracting a payment commensurate with its economic value, as well as for basing profit-sharing arrangements. Similarly, if traditional local knowledge of species, their properties, and their uses could be protected by intellectual property rights, it would pay to preserve and record such knowledge and to license its use in a manner analogous to the licensing of computer software and other products of intellectual effort. Such arrangements would not only mobilize financial resources for biodiversity conservation but also would make local communities shareholders in biodiversity.

Transferable development rights can serve as an innovative instrument for protecting fragile ecosystems
—Theodore Panayotou
Internationally tradable CO₂ emission permits are the most promising instruments for protecting the Earth from global warming.

—Theodore Panayotou

reserves and conservation areas and give them the incentive to help protect them.

Internationally tradable CO₂ emission permits are the most promising instruments for protecting the Earth from global warming. Virtually unlimited opportunities for low-cost reduction of greenhouse gas emissions can be supplied by developing countries to developed countries in exchange for financial and technological resources. But several obstacles must be overcome, including the need for countries to have a binding obligation to contain their emissions. For most developing countries tradable emissions could be a major source of financial inflows and technology transfers and provide a strong incentive to use them for their own industrial expansion.

The European Commission has been advancing the idea of an international carbon tax as a means of curbing CO₂ emissions and has been considering it for the European Community since 1990. The tax would be imposed on all carbon fuels (oil, gas, and coal) and on other fuels in proportion to their carbon content. Because there is no technology to control CO₂ emissions, the idea is to reduce them through such a tax, which would promote energy efficiency and favor a switch to lower-carbon fuels. The management and monitoring of an international carbon tax and the allocation of revenue generated would require international institutions that do not yet exist.

An internationally agreed environmental tax on air transport aims to internalize the harmful effects of air travel—global warming and ozone depletion—and thereby promote improvement in energy efficiency as well as collect funds that can be used for remedial measures for ozone depletion and other damages. Europe and North America would pay the largest proportion of the tax. Proponents say it would equalize the playing field because the air transport industry is exempt from taxes levied on other forms of transport. However, there are serious drawbacks. It is difficult to measure environmental damages caused by air transport, and opponents say it would be unfair to target the airline industry over other polluting industries. A multilateral mechanism to redistribute the funds generated by such a tax would need to be developed without creating a new international bureaucracy.

Another proposed instrument is the Tobin tax, named after its original proponent, economist and Nobel Laureate James Tobin. This tax on international financial transactions was originally proposed to reduce the volatility of international financial markets, but is now being advocated as a revenue source for financing sustainable development.

These are among the innovative economic and financial instruments available for mobilizing private initiatives and public funding for sustainable development at local, national, and international levels. There are many others. While not all mechanisms have been considered, the ones discussed here are among the most promising.

Commentary

David W. Pearce, University College, London

Innovative financing mechanisms for the conservation of biological diversity depend on action in four key areas. The first is to correct the economic distortions in developed and developing countries that create environmental degradation, as mentioned by several speakers. Economic systems as embod-
ied in existing institutions have failed to reflect the full value of natural resources and the nourishing functions of natural environments in the prices of goods and services. The benefits that biodiversity provides often have no market and hence no price. In fact, because biodiversity destruction is not considered a loss, it is often a result of investment decisions.

We have heard less about the second area for action, which is to improve the efficient use of existing environmental funds. We need to ensure that the substantial sums already invested in conservation are subjected to the rigor of financial and economic appraisal. In addition considerable funds are available from the private sector, but in most countries they remain largely untapped. Governments need to establish conditions to enable private funds to be provided for biodiversity conservation.

The third area for action, which has become a commonplace thanks to the efforts of individuals such as Ismail Serageldin, is to mainstream environmental concerns into all policy and investment decisions, regardless of whether those decisions are targeted at the environment. Institutional arrangements tend to segregate biodiversity concerns from sectoral issues associated with agriculture, water, forest management, and fisheries. Biodiversity needs to be a mainstream concern of all policy issues.

The fourth area is the need to create both new funds and the institutional capacity and human capital to manage those funds. As we focus on the creation of new funds, we must avoid “revenue hunting,” in other words, trying to find the biggest base on which to impose a tax. We have to focus revenue-raising measures and taxes on correcting distortions, so that we are either charging for the benefits of biodiversity or charging for its destruction.

There is a case for new funds, and, as pointed out by a number of speakers in this forum, especially funds under local control at some distance from the major lending organizations. Possible new sources of revenue that could provide financing for conservation fall into three broad categories: self-generated funds, non-biodiversity revenues, and intersectoral transfers.

Self-generated funds are generated within the biodiversity sector itself from payments for the benefits of biodiversity, such as a quasi autonomous national park system using revenue from park entry fees, lodge leases, and concessions to maintain the biodiversity of park land. Another, often underexploited, source of significant revenue is private-sector fund raising, which should be encouraged through tax mechanisms and similar methods, although these mechanisms must ensure that biodiversity is protected and that its benefits are shared.

Non-biodiversity sector revenues are generated by imposing charges on those sectors identified as destroying biodiversity without paying compensation for the lost benefits, such as unsustainable forms of mining, agriculture, forestry, and fisheries; construction of infrastructure such as roads and dams; unsustainable use of road, air, and maritime transport; and production and consumption of polluting goods and services.

Intersectoral transfers are funds raised by levies on sectors that have no direct or immediate involvement in the loss of biodiversity but that may be linked indirectly to those losses; for example, charges could be levied on foreign exchange transactions, or some of the military expenditures saved because of

Possible new sources of revenue that could provide financing for conservation fall into three broad categories: self-generated funds, non-biodiversity revenues, and intersectoral transfers

—David W. Pearce
demilitarization could be earmarked for encouraging biodiversity.

We have found the concept of genuine savings extremely powerful in discussions with politicians. It makes them uncomfortable. They do not like to see a savings curve showing they have been running down the capital of their country. A savings curve for the United Kingdom would actually give you that picture: we were selling the family silver just at the time when many people thought—and our government told us—that we were growing at an extremely rapid rate. We were growing, but at the expense of the capital on which we depend.

I would like to end with an illustration of something we have not yet discussed—privatization as a mechanism for funding environmental conservation. I am not a privatizer. But while I was in Zimbabwe recently, I visited the site of an experiment in the Save Valley, where 21 cattle ranchers sold their cattle, removed all the fences between properties, and restocked the land with 600 elephants, 60 black rhino, 2 white rhino, ostriches, kudu, buffalo, and wildebeest. And despite drought conditions, the land, the trees, and the grasses have come back to what they were thirty years ago. The former ranchers are building tourist lodges and beginning new ventures.

The ranchers' rate of return on cattle ranching was less than 1 percent. But the rate of return on this new venture is only about 3 percent. I told one of the chief landowners that at that rate they would be better off if they put the money in the bank. After all, 3 percent is better than 1, but the bank can get you better than 3. And he simply said: "We can't leave it to profit. It is the land, and it is the future."

—David W. Pearce

Open Dialogue

Data, Indicators, and Economic Instruments

Manuel Rodriguez-Becerra noted that in many developing countries, day-to-day decisions related to financing and the environment are often made without data or indicators. The development of a manageable number of indicators and guidelines for their use would be valuable for policymakers and other decisionmakers.

He also noted that most Latin American countries have had some kind of experience in the last fifteen years of trying to apply economic instruments to environmental management, and the majority of these experiments have failed to reach their objectives. It is necessary to evaluate why these failures occurred to avoid making similar mistakes with new instruments that are being developed.

Environmental Accounts versus General Funds

G.S. Rajamani discussed the greening of national income accounts. When fines are levied on polluting industries and environmental degradation, these funds often end up in general government revenue accounts. He suggested that a better approach might be to place these fines into a special environmental development fund for specific purposes related to improving the environment and offsetting environmental degradation.

Both Emile van Lennep and Ismail Serageldin noted that most finance ministers prefer not to have earmarked funds because this complicates the budgeting process. However, Ismail Serageldin emphasized that the civil society should play an important role in decisionmaking about how funds in centralized budgets
are allocated. The social glue that holds society together should enable decision-making to emerge in a way that is far-sighted and inclusive, rather than excluding the interests of ethnic minorities, the marginalized, and the poor.

Theodore Panayotou suggested that although ministers of finance will probably object to earmarking, they may reach a consensus that funds collected be used to implement specific environmental policies. A number of environmental funds have been set up in which the ministers of finance and environment, as well as representatives from nongovernmental organizations and the private sector, have a say in how they are invested and used.

**Subsidies**

Richard Sandbrook suggested that it would be useful to explore the issue of moving subsidies from one activity to another. For example, common agricultural fund subsidies which are damaging to the environment could be moved to a social fund to build up social and human capital and support institutional and social structures.

