FAITH IN FINANCE

Faith-Consistent Investing and
the Sustainable Development Goals

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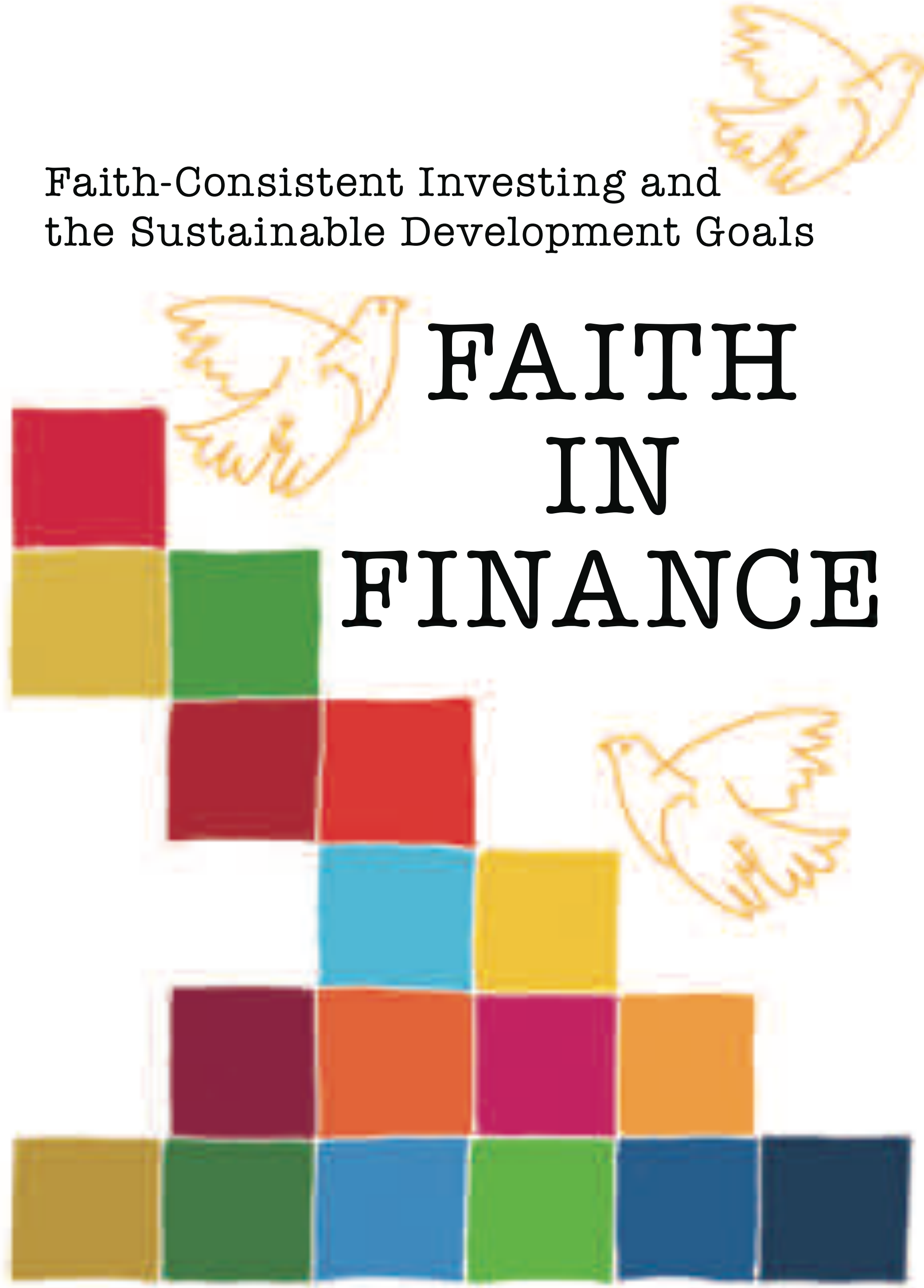

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Executive summary

The major institutional faiths[1] are amongst the largest investors in the world. In recent years this investing power has been used in a number of ways, including disinvestment, pro-active ethical investment and impact investing. This quest for a clear coordination between faith beliefs and values and investment policy is increasingly known as Faith-Consistent Investing (FCI).

