Bridges to Sustainability:
Business and Government Working
Together for a Better Environment

A Contribution of the Yale / Program on Public-Private Partnerships

Joseph A. Miller and Jane Coppock, Bulletin Series Editors
Luis Gomez-Echeverri, Volume Editor
Contents

ACKNOWLEDGMENTS 4

SECTION I: TO WHAT EXTENT HAVE THE GOALS OF THE EARTH SUMMIT ON THE ROLE OF THE PRIVATE SECTOR BEEN MET? 5

Moving Toward Sustainable Development: The Private Sector’s Crucial Role
Maurice F. Strong 6

SECTION II: HOW CAN THE PRIVATE SECTOR BE ENCOURAGED TO PLAY A GREATER SUPPORTING ROLE IN SUSTAINABLE DEVELOPMENT? 17

Private Capital Flows: New and Additional Resources for Sustainable Development
Bradford S. Gentry and Daniel C. Esty 18

The Role of the Private Sector in Sustainable Infrastructure Development
Theodore Panayotou 46

Incentives for Private Sector Financing of Sustainable Development
David Pearce 70

Steering Business Toward Sustainability: New Strategic Choices Through the Zero Emissions Approach to Biomass Production
Gunter Pauli 84

SECTION III: WHAT ROLE CAN CAPITAL MARKETS AND FINANCIAL INSTITUTIONS PLAY? 104

Eco-efficiency and the Financial Markets
Stephan Schmidheiny and Federico J. L. Zorraquin 105

Sustainable Development and the Private Sector: A Financial Institution Perspective
L. Enrique Garcia 130

SECTION IV: THE EMERGING RECORD: SUCCESS STORIES OF PRIVATE SECTOR LEADERSHIP AND ACTION 142

Business Progress Toward Sustainable Development
Stephan Schmidheiny, Rodney Chase, and Livio De Simone 143

Engaging the Private Sector Through Public-Private Partnerships
The Honourable J. Hugh Faulkner 157

SECTION V: A CAUTIONARY NOTE 173

The Private Sector as a Panacea and Other Myths
Luis Gomez-Echeverri 174
Acknowledgments

I am grateful to many people who have been essential to the creation of this book.

My great thanks to Mr. Maurice Strong whose introductory chapter inspired the rest of us to be a bit more critical, while at the same time, more optimistic about the potential role of the private sector and of the important role of government and the UN. Mr. Michael Gucovsky, Special Advisor to the Administrator of UNDP, provided wise and substantive support about the subjects and the important authors who contributed to this volume. His constant advice to those of us working on environmental issues at UNDP and his commitment to the environment are not only a source of inspiration to many of us working in UNDP, but also a model for emulation.

UNDP’s partner in the Program on Public-Private Partnerships is the Yale School of Forestry and Environmental Studies. The School has a long history of engaging the private sector in questions of environmental management. In the 1950s and 60s, it brought company managers to campus to join faculty in an ongoing seminar on Industrial Forestry. Since the 1970s Conoco Corporation has supported Yale’s Seminar on Society and Natural Resources, led by Professors William R. Burch, Jr., and Joseph A. Miller of the School of Forestry and Environmental Studies. The seminar has focused on the relationship between social systems and natural systems, and on the question of what kinds of individual-social value systems and institutions must be in place to achieve sustainability.

The 1990s have seen an explosion of programs at the School focusing on the role of the private sector in environmental management. The Industrial Environmental Management Program, the Corporate Environmental Leadership Seminar for senior managers from industry and government, the Program on Solid Waste Policy, the Journal of Industrial Ecology and the Yale Center for Environmental Law and Policy are all actively engaged in work with the private sector. The Yale/UNDP Program on Public-Private Partnerships builds on this strong foundation.

Outgoing Dean Jared Cohon has given his strong support and advice to the formative stages of the Partnership, as has Professor John Gordon, acting Dean and director of the Steering Committee and Board of the Yale/UNDP Program on Public-Private Partnerships.

Thanks to the editors of the Bulletin Series, Professor Joseph A. Miller and Assistant Dean Jane Coppock, for their enduring and hands-on support for this Bulletin. Their leadership and intellectual support have turned this and other volumes in the newly revitalized Bulletin Series into an exciting and important contribution to writing on the environment.

My most important acknowledgments go to Kathleen Schomaker, production manager and copy editor of this volume, without whose work this Bulletin would never have been possible. It is seeing the light of day thanks to her efficiency, management skills, and good cheer. Thanks also to Russell Shaddox and the production staff at RIS for their perseverance and fine spirit. Kate McManus, John Kohl, John Barcroft, and Simone Mangal, students at the Yale School of Forestry and Environmental Studies, provided project-saving assistance at critical junctures. Lastly, I would like to thank my wife Karin for her patience and wonderful support.

Luis Gomez-Echeverri
Volume Editor