A number of participants acknowledged the technical and political difficulties of removing subsidies, and gave examples in which well-intentioned subsidies designed to benefit the poor are often hijacked by the wealthy and powerful for their own purposes. In principle the idea of shifting subsidies is appealing, but significant attention needs to be paid to the details of how this could be effectively carried out. It was also noted that very few governments use economic instruments correctly. Economic instruments are meant to be incentives for changing behaviors, not for raising revenues.

Well-intentioned subsidies designed to benefit the poor are often hijacked by the wealthy and powerful for their own purposes.
Effective Financing Delivery Systems: Connecting People to Environmentally Sustainable Development

Ellen Johnson-Sirleaf, Assistant Administrator and Director of the Regional Bureau for Africa at the United Nations Development Programme, moderated the third forum, which considered effective financial delivery systems and alliances at global, national, and local levels. The discussion concentrated on the use of delivery systems and alliances to engage and empower communities. Participants discussed lessons learned and further refined specific recommendations as to how the World Bank can engage the civil society for the common good.

An Overview

Saad Eddin Ibrahim. Ibn Khaldoun Center for Development Studies

A major research study by the Ibn Khaldoun Center for Development Studies in Cairo found that 90 out of 400 community-based initiatives for self-help development could be characterized as examples of environmentally sustainable development. Of these 90 cases, 50 started as informal initiatives.

The study revealed that successful grassroots participation in community development was contingent upon the following five factors: leadership, relevance of response to felt needs, availability of resources, optimal management of early projects, and initial success.

Leadership

In each of the ninety cases leadership proved to be the most decisive factor in the success of any grassroots initiative. The leader must project at least three specific qualities: integrity, inspiring rhetorical skills, and organizational skills. Since any grassroots initiative involves the collection of money, a reputation for unimpeachable integrity is an imperative for inducing people to donate, whether in money or in kind. Religious figures, well-to-do professionals, and elderly community notables were most likely to project this quality of integrity.

Relevance of Response to Felt Needs

In all successful grassroots efforts felt needs were expressed by the community or articulated by a potential leader and readily consented to by the community. Needs related to education, health, and religious services were ranked higher than environmental concerns; only after these priority needs were addressed did people focus their efforts on the environment.

Needs related to religious worship were ranked as the top priority in more than one-third of the fifty informally initiated grassroots projects. The building of a mosque often led to starting a clinic, a hospital, a nursery, a school, or a social welfare center.

Once some of the basic needs were successfully met through initial grassroots efforts, a second tier of needs would often be articulated.

Availability of Resources

The generation of resources in seemingly poor communities was so striking in all
fifty cases of informal grassroots initiatives investigated that the research team concluded that money is not the primary obstacle to community development in Egypt. In nearly all cases the leader would donate his or her own money, land, or professional services. A few others would soon follow suit, and then many others would come forth with small donations of money or in kind. The very poorest in the community would often volunteer their labor. Trust is a key factor: as soon as it is demonstrated, community members begin to give regularly, and give more with each successful undertaking.

Three additional resources were found to contribute to these grassroots efforts: donations from current or former community members living or working elsewhere, especially abroad; nominal fees for services rendered by community schemes, such as clinics, nurseries, or loans; and contributions from governmental and nongovernmental organizations on matching or partnership bases.

**Optimal Management of Early Projects**

It was clear that successful management of early projects set the pace for additional projects. Optimal management of available human and material resources—doing very much with very little—is usually seen as indirect proof of the scrupulous integrity of the initiators who shouldered the early efforts, as is their complete financial transparency—maintaining detailed records of money spent and having little or no overhead expenses.

These confidence-building measures have proven to be essential in sustaining grassroots participation. The early traditions of optimal and transparent management have been found to be well maintained by a second generation of leaders and workers. The research team noted that in a number of cases the sons and daughters of earlier grassroots initiators have carried on the legacy of their parents, often at higher and more sophisticated levels.

**Success Breeds Success**

Since most people who participate in grassroots development are of humble backgrounds with no record of public assertiveness, initial success is essential for continuity. No matter how modest, this initial success gives them the necessary self-confidence to go to the next step.

This is not to suggest that the initial success comes easily. Most Egyptians encountered in the course of this study had modest expectations and considerable patience. What matters is that people sense progress or can mark results along the way. Many projects have experienced incremental successes. After three or four such successes, the community's self-confidence becomes consolidated; these cases were judged by the research team to be sustainable grassroots efforts. Characteristics of sustainable efforts include:

- **Emergence of new leadership.** Although an initiative may have been inspired by one person, if this person allows enough space for others to share in decisionmaking and in shouldering specific tasks, new community leaders emerge. When the pioneering leader begins to allow others to take charge and to limit his or her role to that of a senior advisor, it is often a sign that sustainability is under way.

- **Growing repertoire of organizational skills.** Sustainable grassroots...
efforts display increasing sophistication in conceptualization and implementation. This is a sign that the community's organizational skills have become cumulative; in other words, it is not necessary to reinvent the wheel with every new project.

- **Innovation.** Innovative elements appear with every additional project. Many of these innovations are related to fundraising from inside and outside the community, tapping indigenous human resources, and developing ways and means to increase efficiency.

**Local Capacities**

*Jeb Brugmann, International Council for Local Environmental Initiatives*

Much of what we seek to develop or protect when we speak of environmentally sustainable development (ESD) are public goods, for example, clean air and water, safe neighborhoods, child education, human rights, and natural resources such as harbors and fisheries. But in recent years, as private economic pressures have created public sector fiscal problems, national governments have been steadily scaling back their involvement in the protection of public goods.

Although local government partnerships with community-based organizations, nongovernmental organizations, and the private sector can be very effective in replacing the previous engagement of national governments, the International Council for Local Environmental Initiatives (ICLEI) has found that a democratic local government is the only form of local institution that can gain and sustain the public legitimacy and capacity to protect and manage the full range of public goods necessary for a healthy community.

While local governments must have adequate financial resources, they also need to be given the authority and responsibility to make their own environmentally sustainable development investment decisions. Some of the measures required to achieve this authority are:

- Increasing the authority of local governments to set tax rates and collect and retain revenues
- Giving local governments authority to establish their own budgets and capital investment plans
- Providing training in and transferring developed-country technology for municipal financial management
- Removing legal barriers and market imperfections that exclude municipalities from private capital markets
- Expanding direct bilateral and multilateral finance provision to local governments
- Developing municipal bond markets.

In the meantime local governments are forging new indigenous partnerships and management approaches to fulfill their growing responsibilities as managers and providers of public goods. These bottom-up experiments include:

- Municipal service companies formed with private corporations
- Municipal foundations and trusts created with local assets that can be controlled by the community
- Community development banks that receive initial investment capital and/or financial guarantees from the municipality and private sources
- Community development assistance in which the municipality
provides equipment and local citizens supply labor to build infrastructure or provide a service

- Use of taxes, fines, and fees for cross-subsidization, for example charging higher rates to high-income users to subsidize lower rates for low-income users.

By linking these bottom-up experiments with top-down municipal finance reform measures, there is a greater chance that local governments will become financially viable, open, and accountable institutions for advancing local public preferences and protecting public goods.

**Network Capacities**

*Michael McCoy, Citizens’ Network for Sustainable Development*

The plan of action of the Earth Summit’s Agenda 21 spells out the need for governments and international organizations to consult and assure the participation of major groups, which it defines as nongovernmental organizations, women, youth, indigenous peoples, the scientific community, business, trade unions, and local authorities.

Networks are not included in this listing, even though networks include all of the major groups as their members. Networks have existed at international, regional, and local levels for decades. Whenever organizations come together for a common purpose, whether for lobbying, public education, research, or project implementation, a network exists.

Networks can be issue-based or geographically based. Although networks are formed in a variety of ways, they share a number of common characteristics. They are often democratic and have a transparent organizational structure.

Networks often represent many of the constituency-based organizations and the stakeholders in decisionmaking processes within civil society.

The strengths of networks are often their greatest weaknesses. The ability to define common goals general enough for a broad range of organizations to cooperate together often means that networks must stop short of reaching consensus on specific political or organizational goals because its members cover such a wide spectrum of interests.

Networks are relatively new on the international institutional map. Many governments, foundations, and international organizations have been unwilling to fund networks directly because they do not understand how networks operate. Particularly at the national and regional levels, networks tend to be non-hierarchical, nonbureaucratic decision-making structures that are too informal and nontraditional for many governments and foundations to accept.

Many networks fund their initiatives in partnership with organizations involved in common issues. For example, the United Nations Environment and Development Committee of the United Kingdom has worked with that country’s local authorities council on its local Agenda 21 initiative. They are now in the third year of a project that encourages local communities to establish community-based versions of Agenda 21 that will be incorporated into a national sustainability plan. This project is a model for similar efforts in Canada, the Netherlands, the United States, and Sweden.