In 2015 the UN launched the Sustainable Development Goals (SDGs). While the Millennium Development Goals (MDGs) – launched in 2000 for 15 years – focused on developing countries, the SDGs are a vision of sustainable development for the whole world. As such they envisage a massive input of finance going beyond the normal aid channels and funds. Hence the interest in investments as a motor for change. In this context the potential of the faiths is significant – the reason for this paper.

Finance is only a part of the contribution faiths are already making based on their beliefs and values. The reason that faith can be so powerful – for good and sometimes for bad – is its personal and community transformative power – which money can sometimes, but not always, assist. To understand this, we explore core beliefs and values.

A common mistake made by those with little experience of the sheer diversity of faiths is to assume that in some rather vague way they are really all the same, and that they believe in the same things. This is not so and no programme of working with the faiths will work unless the particularities of each tradition – not just each faith but each tradition within the faith – is understood. For example, within Christianity there are traditions which for specific religious reasons do not invest in alcohol, gambling, tobacco or armaments. Other Christian traditions have no particular problem with some of these.

[1] In this paper 'the faiths' is shorthand for the dozens, or sometimes hundreds of traditions within major classifications such as Christianity, Hinduism etc. These traditions can differ widely from each other and the paper explores how these differences – as well as common areas of interest and concern such as education – shape the way the faith traditions respond to contemporary investment and sustainable development issues.

The SDGs can benefit from faith involvement. The goals will never be the actual underlying reason why the faiths engage with issues such as gender, primary education, health, welfare, climate change etc. Those reasons lie within the teachings, beliefs, values and traditions of the faiths, as they have done for many generations. However, the SDGs are a reminder of what is important in this world today for this generation, and by providing a structure and a frame, they will in some cases cause faiths to think differently and invest in different ways. The reason they will do so will be based on a mixture of reasons that might be practical and spiritual, economic and compassionate, systemic and in some cases experimental.

The aim of this paper is to stimulate, encourage and support discussion and debate about faith consistent investing and its potential role as part of the investment quest to support sustainable development. It is hoped that the paper will enable faith groups as well as secular groups to explore potential partnerships. To further this it is proposed that through an initial meeting a programme of partnership between secular and faith groups could:

- Through this paper create awareness amongst the faiths of the serious potential of FCI in helping sustainable development;
- Choose three areas of focus for preliminary investing;
- Explore the development of a structure/approach to investing in these priorities – such as faiths creating investment guidelines;
- Indicate the ways in which the official development bodies can assist/advise such investment;
- Discuss how to leverage the ‘committed groups’ into expanding the faith consistent investing community
- Outline next steps and agreed initial targets;
- Encourage a sharing of best practice with other as yet unengaged faith investments groups.

Section Outline

In the following sections are examples of how and why faiths have responded both to the wider ethical investment through FCI and to the specific possibilities and challenges of the SDGs.

- Section 1 introduces the reason for this paper and its context.
- Section 2 looks at a number of examples of faith-consistent investing including the criteria they use.
- Section 3 reviews the context for such investment in terms of the new challenges the SDGs pose to the sustainable development world.
- Section 4 explores the nature of the partnerships that faiths have and have had with international initiatives such as the MDGs and the SDGs.
- Section 5 provides the core beliefs and values which inspire and therefore drive faith decisions including increasingly faith finance decisions.
- Section 6 outlines a possible next step in exploring how the faiths might be partners with the SDG process and beyond.

CHAPTER ONE: Introduction

"I want to live in a world where poverty and inequality doesn't exist in any form, for anybody, anywhere. I want to live in a world that is sustainable and has plenty of resources for generations to come… So, when I am older and I look at the world, I don't want to see children washing up dead on the beach. I don't want to see people taking life-threatening journeys to flee their countries because of the conflicts happening there. I want to look at the world and see people offering help to those in need, without wanting something in return but most of all I want to see a world where people strive to help one another, for their good, the good of the planet and the good of all the generations to come." Bristol teenager, Brandon Kirwan, speaking at the opening of Faith in the Future, Bristol, September 2015

'Without a vision, the people perish'
Proverbs 29: 18

In early September 2015 the United Nations (UN) partnered with the Alliance of Religions and Conservation (ARC) and religious leaders and influencers to host a meeting in Bristol, UK, titled *Faith in the Future*. The aim was to explore issues around faiths and the SDGs. The reflection above was written for, and read during, the opening of this meeting by 15-year-old Brandon Kirwan, a pupil at a Catholic school in Bristol. It reflects Catholic values but is also a young person's sense of being part of a wider movement of compassion, concern and action. It summarises the passions and strengths that faith partners can bring to goals such as the SDGs but is also a reminder that the faiths would be doing much of this even if there were no such goals.