Networks are one of the newest forms of organizing civil society and will probably not reach their full potential until the turn of the century. We encourage international organizations and institutions such as the World Bank to consider net-

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*Whenever organizations come together for a common purpose, a network exists*—Michael McCoy
works when developing community development plans. This is especially important since many networks have a strong local base—a developed constituency that represents a broad range of sectors.

A View from the Rural Areas
Andres Yurjevic, Latin American Consortium on Agriculture and Development

The Latin American Consortium on Agriculture and Development (CLADES) is a group of nongovernmental organizations and universities working to promote sustainable agricultural and rural development. Our great challenge is to avoid the imminent collapse of peasant economies, which are suffering from deterioration of natural resources and erosion of institutions. Members of CLADES concentrate on creating capabilities, promoting institutional alliances that support local development, and influencing policymaking.

Efforts to create capacities have focused on increasing income, improving food security and household environmental conditions, and strengthening women's participation in managing community affairs and development projects.

An increasing number of rural development success stories show that small producers can increase their incomes and become more competitive. An impact assessment completed during the last year revealed the following key issues in rural development activities that focus on landless peasants, family farms, and farmers' cooperatives.

- Household food supplies can be increased dramatically; in monetary terms the per capita increase has jumped from 70 to 120 percent.
- Among the poorest farmers, women play the leading role in improving the quality of life. For every ten participants, seven are women.
- Small farmers tend to use a more holistic and agro-ecological approach to technology. Farmers with greater ties to larger markets tend to choose the best of the available technologies, although they are gradually moving to more sustainable agriculture. After a transition period, their agricultural productivity has recuperated and agrochemical-free production has opened new local, national, and international market opportunities.
- Government development agencies, universities, and donor agencies, particularly multilateral agencies, are slow to react to innovations.
- Although local governments generally lack the technical staff and financial resources to support sustainable rural development, their participation legitimizes new approaches.

It is good business for society to invest in small producers because the benefits far exceed the costs. Financing needs to be based on an efficient, effective system that encourages sustainable agriculture and makes business profitable for small producers.

Partnerships for Development
Gloria J. Davis, World Bank

I would like to focus on roles, partnerships, complementarity, and the mutual interdependence of the various institutions in the development sector. The effectiveness of the public sector is based on hierarchy and control, which enable it to mobilize resources through taxes and to perform important functions such as...
regulation and the administration of justice. The private sector’s effectiveness is based on its ability to mobilize capital and its organizational and management abilities. The effectiveness of the civil society is based on its ability to mobilize collective action.

Each of these sectors is represented at the community, regional, and national levels. Some of their functions are the same, while others are complementary and mutually reinforcing. The civil society keeps the public sector and the private sector accountable. The public sector determines the framework and the allocation of resources to promote development.

For a long time we relied on the public sector to guide and direct development initiatives. Now we see that although the public sector may play a strong role because it has the political authority to mobilize resources, the private sector or the civil society generally provides services more effectively.

Collective action can take place at many levels. Networks are a kind of collective action developing at national and international levels and are facilitated by new communication technology. Collective action at the local level relies on the willingness of people to work together for common objectives. When governments are weak and lack resources, and when people are isolated and living on marginal land, we often find that the only organizations that can reach them are those that they put in place themselves.

The very poorest people have very little free time, and the challenge is to not undermine the potential that people have to organize collectively and to resolve their problems. If we come in with a lot of external financial resources that are not sustainable, then the institutions that we develop to spend those resources are not likely to be sustainable either. It is not just a matter of financial resources, but rather one of understanding the social context, the ways that money can be useful or not, and supporting organizations and institutions in a way that enables them to do their jobs even better.

It is also important that we put pressure on the private sector to mobilize resources. As an example, we are attempting to build a coalition of partners around a dam project in Laos. If the civil society participates with the private and public sectors, we can use this dam to finance biodiversity conservation and poverty alleviation. This project will involve consensus building, collaboration, and compromises by all the partners.

**Commentary**

*William Reuben, Fondo Latinoamericano de Desarrollo*

Connecting people to sustainable development by providing financial resources requires that two conditions be met. First, the many elements of cultural and social diversity should be incorporated at the grassroots level. Factors such as ethnic heritage, rural or urban origin, socio-economic position, gender, age, savings experience, religion, and level of local organization all determine how financial systems will work and what their social and economic impacts will be.

The dominant group’s relationship with nature; moral and ethical beliefs about money; patterns of savings, debt, production, and consumption; and the presence or absence of legitimate, trustworthy local financial institutions are all important elements in designing financing systems that promote local environmental, economic, and social sustainability.

The very poorest people have very little free time, and the challenge is to not undermine the potential that people have to organize collectively and to resolve their problems.

—Gloria J. Davis
This does not mean that we should stop constructing methodological models appropriate for funding grassroots sustainable development. It means that the specific methodology used to design financial systems for sustainable development should include the entire spectrum of diversity.

The second condition is that financial resources should be provided to poor segments of the population, such as the rural poor and peri-urban residents, under market conditions but also with a commitment to environmental sustainability. To bring this about requires, in turn, meeting two other conditions. One is that financing for sustainable development should enhance what I call empowering participation at the local level. Not all participation is empowering, only that which involves decisionmaking. Financing should thus strengthen local financial institutions.

The other condition is that local programs for financing sustainable development should internalize environmental and social factors in cost analyses, rate of return estimates, and the setting of interest rates. Here a difficulty arises. Who should pay, in the short term, the cost of avoiding longer-term damage to natural resources and the quality of life? In other words how should pricing systems incorporate the ethical aspects that the short-term vision of the market usually ignores but that are necessary to the long-term focus that characterizes sustainable development?

To answer this question, we must make the market compatible with the ethical values that underpin sustainable development. Alliances between social agents who represent different viewpoints will be important, as will negotiations between businesses, producers, intermediaries, consumers, civil society, religious and ethical institutions, social organizations, nongovernmental organizations, and state, local, and national government representatives.

Financing the formation of human and social capital is something that cannot be achieved exclusively by credit systems. It is necessary to build the institutional local capacity to deliver financial resources in an accountable, transparent, and efficient way. To do this, financial institutions should accept that they have to invest in the strengthening of other participatory financial institutions at different levels of society to build the necessary confidence and trust.

Open Dialogue

Partnerships and Participation

Among the issues discussed were the empowerment of communities and the use of financial instruments as a means of enhancing that empowerment. A number of participants talked about the dynamic interaction among partners in development, the role of the public and private sectors, and the role of civil society. Questions were raised about how to bring together these partners in a dynamic way so each can use their own particular areas of expertise to further development.

Ellen Johnson-Sirleaf suggested that the ultimate goal of these new financial instruments is to enhance people's participation and their ability to do things for themselves so that their own initiatives and efforts are sustainable. In this way, sustainable approaches, communities, and nations can be built.

Participants noted that international networks are becoming increasingly important in bringing people together for a common purpose and in organizing
civil society at local, regional, national, and international levels. International networks can contribute to changes in public service investing by encouraging public and private financing of investments that service the public in the broadest sense.

Flexible Designs versus Blueprint Approaches

Richard Sandbrook commented that the research findings described by Saad Eddin Ibrahim in his overview to Forum Three are strikingly similar to findings from studies elsewhere in the world. It is increasingly clear from these studies that community-based sustainable development calls for a move away from a blueprint approach to development toward much greater flexibility in programming. As touched on in the open dialogue in Forum 1, however, this move conflicts with annual budgetary cycles and the requirements of disbursement-driven organizations such as the European Development Fund or governmental ministries to spend their allotted budgets during the calendar year or risk receiving reduced funds in subsequent years.

Innovative Financing Mechanisms

Joan Martin-Brown suggested that one way to link the contribution of networks to the problem of one-year government funding is to bring in intermediaries as the missing links. Funds that have to be disbursed within the fiscal year can go to a non-profit institution that holds the funds in trust and is legislated by the government but that can disburse the funds over three or four years. Michael McCoy described the mechanism used by the Citizens’ Network for Sustainable Development in which an independent foundation manages its funds, which are earmarked for specific tasks of the network.

Manuel Rodriguez-Becerra described EcoFundo in Colombia, a foundation through which funds from debt relief, amounting to approximately US$70 million, are being channeled. The main purpose of this decentralized fund is to empower communities and NGOs. The seven-member board of EcoFundo is made up of two government representatives and five elected NGO representatives representing over 350 local NGOs. Grant funds are made available for small projects, many of which focus on building capacity of the NGOs and communities that participate.

Linking Civil Society and Religious Institutions

Shelton Davis noted that leadership is an essential factor in community-based development, as discussed by Saad Eddin Ibrahim in his overview. Religious leaders are often held in high regard, based on trust and integrity. We are learning more about the relationship between civil society and religious institutions, and need to explore the relationships between religious institutions and other actors in community development, such as the public and private sector and the international donor community.

Maximo Kalaw discussed the relationship between religious groups and civil society. On a larger scale than ever before people are beginning to realize that our personal decisions about what we consume, what we waste, and the lifestyles we pursue are related to our social obligations. These factors are also political issues and can no longer be separated from one another. Religious beliefs and cultural heritage can be a source of energy for transformations in

People are beginning to realize that our personal decisions about what we consume, what we waste, and the lifestyles we pursue are related to our social obligations.
society that translate into greater social and political responsibilities.

**Process and Product**

A number of participants discussed the importance of emphasizing process as well as product. David Steeds pointed out that there is a higher cost involved in focusing on process, because more staff time is required from the organizations or agencies involved. However, in certain kinds of projects, such as those aimed at community-based natural resource management, a focus on process is essential. It is not easy to convince donors that slow, complicated, and unpredictable projects can be much more effective and sustainable in the long run.

Manuel Rodriguez-Becerra stressed the need for a sensible balance between meeting short-term needs and long-term processes such as capacity building. Unless short-term needs are met, communities become frustrated with NGOs and other organizations that focus on process only. Maximo Kalaw suggested that it is not possible to divorce process from product, because accomplishing short-term goals is usually part of a larger process dependent upon the hierarchy of existing needs. What is most essential is the participation of the stakeholders.

**Role of the World Bank**

Jeb Brugmann encouraged the World Bank to identify ways to provide some portion of its loan portfolio to trusts or other NGO-based financing mechanisms that have central government approval but not central government control. Several participants suggested it would be too expensive for Bank staff to deliver process products to local communities. Existing networks and other partners can help the Bank strengthen its projects at the local level.

Gloria J. Davis noted that, as a stakeholder, the World Bank has an important role in helping to create an enabling environment. If the Bank believes that participatory processes and strengthening the civil society are important, just as it believes that private sector development is important, then it can lend its weight to that argument in discussions with governments. There are a variety of mechanisms for investing money in participatory processes, and the Bank can lend its support to building consensus and developing participatory processes that create trust and legitimacy.

**Not for Economists Alone**

Several participants noted that economists tend to dominate in making decisions about development assistance flows and in setting priorities for projects and programs within large international lending institutions. A number of participants called for a more broad-based and balanced approach in which other disciplines would be included as equal partners. This synergy would further environmentally sustainable development by better incorporating the human and social dimensions of development along with its economic aspects. François Falloux suggested that a common language is needed, and is beginning to be developed, among ecologists, environmentalists, economists, and social scientists.

**Global Trends**

Alicia Bárcena discussed the globalization and centralization of capital, information, and know how into the hands of transnational corporations. She stressed...
the need to forge new alliances and new coalitions to confront the disempowerment that can accompany this centralization of power into the hands of the few.

Joan Martin-Brown recounted that the total amount of money that the World Bank has lent over the last fifty years is now transacted every eight hours in the international capital markets. She stressed the need for new creative arrangements to help influence these "stratospheric" forces. Richard Sandbrook noted that we need to make a distinction between the flow of capital and capital-invested sums, and Manuel Rodriguez-Becerra pointed out that we do not yet understand how these capital flows are influencing environmentally sustainable development.
Values and Political Will

Timothy E. Wirth, U.S. Department of State

This is an unmistakably historic moment in which we have the opportunity and the responsibility to look forward through a lens unclouded by immediate threats to world stability. Freed from overriding fears about nuclear exchange and mutually assured destruction, we now face the prospect of ecological ruin and self-inflicted destruction by failing to comprehend and respond to the underlying threats to the planet's life-support systems.

The Cold War, which defined long-term security and national purposes for more than forty years, is fast becoming a distant era. In its place we face a range of unfamiliar challenges in a world itself so unfamiliar as to be nearly unrecognizable. The changes and the choices that the world community now confront are every bit as demanding as those we have known since 1945. But the nature, diversity, and speed with which the new challenges emerge dictate an urgent effort to understand the long-term challenges to international cooperation and to reassess the priorities for global leadership in meeting new tests and forging a better world.

As always, our interests must be sustained peace and shared prosperity. What is novel are the diffuse trends that will determine those interests in the twenty-first century, when we pass on the task of governance to our children. I would like to suggest that the main challenge we face is to transform the concept of sustainable development into a set of shared values and purposes, thereby positioning this pursuit as the central rationale for our individual and global purposes.

Sustainable development means that the economies of the world should attempt to meet the needs of today's generation without compromising or stealing from future generations. Understood and pursued, the idea of sustainable development can integrate and harmonize the enormously powerful economic and environmental forces at work in today's world. It is a concept rooted in the recognition of the mutually reinforcing nature of economic and environmental progress. And it is within this notion of interdependence that we can discern the enormous magnitude of this challenge. Ecological systems are the very foundation of modern society, in science, agriculture, and social and economic planning. In the long term, living off our ecological capital is a bankrupt economic strategy. At the same time most people and nations aspire to economic growth and scientific and technological progress, which in turn are the essential building blocks of environmental protection.

For far too long concern about the environment has been regarded as a peripheral, soft issue that can be treated as a luxury in the context of prosperity. Too many will say, "Yes, I'm for the environment . . . as long as it doesn't cost jobs." This mistaken analysis is the fundamental intellectual challenge to sustainable development.

The biggest obstacle to the pursuit of sustainable development around the world is the misguided belief that protecting the environment is antithetical to
economic interests. In reality the economy is inextricably tied to the environment and totally dependent upon it. All economic activity is dependent on the environment and its underlying resource base. When the environment is finally forced to file for bankruptcy because its resource base has been polluted, degraded, dissipated, and irretrievably compromised, then the economy will go down with it. Lost too will be the basis for meeting human needs, promoting social justice, and harnessing our faith—the foundation for our compassion, kindness, stewardship, and humanity. The security of all nations depends on whether we can strike a sustainable, equitable balance between the demands of humanity and the planet's capacity to support life. It is fundamental that we all understand this.

At the same time we must understand the revolution of governance that is occurring around the world. This revolution is influenced by two strong forces that are being resisted by most governments because they are threatening to them. One of these forces is a pressure up and the other is a pressure down. The pressure up is to develop the kinds of broad, cooperative international alliances reflected in the World Bank, the United Nations, and other institutions that address cross-boundary problems. We must nurture these institutions, because they have enormous potential to reach across the borderlines drawn by cartographers.

The more visible and better understood revolution is the pressure down to nongovernmental organizations. The heroes and heroines of the Rio conference were not governments, but the nongovernmental organizations around the world that defined the agenda for Rio and the Earth Summit's Agenda 21 document, and it was out of their work that this remarkable document came. It was women in Vienna who were able to save the universal commitment to human rights through their organization at the human rights conference in 1993. It was women's groups and grassroots political groups that defined that remarkable, almost revolutionary document that came out of the population conference in Cairo in 1994, and the great successes in Beijing in September 1995 were an affirmation of women and their role in society as agents of change.

The world is desperately in need of a new set of shared global values—common purposes grounded in ethical principles of justice and stewardship. We have a unique opportunity to help define the values, priorities, and purposes for a new generation of human endeavor. We must learn in full humility to develop an ethic of stewardship and justice that enables us to live within our limits. Realization of these simple truths could lead to a fundamental reformulation of public policy and our collective beliefs, both of which will be required for our survival. Individually and collectively, the people of the world need to forge a common cause and set priorities for realizing the double dividends of sustainable development: progress toward environmental balance and economic development.

I offer a few suggestions for an achievable agenda for the remainder of this century and into the next. Population must be at the top of our agenda for sustainable development. Unchecked, the spiral of population growth will dim every hope for economic progress in the developing world and cast a pall over every environmental endeavor. From the Cairo conference we have a list of priorities that includes making family planning and reproductive health services universally available.

The world is
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and stewardship

—Timothy E. Wirth

Closing Joint Plenary
available; expanding education for girls; and focusing on child survival, strong families, and the engagement of grassroots organizations.

Next is the promotion of the social, political, and economic rights of women. Women are extraordinarily important resources for growth and agents of change. The return on these initiatives—in terms of stability, environmental quality, and economic productivity—will outweigh the costs for generations to come.

Third is the provision of basic health services, a wise investment for the community of nations, and one that can be achieved at relatively little global cost. The elimination of four major easily preventable diseases—measles, tetanus, whooping cough and polio—eradication of iodine and vitamin A deficiencies, and the global availability of oral rehydration therapy are all achievable early in the next century. Successfully done, these measures alone would ease immeasurable unnecessary suffering, and make a significant contribution to lowering pressures for larger families.