The SDGs can benefit from faith involvement. The goals will never be the actual underlying reason why the faiths engage with issues such as gender, primary education, health, welfare, climate change etc. Those reasons lie within the teachings, beliefs, values and traditions of the faiths, as they have done for many generations. However, the SDGs are a reminder of what is important in this world today for this generation, and by providing a structure and a frame, they will in some cases cause faiths to think differently and invest in different ways. The reason they will do so will be based on a mixture of reasons that might be practical and spiritual, economic and compassionate, systemic and in some cases experimental.

LET MY COUNTRY AWAKE

Where the mind is without fear and the head is held high;
Where knowledge is free;
Where the world has not been broken up into fragments
by narrow domestic walls;
Where words come out of the depth of truth;
Where tireless striving stretches its arms towards perfection;
Where the clear stream of reason has not lost its way
into the dreary desert sand of dead habit;
Where the mind is led forward by three into ever-widening
thought and action;
Into that heaven of freedom, my Father, let my country awake.
— Rabindranath Tagore (1930's)

1.1 A different perspective

To respond to the scale of issues there needs to be a different sort of commitment – and not just a financial one. This need for a different perspective inspired President François Hollande of France to write to the major government leaders attending the Paris Conference of the Parties (COP) in December 2015 with a powerful letter, asking them for just such a new approach:

> *"By their nature, COPs offer an opportunity to meet and talk at the highest level. They also offer an opportunity to undertake decisive steps to tackle climate change; but as we all know that opportunity is beset by challenges. 2015 is a dramatic year for making key choices for Humanity: we need to reinvent how we tackle the major challenges that face us and our planet. This calls for new ways of living and acting.*

Such a call comes from the deep belief that to really make a difference each of us needs to approach these complex challenges from our own individual personal consciences. This calls for real honesty at every level, and it is vital that it starts here, among those deeply involved at the level of leaders of national delegations, NGOs, the scientific community, civil society…

So as you prepare to come to Paris we would like to ask you to think about your personal role, and answer a simple, but profound, question: Why do I care? Your response might be very personal – the influence of a parent, child or grandparent; the influence of culture or personal beliefs; the influence of a transformative experience of the wonder and beauty of nature; a crisis in your life which brought you back to core values.

In our contemporary world it is very rare that we are asked to talk about what lies at the heart of our actions. Instead we hide behind statistics, data, policy statements etc, few of which actually touch other people's hearts and minds."[2]

It is this wider picture, this greater story of <u>why</u> we do things not just <u>how</u> we do them, that brings the role of the faiths in sustainable development and in investment into profile. If it is not just a question of how to fund SDG-related development but why, then the faiths offer a level of partnership almost unique in the financial world because they are able to be held to account on the basis of core teachings and values. This has led many faith investment groups to begin to prioritise some or all of the following areas for investment, following many of the principles of the wider ethical investment movement because they also reflect clear faith-based priorities.

- Alternative energy
- Community development
- Affordable and sustainable housing
- Sustainable forestry (FSC in particular)
- Sustainable agriculture

[2] http://www.arcworld.org/news.asp?pageID=798

- Eco-friendly new technologies
- Micro-finance
- Education
- Entrepreneur training
- Eco-friendly food and drink
- Fair trade
- Water supplies (some feel this should be free. not for private income)
- Gender and diversity
- Electric vehicles
- Public transport networks
- ‘People’s banks’
- Social media
- Conversion of former polluting industries and military production, to sustainable alternatives

It is also the case that faiths like to invest in *“projects or companies that do good rather than adopting ‘best in class’ approaches*[3]*.”*

1.2 Current investment strategies

The major faiths have long had a tradition of what they will not invest in based upon core values. For example, Islam and Daoism traditionally ban usury; the Quakers will not support anything to do with warfare; Jainism has a strict principle of ahimsa or non-violence in everything its followers are engaged in.