Getting the prices right is a fourth task. Nations, including the United States, can no longer assume that we bear no cost for fouling the air or depleting our resources. We need to find ways to internalize those costs and allow the marketplace to help determine the most efficient means of achieving our environmental goals.

The fifth task is the challenge of governing in the twenty-first century, which includes the dual tasks of strengthening broad cooperative alliances as well as enlisting and engaging the sensitivity, enthusiasm, and creativity of grassroots groups.

We have a real opportunity to preserve and utilize our biological inheritance. I am increasingly convinced that the biodiversity issue may dwarf all others in the not too distant future. Biodiversity is a metaphor for pressures on the land and promises of sustainable development. The twenty-first century will certainly be the century of biology; already more than half of today’s top selling pharmaceuticals come directly from plant biochemicals; our food base comes from just three species of grass (rice, wheat, and corn); and we have barely begun to understand the abundance of the natural world. In this overwhelmingly important frontier of the future, we can prospect for food, fuel, pharmaceuticals, or fiber as we once prospected for gold and silver.

In the newly configured world national security is closely linked to human security. Human security is built on a foundation of peace and political stability, physical health, and economic well-being.

—Timothy E. Wirth
foresight necessary to forge a new sense of purpose for our individual, national, and international priorities. And it is to this task that we must now dedicate ourselves.

Commentary
Gorel Thurdin, Parliament of Sweden

What we need today within politics is the spiritual courage to choose sustainability. My understanding of sustainability includes peace because without peace there will be no sustainability. We need courage based on knowledge, experience, and spiritual values.

At the Rio conference everyone said yes to the declarations, the principles, and Agenda 21. Now we need politicians and policymakers who show that we want to realize all the ambitions written down in all those documents. Why did we sign them? Was it just to show that we have ethics and spiritual values, but in the end are without political will?

Question on the Domestic Policies and Global Priorities of the United States

Kathy Lawrence:
I am with the Northeast and the New York Sustainable Agriculture Working Groups. I was interested to hear your description of the four priorities in the Global Affairs Office and am wondering to what extent there is any political will to translate those priorities, which sound very globally oriented, to domestic policy and the domestic situation in the United States.

As an example, the sector that has the largest impact on biodiversity in this country, and in many other countries, is our industrial model of agriculture, which includes not just crop production but also grazing and timber. Given our own record, to what extent does the United States feel that it has any expertise to offer in the protection and the promotion of biodiversity?

Answer
Timothy E. Wirth:
Your question is relevant not only to biodiversity but to all the areas we have been discussing, and in all these areas we have much to learn from the rest of the world.

On the issue of population and population stabilization, we need to consider the impact that we in the United States have on consumption. Since population and consumption, and population and pollution go hand in hand, we have an enormous obligation. One-and-a-half years ago, President Bill Clinton appointed the President's Council for Sustainable Development. One of the task forces of that council focuses on population and consumption. They will soon be coming out with a very good report about what we should be doing on a policy level in the United States as we think about our obligations and responsibilities both in terms of population and consumption.

On the issue of climate change we are the biggest polluter in the world in terms of greenhouse gases being released into the atmosphere. We have tried to be much more aggressive than we have been allowed to be in Congress. We must continue trying.

This relates to another set of issues—getting the prices right. In terms of organic agriculture and changes in our industrial model, we are seeing some breakthroughs on that as well. The conference we will host in early November on land-based sources of marine pollution will increase our own education on the subject as well as share that knowledge with the rest of the world.

On biodiversity we are going to be able to protect the Endangered Species Act, certainly the most remarkable piece of legislation on the books anywhere in the world for the protection of biodiversity. We have to not only protect that but also learn how to use it in a better fashion and become better world citizens in terms of biodiversity.

What we need today within politics is the spiritual courage to choose sustainability

—Gorel Thurdin
We need political decisions based on vision, strategies, and action plans. We need to give people rights through legislation, not just in declarations and conventions. We need physical, financial, and spiritual capacity building that supports people's own wills and works not by doing things for them but rather with them.

We need new ways of thinking, new ways of analysis, and processes to use knowledge in new ways and in decision-making, and we need open minds. We have more than one instrument to achieve changes. We have instruments of taxation or subsidies to get the right cost relationships. The polluter has to pay. The consumer must feel the need to minimize the resources used or the amount of waste. We can make and enforce laws to get rid of heavy metals and other poisonous materials that negatively influence people's health. We need physical planning to influence lifestyles, visionary work for the long-term site and solutions, and a financial council for a sustainable economy and for a change in course on the capital and financial market.

Physical planning decides the structure of society, the living patterns, and the possibilities of reaching sound and sustainable development, and I include social issues. People want to live in a sound way. They want to feel safe within their environment. The question is, have we in the political sphere made it possible for them to live in a sustainable way? The answer is no. People do not really know the consequences of their lifestyles. They do not have alternatives which are simple, effective, and comfortable, as Jaime Lerner, the Governor of Curitiba, Brazil, stated before the Rio conference.

I consider physical planning a democratic, open-minded process where everyone concerned is involved in the discussions; where all the knowledge must be on the table; where more than one alternative is discussed and compared; where environmental, social, and other impact assessments are used to bring the consequences into consideration; where different experts meet in an integrated analysis; and where local adjustment is of utmost importance. Planners have to adjust locally to traditions, to nature, to climate, and to old structures. Otherwise, it will be impossible for people to understand and to support the decisions.

But physical planning is not enough. We also need to have a vision of the future, a vision based on ethical values. Most important are the processes that lead to the vision and the dialogue about reasonable images of the future. This dialogue is the soul of this planning method.

Without values and visions it is difficult to have political will. Without political will it will be almost impossible to reach sustainable development. Colman McCarthy once said you can go as far as your dreams can take you. I say you can go as far as your visions can take you.
PRESENTATION ASSEMBLY Perspectives for the Common Good

The Presentation Assembly was a joint session structured to link the Earth Council/World Bank and the Ethics and Spiritual Values events so that all participants could share their findings. The events affirmed the fundamental and critical roles of civil society, values, and ethics in the pursuit of environmentally sustainable development. Before a panel of distinguished individuals seated in a tribunal format, presenters from the Earth Council/World Bank and the Ethics and Spiritual Values events alternated in presenting their commentaries and recommendations to this plenary. Their remarks acknowledged the challenges in advancing environmentally sustainable development from concept to application, and beyond, to reality.

After these presentations panel members commented on the presentations most relevant to them and their constituents. The message of the Presentation Assembly was that a more humane, more ethical, and more environmentally appropriate development paradigm is needed. The Assembly reflected a convergence of interests in nurturing human dignity and conserving ecological integrity in partnership with the civil society.

The two Associated Events concluded that if development is disconnected from the roles, values, and ethics of the civil society, it jeopardizes its survival, and ultimately the structures for governance. Participants agreed that lasting support for environmentally sustainable development resides in local communities and can be advanced through partnerships with them. A just and equitable civil society was considered indispensable for economic growth and for improving the quality and impact of development investments.

Sustainable development begins with the community through local participation. The participation process itself should be regarded as integral to community building, an essential right of people and communities, and an institutional obligation in the planning process. Donors should consider themselves supporters and facilitators of these processes, rather than leaders.

Values in Business and Finance (Ethics and Spiritual Values)
Muhammad Yunus, Grameen Bank

The poor do not ask anybody’s mercy, and they are not looking for anybody’s hand-out. They ask for equal opportunity just like anyone else in society. [We need to have] faith in people’s ability to take care of themselves. We must also have faith in human destiny, and we must have a very clear picture what that human destiny is. Poverty is not a part of that destiny. [We need to] unleash the enormous capacity of people, including the poorest. We must have faith in the potential of each and every human being. We must have the courage to break away from conventional wisdom and create new wisdom that will create a new world.

Presentations to the Panel

Three Forums’ Findings (Innovative Financing)
Alicia Bárquena, Earth Council

The three plenaries of our Associated Event were based on the conviction that the community is the unit of the social fabric and focused on how we can transform, reorient, redirect, and reinvent financial systems to make sure they serve people at the community level.

As our first speaker, Muhammad Yunus, said, credit has to be seen as a human right and as a universal service. Other consensus points were that we should not target the poor, but rather strengthen their support systems; that women are central to development efforts and should therefore be equal

[Editors’ note: Presentation Assembly commentaries by the Servicing Innovative Financing event speakers are summarized below in “Presentations to the Panel.” Quotations from the Ethics and Spiritual Values event speakers appear in the margins of the same section.]
Values in Agriculture and Energy
(Ethics and Spiritual Values)
R. J. Berry, University College, London

Four interconnected and value-added points emerge from our discussions and reports. First, we all have values, but these may be simply materialism, utilitarianism, or greed. We need to change our emphasis in life from accumulation to appreciation (or love and respect) of oneself, one’s neighbors, and the environment—from quantity to quality of life. Second, our values should be explicit. I value the earth because of faith in a God who made, redeemed, and sustains it; I am a steward. Indeed, espousal of sustainable development means we all are stewards. Our confusions commonly arise from failure to identify the source of our attitudes. Third, quality of life cannot persist in a vacuum. It involves every part of us, both mind and heart. Good decisions involve all relevant data; let us integrate not dissociate our attitudes. Fourth, decisions are best made locally, but within a local, regional, national, and international context. Let us incorporate ethical impact assessments into our development planning.

partners; and that those introducing financial systems to communities should come not as experts but as partners. A proposal was made that the World Bank should establish a President’s Council for Women in a Global Economy to help ensure that women’s interests are represented globally.

We need to find the appropriate intermediaries to ensure that these financing mechanisms and capacity-building efforts can reach the community level. Banks and the financial system at present cannot reach the grassroots directly. Therefore, they must find intermediaries with integrity to bring about the process of collective decisionmaking.

The first forum centered on sharing experiences, especially successful experiences, and discussing what we can learn from them. We have to believe in and trust our successes, and we need to convert successes into everyday practices. The second forum focused on methodologies and tools that can help empower people and release their potential. One of the key issues was underpricing: all agreed that we are not valuing the environment properly. We need to get the prices right, not to generate more revenue or to reduce the deficit, but to change behavior that damages the environment.

The second forum also examined the concept of genuine savings, and ways to separate social capital from other forms of capital. We looked at the possibility of an international round of discussions about how to reduce subsidies damaging to the environment, to change the subsidies to benefit the right people, to correct the economic inequality between developed and developing countries, to make environmental funds more efficient, and to include the environment in every decision about financial projects.

The most important topic discussed in the second forum was how to find triggering factors for financing communities. In India land is a triggering factor, from which people move toward more sophisticated methods of financing. We discussed the point that communities sometimes do not need capital from outside, because they can generate their own capital. They often need capacity building, however.

In our third forum we concluded that certain criteria and principles can help ensure sustainable community development:

- **Leadership through trust and integrity.**
- **Needs and concerns that are relevant and defined by community members.**
- **Availability of resources.** A good leader, clear priorities, and a strong system of participatory approaches can promote the flow of resources, either top-down from the financial institutions to the community or from the bottom up.
- **Optimal management.** We need to link needs and delivery systems to products, and we need to find ways to work within the constraints of bureaucracies with twelve-month cycles.

This forum focused on local authorities, networks, dialogue, and synergy between the public sector, the private sector, and the civil society. It was a plenary about people and about finding ways to forge new alliances, construct a new consensus at the end of this millennium, prepare flexible approaches for new paradigms, and foster understanding of the truth that the basic unit of the social fabric is the community. The community must become the main focus of development. The financial system and...
its institutions must be reoriented and redirected—indeed, reinvented—to put investment at the service of communities.

**Participatory Decisionmaking**

**(Innovative Financing)**

*Julia Carabias, Ministry of Environment, Natural Resources, and Fisheries, Mexico*

One of the many new phenomena we face in modern society is participation. The civil society is increasing its demands and seeking opportunities to participate in public decisionmaking. We also see institutions increasing their openness to participation to benefit society.

In our working group on participatory decisionmaking, we agreed that participation is necessary to formulate strategies to clear up controversies, advise on specific topics, implement projects, evaluate policies, and actively take part in enforcement. When civil society participation is included in decisionmaking processes, policies become transparent and gain broad support. If civil society is given co-responsibility, public priorities and perceptions can be included in decisionmaking. People take part in solving their own problems, which is the best way to solve them. Negotiations have room to include diverse experiences.

We must understand that participation is a right that allows all members of civil society to contribute to development, and is an obligation of public institutions. Participation is necessary as well as worthwhile. However, we recognize that the diverse spectrum of different organizations that exists in our countries includes varied sectors, regions, interests, and ideologies. These groups are also widely dispersed, making it difficult to construct bridges between public institutions, governmental or official institutions, and society. There is no single model for building these kinds of bridges and structures of participation.

We submit the following recommendations for national and international financial institutions. First, where mechanisms to support participatory decisionmaking do not exist, financial institutions should promote their development, recognizing three elements: that there is no single universally applicable model for participatory decisionmaking and implementation; that actors in participation processes include nongovernmental organizations as well as women, resource users, academics, and producers, among others; and that the role of the World Bank and similar institutions should be as facilitators of participatory processes rather than as designers of blueprints and management processes.

Second, where participatory decisionmaking processes do exist, they should be supported and consulted by national and international financial institutions.

Third, financial institutions should invest in the development of institutional capacity, another prerequisite for effective participatory decisionmaking, including education and information, the implementation, research, and exchange of best practices; and the development of modes of co-responsibility and rules of conduct.

**Reinventing Aid and Cooperation**

**(Innovative Financing)**

*Richard Sandbrook, International Institute for Environment and Development*

The participants in our working group based our discussions on the powerful shift in the World Bank's approach to valuing social and human capital along with economic capital. We were most concerned about moving from the theo-

**Values in Infrastructure and Urban Development**

**(Ethics and Spiritual Values)**

*Norman Rice, City of Seattle, United States*

[We discussed] the relationship between urban infrastructure and spiritual values. The spiritual dimension [was discussed] in terms of our interest and ability to envision our next cities, engaging faith in the wisdom of people, the vital importance of marrying spiritual values that humanize the world with the political will to make the necessary changes, and the realization that we are not alone in life. How do we articulate and take that sense of who we are, bring it to people, and let them know that their dreams can come true and that those values are shared and believed? We may not be able to [carry out] all the infrastructure plans we need, but to build a trust relationship with the community, make sure that people see the fruits of their labor early. If we all plan for freedom, everybody will have value and purpose.
retical to the practical and the problems that emerge as we move from rhetoric to practice. To improve the efficiency and effectiveness of existing aid flows, finance ministers and financial institutions should realize that this approach has shifted and then build on the shift that occurred in civil society after the Rio conference.

A whole set of new institutional structures has been created: local versions of Agenda 21, roundtables, and coalitions of different sectoral groups that can assist and act as partners in the development assistance framework if they are given the chance. The first recommendation is to review new institutional structures that have been created and build on them.

The second recommendation is that the institutions who hand out development assistance around the world should do far more to reflect internally on success and failure in their own portfolios with respect to community-based development. There is a wealth of experience, ranging from United Nations Development Programme networks such as Africa 2000 to small grant programs. Many initiatives are aimed at community-level intervention.

Community-level interventions are extremely difficult, in large part because they are participatory and therefore take time to design, and they are difficult for aid administrators to cope with. We therefore suggest that the World Bank should take the lead in convening a review of experiences across the multilateral and bilateral funding process to capture lessons and develop guidelines for future activities.

Our third recommendation is based on the tragic irony that just when the old development paradigm is being replaced by a fresh approach to community-based

development, the nature of aid is under threat from mean-minded finance ministries and governments. It is time for financial ministers and governments to understand that there is a land of opportunity out there. We have to redefine development assistance and global equity in terms of social capital, opportunities for the poor, peace, security, and the environment.

Finally, there are two sides to the equation. All governments should do much to augment domestic savings by tearing down the many socially and environmentally perverse subsidies that exist. So much money and wealth could be released if we remove the wrong incentives. Although meeting all of these recommendations is a tall order, we all have a duty to hope.

**Institutional Arrangements: Local and Global Requirements (Innovative Financing)**

**Kathryn Fuller, World Wildlife Fund**

At the global level we concluded that governments should build on some of the successful debt swap initiatives that have created funds for locally managed environmentally sustainable projects, for example, a multilateral debt relief facility. They should look for ways to provide more credit for community-based conservation and environmental management projects. And they should consider creating a facility that could guarantee investments in what might otherwise be considered risky environmentally sustainable development activities.

At country and regional levels we urge governments to support the establishment of intermediary institutions that would have local participation in setting priorities and in governance, be transparent, and have the capacity for sound...
financial management. Successful examples on which to build include the Philippine Foundation for the Environment and EcoFundo in Colombia.

At the local level we recommend that governments build capacity of local government so that they can attract private-sector investment in environmentally sustainable development. This is harder to achieve in some parts of the world than others, but there needs to be a way to marry the ability of local governments with private sector funds.

Finally, we urge that there be an examination of policy and regulatory impediments at local, national, and international levels that prevent these investments from moving forward; for example, funding restrictions on entities that are not purely governmental, or limitations that prevent multilateral or bilateral institutions from providing funds in manageable amounts at the local level.

The Panel Responds

Keith Bezanson, International Development Research Center

We have heard eight presentations from an enormously ambitious agenda. It has involved a rich menu of issues and challenges, and has explored some of the frontiers and issues that are not normally discussed in international institutional forums. The point is to learn from that richness and that ambition.