Positive screening as a strategy to invest in companies that show evidence of corporate social responsibility is also a tool used by the faiths. Investment decisions based on the environment or employee welfare and rights policy programmes of companies, for example, are used by various Christian investors.[4]

Faiths have also been powerful exercisers of shareholder resolutions on ethical and moral issues. Examples include the anti-apartheid movement in

[3] 3iG report From Stewardship to Power: Religious Organisations and their investment potentials (May 2014)
[4] 3iG. From Faith to Faith-Consistent Investing. Religious institutions and their investment practices (2010)

the 1970s and 1980s where investors including (and often led by) faith bodies publicly removed their investment from banks such as Barclays, which had invested in pro apartheid companies. More recently there has been a Divest Reinvest movement strongly promoted by the faiths, promulgating divesting from companies profiting from carbon fuels and reinvesting in sustainable alternatives.

In 2001 the environmental movement posed the challenging question to faith investment managers: “We know what you are against: what are you for?” This led to a movement aimed at proactive investing with some faith investments being moved for example into sustainable forestry in Southern Africa; sustainable, organic Traditional Chinese Medicine in China; micro-finance in India; supporting alternative energy use and investing in alternative energy through the churches in the USA.

What is known within the faith communities as faith-consistent investing (FCI), (which is the term used in this paper) is also known elsewhere as impact investing, environmental, social and governance (ESG) integration, or socially responsible investing (SRI).

In brief, faith investment strategies which aim for a financial return on investment alongside high positive social return can nowadays be divided into four areas:

- negative screening;
- positive screening;
- impact investing (FCI);
- shareholder engagement;

As institutions the faiths are of course composed not just of the formal doctrinal authorities such as the Vatican, the Sangha in Buddhism or Shari’a Law Courts in Islam. Their creativity lies in countless movements, youth organisations, voluntary bodies, education projects and so forth. The faiths have lasted this long because they actually are capable through their sheer diversity of institutions, organisations and fellowships to continuously reinvent themselves. Focusing only on legal bodies on doctrine will mean missing where the energy and drive within a faith really resides.

1.3 Funding Sustainable Development

Throughout the development and launch of the SDGs, the UN has pointed out that taking them seriously will require a radical rethinking of how sustainable development worldwide can be funded. Aid alone will not be sufficient. New models of financing development have to be explored, and old models of financing development have to be revitalised.

For example, the major early development of the earliest industrialized countries (including the UK, USA, Germany and Japan) was usually financed by private or corporate investors (for example in many countries the railways were private initiatives) rather than through government aid or international aid agencies.

The UN Conference on Trade and Development says the SDGs face an annual funding gap of about $2.5 trillion[5]. In July 2015 delegates from more than 100 countries convened in Addis Ababa, Ethiopia, to agree on a financing framework for the SDGs that emphasised international tax reform and private investment.

As one of the largest sectors of the investment world, the faiths are a natural potential source of such investment. They have been left out of most such discussions until now. For example they were not invited, as a sector, to the Addis meeting.

Give just measure and weight, and do not withhold from people that which is their due; and do not create mischief on the earth after it has been set in order – that will be best for you if you have faith. Surah 7 verse 85 of the Qur'an

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[5] http://unctad.org/en/PublicationsLibrary/wir2014_en.pdf

1.4 A presumptive economic model behind the SDGs: faith concerns

While the faiths are proud of their historic as well as contemporary contribution to human wellbeing and protection of the planet for some of the faiths there is concern about a perceived priority to economics within much of contemporary thought about effective models for sustainable development. This issue is perhaps best expressed as concern that economics will always be the priority consideration and that the model of economics is essentially a consumerist capitalist one.

The perception that such models assume only a capitalist approach will work raises issues of the values and moral purpose of finance which some faiths would question. For example, many faiths see economics as a tool, not a science. This means they can ask, justifiably, what that tool is to be used for. In other words, what is the greater purpose of the use of economic models within a moral and spiritual understanding of human motivation and of our place and role within what some call Nature, others Creation, and others Evolution. (While these terms are not equivalent, they represent important different value perspectives upon the origin, meaning and purpose of the ecology of the planet). Economics also ignores voluntary work, in-kind support and other elements of what many faiths would see as service, compassion or love.