Some two years ago the International Development Research Center launched an effort to open a dialogue on issues of culture, values, and spirituality. We listened to the views of over 188 distinguished thinkers on issues of spirituality and values worldwide and now present them in a document entitled, *Culture, Spirituality and Economic Development: Opening a Dialogue*, which is available for your review.7

Bisi Ogunleye, Country Women’s Association of Nigeria and Network of African Rural Women’s Association

It is as if we all agree that we are at the crossroads. The challenge before us is to do something different, starting with the World Bank and including all of us who came here. We should, first, take ourselves seriously. We should take what we have said and heard here seriously—and act on it.

There are people who have faith and trust in the destiny of the poor and have been working with them. If we jump in without having the strength of the poor, and without having faith in the people themselves—if we don’t develop that and have enough courage to have faith in the people—we will not achieve anything. Let us confess to ourselves that there is no way we can empower anybody unless we share the power we ourselves have.

There is no way we can empower anybody unless we share the power we ourselves have —Keith Bezanson

Oren Lyons, Onondaga Nation

Martin Luther King said that to have a revolution, we must first have a revolution of values. What we have been talking about are values. The major concern I have is with the two major economies of the world today: the sale of arms and the sale of drugs. The sale of arms is “legitimate,” and I use that in quotes. The sale of drugs is a source of capital that is disappearing into a black hole. It is insidious and has organized itself to the grassroots level of having seven-year old children in schoolyards working for them. We have to discuss the youth of this world and their disenfranchisement, their wants, their needs, and their future.
Indigenous peoples believe implicitly that the final authority on all that we do here are natural laws. The finite resources that we challenge all the time with our idea of progress and of production and the whole idea of sustainability have to revolve around the reality that nothing is sustainable unless we work within the reality of the source from whence it comes, which is the Earth itself. I would urge you to consider this as you make your decisions.

_Thomas Berry, Historian of Cultures_

I would like to bring to mind the question of rights. Ethics has to do with rights and obligations. Every being has rights—rights to be and to fulfill its role in the great community of existence. These rights indicate a moral and ethical obligation for humans to respect them. When we want to build dams, for instance, we should ask if we have a right to do that on the terms of the natural world. A river has a right to flow, a right to its flood plain. Soil has a right not to be abused with chemicals that destroy its organic functioning. The ethical does not simply apply to human beings but to the total community of existence. The integral economic community includes not only its human components but also its natural components. To assist the human by deteriorating the natural cannot lead to a sustainable community. The only sustainable community is one that fits the human economy into the ever-renewing economy of the planet. The human system in its every aspect is a subsystem of the Earth’s system, whether we are speaking of economics or physical well-being or rules of law. In no instance can the subsystem flourish by devastating the base system.

_Amile van Lennep, Ministry of Finance, The Netherlands_

Alicia Bárcena and Willis Harman both emphasized that sustainable development requires a dramatic change in patterns of consumption and modes of production. From the spiritual side this requires changes in values. But this change of behavior also requires policy measures. That is where the task lies—to use economic instruments to help to fundamentally change this pattern of production and consumption.

So from both the values and the economics side, sustainable development has to be promoted and will be promoted. Is it possible, is it compatible, to aim at economic growth, employment, and the environment? Yes, it is possible, just as it has been possible to aim at economic growth, employment, and social security. We have to and will be able to combine in our economic policies economic growth and employment as well as social security, equity, and the environment. We need finance ministers to green their policies much more actively; it is a matter not only of money but also of cooperation in helping to change behavior.

_Henrique Cavalcanti, United Nations Commission on Sustainable Development_

There are two key messages that I believe could be addressed, each to a different audience. The first is a message of reason to present-day decisionmakers, inspired by ethical principles but firmly based on the idea of attaching value to the gifts of Creation. The second is a message of hope to those who have not yet benefited either spiritually or materially from economic development.
but may aspire to better access to equal opportunity through participation, education, and information.

Some of these thoughts are as old as history. They were spelled out in the Declaration of Human Rights of 1948. It is our duty to see them applied in everyday life at the local, national, and international levels.

Kamla Chowdhry, Center for Science and the Environment

Gorel Thurdin of the Swedish Parliament said moving toward sustainable development requires courage. We should ask ourselves, “Can cowards be moral?” I don’t think cowards can be moral, and if you want to have sustainable development, you need fearlessness. I hope that the fearlessness that many have exhibited here will spread like the ripples in a lake. It must start from the self and go outwards; it cannot come from outside.

Gandhi said that you must reduce yourself to zero before you become fearless, and then you can achieve things. To reduce ourselves to zero and have the humility inherent in certain kinds of values are important. These values are part of certain religions and cultural traditions and are important for sustainable development.

While intellectual understanding is important, the important issue is achieving sustainable development is how to proceed to accomplish political action successfully. People asked Gandhi whether he was a politician or a spiritual leader, and he said, “I am a politician desperately trying to be a saint.” I think it is important to realize that we cannot divide our lives and action into separate compartments. The spiritual and political manifest themselves in everyday life. It is not possible to keep them separate.

If you want sustainable development, you need fearlessness

—Kamla Chowdhry
CLOSING REMARKS

Servicing Core Values
John A. Hoyt, Center for Respect of Life and Environment and The Humane Society of the United States

As we struggle to find solutions to problems, let us not lose sight of the personal and the interpersonal.
—John A. Hoyt

In addition to the fact that this conference has taken place I have been most impressed with the quality of people who are gathered here, and the leadership from around the world who have participated in this event. I recommend that the World Bank draw on the talent here and beyond to create a Vice President’s Council on Ethical Sustainable Development.

Last summer we celebrated the silver anniversary of having placed a human being on the moon. We made so very little of it at the time, an event of extraordinary historical significance and unparalleled scientific achievement. Writing about this event, columnist Ellen Goodman observed:

In retrospect, the landing on the moon doesn’t seem like the beginning of a new age. It seems like the end of an era—at least in our relationship with nature. By 1969, we had completed the centuries-long transition from a species in awe of nature to a species that believed in the conquest of nature—even space. . . .

It turns out that we were better conquerors than stewards. We tried to take the awe out of nature, to make the world we lived in safe and settled. But we ended up endangering species, including our own. . . . By sheer numbers, we’ve tilled, built, and devastated what was wild. . . . In great and small ways, we are struggling to understand our tenuous place within the world. Not just over it. 8

That understanding, I suggest, is probably the key to our participation in the world’s sustainability. Human beings are not just creatures on the face of the earth but integral parts of it. We are neither above it nor below it, but within its very core, at the intersection of every pathway that encounters other life, coincident with the very spirit of life that gives meaning and purpose to conscious existence.

What we have attempted to achieve in this conference is the essence of this kind of philosophical and spiritual awakening. Although we may yet be a long way from achieving an ideological breakthrough, our success is dependent upon all of our believing in the possibility of not only sustaining but enhancing the world order on which so much depends.

As we struggle to find solutions to problems, as we have been in the last two days, let us not lose sight of the personal and the interpersonal. In our bonding with one another across gender and generations, across creeds and cultures, across races and religions, and even across species, we can learn and share in each others’ hopes, dreams, wants, and needs.

Valuing Innovative Financing
Ismael Serageldin, World Bank

The presentations we have heard have been insightful, constructive, and thought-provoking. They engage our imaginations and our dreams, and they are truly built on values and concepts of universal appeal that transcend the specificities of any single tradition.
These testimonies should draw and retain our attention and our thoughts not just today, but in the days ahead. I have heard more than once that we need to challenge conventional wisdom. I believe there is no wisdom in the conventional, just as common sense is the least common of all the virtues.

I would like to reflect on the meaning of wisdom. When data are organized, they become information, and if one finds linkages, then information becomes knowledge. When you add insight, perhaps it can become wisdom. There is nothing conventional in that. Mortimer Adler, one of the foremost philosophers living today, asked why we find wisdom so rarely and why we link it with age rather than with youth. He concluded that it was because wisdom includes not only insight and brilliance, but also the ability to listen, to learn, to enrich oneself from diverse experiences, and to have the true respect for contrary views that is essential to listening.

Adler also asked a separate question that had troubled him in his youth—why all the moral values and traditions seemed to be variants on the phrase that fear of the Lord is the beginning of wisdom. He said that in the arrogance of youth he had thought that fear of the Lord could not be the beginning of any kind of wisdom, but with advancing age he concluded that there is indeed profound wisdom in it.

What this boils down to is relevant to the discussions we have had, precisely because the idea of fear of the Lord is one of focusing people on the non-immediate consequences of their actions. It is the idea of disengaging from the immediate and looking beyond. Indeed, when one thinks in terms not of one's immediate gratification and of the short term, but of what is beyond oneself and of the long term, this is the beginning of wisdom.