1.5 Pinning down the numbers

Details of the financial aspects of the SDGs come from our UN and OECD colleagues. Figures quoted vary considerably as do expectations of them being fulfilled. For example here are some very different assessments from 2014:

> *The traditional foundation of ODA, estimated at $135 billion a year, provides a fundamental source of financing, especially in the poorest and most fragile countries. But more is needed. Investment needs in infrastructure alone could reach up to $1.5 trillion a year in emerging and developing countries.[6] … Flows for development include philanthropy, remittances, South-South flows and other official*

[6] http://blogs.worldbank.org/voices/node/3346

assistance, and foreign direct investment – together these sources amount to nearly US $1 trillion that needs to be used just as effectively.[7] *The SDGs are ambitious, and substantial additional funding will be needed to achieve them. The SDGs are inter-related, not independent. They cannot be funded as individual goals.*[8]

With respect to social needs, estimates as to the annual cost of eradicating extreme poverty in all countries (measured as increasing the incomes of all people to at least US$1.90 per day) are about US$66 billion annually. Estimates of annual investment requirements in infrastructure in all countries – in water, agriculture, telecommunications, energy, transport, buildings, industrial and forestry sectors – amount to between ***US$5 and 7 trillion****. The unmet need for credit for small and medium sized enterprises in all countries has been estimated at US$3.5 trillion annually (of which US 2.5 trillion corresponds to the developing world). Global Public Goods (GPGs) provision is estimated at several trillion more per year (UN Finance Committee).*[9]

"While estimates vary, analysts say it could cost as much ***as $4.5 trillion per year*** *in state spending, investment, and aid to meet the SDGs. However, a 2014 UN report estimates that infrastructure investments necessary to create jobs and sustain growth alone could reach $7 trillion annually." (Council on Foreign Relations).*[10]

"The SDGs are unfeasibly expensive. Meeting them would cost ***$2 trillion-3 trillion*** *a year of public and private money over 15 years. That is roughly 15 percent of annual global savings, or 4 percent of world GDP. At the moment, Western governments promise to provide 0.7*

[7] http://siteresources.worldbank.org/DEVCOMMINT/Documentation/23659446/DC2015-0002(E)FinancingforDevelopment.pdf
[8] http://siteresources.worldbank.org/DEVCOMMINT/Documentation/23659446/DC2015-0002(E)FinancingforDevelopment.pdf
9 https://sustainabledevelopment.un.org/intergovernmental/financecommittee

[10] http://www.cfr.org/global-governance/sustainable-development-goals/p37051

percent of GDP in aid, and in fact stump up only about a third of that." (The Economist) [11]

"To meet the UN's Sustainable Development Goals for ending extreme global poverty by 2030, it is estimated that governments, businesses, and investors need to kick in $172.5 trillion to build out infrastructure, combat infectious diseases, and stop endemic hunger. And yet total philanthropy and government-assistance remittances flowing from developed to developing countries was $365 billion annually, by the UN's last count." (Barron's)[12]

It is hoped that prior to any meeting with faith investors, a greater sense – and costing – of the funding needs of each SDG will be available from the UN and other related bodies which will enable due diligence to be undertaken by any interested faith investor. It is recognized that this is a difficult task but some greater sense of the scale of the funding for the SDGs will be important.

And it will be important to have the best available data on current faith-based financing for the SDGS, including both Faith Based Organisations (FBOs) and religious bodies at international, national and local level where possible. This will not be easy and the limitations on access to such information from many faith communities has to be acknowledged.

It is also hoped that there will be details of secular investors who have already identified ways in which their portfolios can assist the goals. These can then act as guides for any potential faith consistent investing in support of the SDGs.

1.6 A caution

Recent discussions and papers from the secular side about such an engagement with FCI has raised concerns. The "discovery" of the economic capacities of the major faiths, both in philanthropy and in traditional

[11] http://www.economist.com/news/leaders/21647286-proposed-sustainable-development-goals-would-be-worse-useless-169-commandments
[12] http://www.barrons.com/articles/impact-investing-done-right-1448684226?tesla=y

investment, has led in some quarters of the secular world to considerable excitement. What has sometimes come across to the faiths is a rather patronising attitude that the secular world might know better than the religious communities how they should utilise their funds for the betterment of humanity and the planet. Sometimes it almost sounds as though some secular groups think the faiths should hand over or pool their money to be administered by other groups. This is never going to happen and talk of such an idea will alienate virtually every FCI group.