In this spirit these two days have done much to carry us forward in thinking about the long term. I would characterize the ethics group as having had a greater focus on moral purpose and the Earth Council group as having had a greater focus on outreach. But there was much overlap and connection between the two groups. We were talking about sustainable development as a process that is inclusionary and participatory, that is human-centered and gender-conscious, and that sees progress as the empowerment of the poor, the weak, and the marginalized to become the producers of their own bounty and welfare, not the beneficiaries of aid or the recipients of charity.

This concept is based on perceptions of human dignity. The poor are those to whom we should look and say, “There, but for the grace of God, go I.” The rights of future generations have to be recognized. We have to look with moral outrage on the inequity that exists in this world, on the misery that continues to plague a large part of humanity.

It is morally abhorrent that in today's world 700 million people go hungry every day. In the last century the abolitionists looked at the institution of slavery and said it was morally repugnant and degraded the free who tolerated it as much as the slave. It was not a matter of incremental change; it was a practice that had to be abolished.

Around the world in developing countries and in some segments of rich countries we find that the most basic of human rights—access to food—is absent. This is also morally repugnant, and all of us must become the new abolitionists.

The tragedy of the commons, participation, peace—all these have moral...
underpinnings. They are not value-neutral. No technical solution is value-neutral. We are all motivated by moral values, and in this sense the outreach to create partnerships among us is a matter of shared values and common purpose, of building trust. We need to have faith in one another, in our motivations, and in our willingness to learn not just to get the prices right, but to get the roles right—the roles of national governments and the private sector.

While it is true that the private sector is the engine of growth, we also need to temper the ruthless allocative efficiency of the market with a nurturing and caring state. We need to find a balance between national and local government. We need to balance the role of nongovernmental organizations, community-based organizations, and international organizations so that the whole is more than the sum of the parts.

The kind of dialogue that we have launched here has opened windows onto different worlds for each of us. In this process we have also held up mirrors in which we can look at ourselves. This combination of mirrors and windows defines the boundaries in the mind where “us” ends and “them” begins. To the extent that this dialogue has expanded these boundaries, we have made a step forward in asserting the common humanity that is necessary to be part of the universal ideal.

I thank you for having come to share your wisdom with us. I assure you that we have opened our hearts and stretched out our hands, and we will be with you not just in the days ahead, but in the weeks, the months, and the years as we move toward a better world. ■
Notes


5. See Monitoring Environmental Progress and "Sustainability and the Wealth of Nations."


APPENDIX A

Program

Servicing Innovative Financing of Environmentally Sustainable Development

An Associated Event
of the Third Annual World Bank Conference on Environmentally Sustainable Development
co-sponsored by the Earth Council and the World Bank
and held at the World Bank
Washington, D.C.
October 2–3, 1995

OPENING JOINT PLenary with the Associated Event on Ethics and Spiritual Values for Environmentally Sustainable Development

Evocation
Cha-das-ska-dum Which-ta-lum, Lummi Nation, United States

Introductions
Joan Martin-Brown, Advisor to the Vice President, Environmentally Sustainable Development, World Bank

Ismail Serageldin, Vice President, Environmentally Sustainable Development, World Bank

Keynote Speakers:
James D. Wolfensohn, President, World Bank

Maurice F. Strong, Chair, Earth Council, Costa Rica

John A. Hoyt, President, Center for Respect of Life and Environment, and Chief Executive Officer, The Humane Society of the United States

Ismail Serageldin

FORUM 1 Identifying Successful Experiences and New Users

Chair: Maurice F. Strong

An Overview
Muhammad Yunus, Managing Director, Grameen Bank, Bangladesh

Venture Capital Funds to Service Communities
Roberto Mizrahi, President, South-North Development Initiative Group, United States
Reaching the Poor
Maximo Kalaw, Chair, Green Forum, the Philippines

Investing in Rural Capacity
Alexander McCalla, Director, Agriculture and Natural Resources Department, World Bank

Alternative Investment for Women
Michaela Walsh, President, Women's Asset Management, United States

Community Financing
Subba Loganathan, Executive Director, Association for Sarva Seva Farms, India

Open Dialogue

Chair: Andrew Steer, Director, Environment Department, World Bank

An Overview
Emile van Lennep, Minister of State, Ministry of Finance, The Netherlands

Sustainability and the Wealth of Nations
Ismail Serageldin

Innovative Economic and Fiscal Instruments
Theodore Panayotou, Director, International Environment Program, Harvard Institute for International Development, United States

Commentary:
David W. Pearce, Director, CSERGE, University College, London, United Kingdom

Open Dialogue

Working Groups
Chair: Alicia Bárcena, Executive Director, Earth Council, Costa Rica

Working Group 1 Reinventing Aid and Cooperation
Coordinator:
Richard Sandbrook, Executive Director, International Institute for Environment and Development, United Kingdom
Rapporteur:
Uma Lele, Advisor to the Director, Agricultural Research Group, Environmentally Sustainable Development, World Bank

Working Group 2 Institutional Arrangements: Local and Global Requirements

Coordinator:
Kathryn Fuller, President, World Wildlife Fund, United States

Rapporteur:
Manuel Rodriguez-Becerra, Former Minister of Environment, Colombia

Working Group 3 Participatory Decisionmaking

Coordinator:
Julia Carabias, Minister of Environment, Natural Resources, and Fisheries, Mexico

Rapporteur:
Jane Pratt, President and Chief Executive Officer, The Mountain Institute, United States

Forum 3 Effective Financing Delivery Systems: Connecting People to Environmentally Sustainable Development

Chair: Ellen Johnson-Sirleaf, Assistant Administrator and Director, Regional Bureau for Africa, United Nations Development Programme, New York

An Overview
Saad Eddin Ibrahim, Chair, Ibn Khaldoun Center for Development Studies, Egypt

Local Capacities
Jeb Brugmann, Secretary General, International Council for Local Environmental Initiatives, Canada

Network Capacities
Michael McCoy, Chair, International Relations, Citizens' Network for Sustainable Development, United States

A View from the Rural Areas
Andres Yurjovic, Executive Secretary, Latin American Consortium on Agriculture and Development, Chile
Partnerships for Development
Gloria J. Davis, Division Chief, Social Policy and Resettlement, World Bank

Commentary:
William Reuben, Executive President, Fondo Latinoamericano de Desarrollo, Costa Rica

Open Dialogue

Closing Joint Plenary with the Associated Event on Ethics and Spiritual Values for Environmentally Sustainable Development

Introduction
John McDonald, Chair, Institute for Multi-Track Diplomacy, United States

Keynote Speaker:
Timothy E. Wirth, Under-Secretary of State for Global Affairs, United States Department of State

Commentary:
Gorel Thurdin, Deputy Speaker, Parliament of Sweden

Presentation Assembly Perspectives for the Common Good

Chair: Keith Bezanson, President, International Development Research Center, Canada

Panel:
Bisi Ogunleye, National Coordinator and Executive Director, Country Women's Association of Nigeria, and President, Network of African Rural Women's Association
Oren Lyons, Chief, Onondaga Nation, United States
Thomas Berry, Historian of Cultures, United States
Emile van Lennep
Henrique Cavalcanti, Chair, United Nations Commission on Sustainable Development, United States
Kamla Chowdhry, Chair, Centre for Science and the Environment, India

Three Forums' Findings (Innovative Financing)
Alicia Bárcena

Values in Business and Finance (Ethics and Spiritual Values)
Muhammad Yunus

Participatory Decisionmaking (Innovative Financing)
Julia Carabias
Values in Agriculture and Energy (Ethics and Spiritual Values)
R. J. Berry, University College, London, United Kingdom

Reinventing Aid and Cooperation (Innovative Financing)
Richard Sandbrook

Values in Infrastructure and Urban Development (Ethics and Spiritual Values)
Norman Rice, Mayor of Seattle, United States

Institutional Arrangements: Local and Global Requirements (Innovative Financing)
Kathryn Fuller

Converging Perspectives (Ethics and Spiritual Values)
Willis Harman, President, Institute of Noetic Sciences, United States

Closing Remarks

Servicing Core Values
John A. Hoyt

Valuing Innovative Financing
Ismail Serageldin
Appendix B

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8. Enabling Sustainable Community Development
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2. Making Development Sustainable: From Concepts to Action
4. The World Bank's Strategy for Reducing Poverty and Hunger: A Report to the Development Community
5. Sustainability and the Wealth of Nations: First Steps in an Ongoing Journey (Forthcoming)
6. Social Organization and Development Anthropology: The 1995 Malinowski Award Lecture
7. Confronting Crisis: A Summary of Household Responses to Poverty and Vulnerability in Four Poor Urban Communities (Also in Spanish, forthcoming in French)

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