For example in its March 2015 report *An Act of Faith: Humanitarian Financing and Zakat*[13], Global Humanitarian Assistance suggests "a number of possible barriers that will need to be overcome if Zakat is to fully realise its humanitarian potential… [including] streamlining and formalising how Zakat is collected, by whom, and how it is channelled to the humanitarian response community."

Zakat is a religious duty and is essentially local with its emphasis on dealing with problems and potential in the local area. It is guided by long established traditions of how it is administered which reflect the deep cultural roots of Islam. Therefore such talk as cited above will do nothing to further a sense of potential partnerships. Not least because it is highly likely that the faiths' as investors will be around long after many of the international agencies have become footnotes in history.

1.7 "You must not worry…"

Let not your heart be troubled or afraid
—Gospel of John, New Testament

The faiths, at their best, have a natural inclination to work to make the world a better place. While finance is obviously part of this, increasingly the faiths are exploring what their use of finances says about their own goals. The primary reason faiths will invest in sustainable development is because of what they believe. What is helpful is when international documents such as

[13] http://www.globalhumanitarianassistance.org/report/humanitarian-financing-and-zakat

those from the UN and World Bank echo/enhance these concerns so that the faiths can feel part of it. Two reasons faith can be so powerful – for good and sometimes for bad – are its impact at the personal as well as its ability to transform communities. For both of which money can sometimes, but not always, assist.

And sometimes, followers of faiths believe, that while they have to make choices and take action, the result is in the hands of some other authority altogether. As Mahatma Gandhi said, speaking from a Vedic[14] (Hindu) perspective:

> *"...You must not worry about whether the desired result follows from your action or not, so long as your motive is pure, your means correct. Really, it means that things will come right in the end if you take care of means and leave the rest to Him."*

[14] Meaning 'belonging to the Veda', a vast body of Ancient Indian texts concerned with 'Knowledge' that transcends the ordinary human experience.

CHAPTER TWO: Faiths, Finance and Values

How do the faiths manage their investments? Are they really different from other secular or even perhaps philanthropic investment boards? How significant are they in the overall capital market and what successes have there been in encouraging the development of a more pro-active 'faith-consistent investing' programme for the major faith investment groups?

The emergence of interest in the role of civil society and in particular of the faiths in recent years has led to interest in their finances. This is still an area where information is hard to obtain except for the faith organisations primarily based in Europe or North America where legislation has made it mandatory for financial details to be made public. However, ARC has initiated, together with the founding members of the International Interfaith Investment Group (3iG), a movement promoting faith consistent investing (FCI) and supporting faith groups with guidelines, tools and research. The following comes through our experience and that of others such as the Interfaith Center for Corporate Responsibility in New York.

2.1 Available research on Faith-consistent investing

It would appear that the first external survey of the level and nature of faith finances world-wide was done by Citigroup in partnership with ARC in 2002 following a request in 2000 from the faiths that such a survey be undertaken. This arose from the meeting of major faiths, environmental organisations and the World Bank in Kathmandu, Nepal. In this survey (CITIGROUP June 19 2002, *The Market Impact of "Faith-Consistent" Investing*, Michael Even, Chief Finance Advisor) it was estimated that between 10 and 15 percent of the US stock market (between 2.5 percent and 7.5 percent of the world markets) was owned by faiths.

In 2010, a survey by 3iG was undertaken in direct response to the low response rate of its first survey (796 people contacted, 24 people responded). The second survey enlisted several Religious Investor Groups, and was based upon existent 3iG relations. The Religious Investor Groups used their members and networks to spread the survey, and this second approach yielded a 21 percent response rate. Of these an overwhelming 90 percent were Christian. It is challenging to draw any comparisons between faith groups from these results. However, the overall message from the second survey was clear. These faith groups try to invest in financial markets in ways that are consistent with their beliefs and values. However in practice this can be difficult as they are often dependent upon advice from secular financial institutions.

Another study by 3iG followed in 2012[15] whereby seven cases of shareholder engagement by a Quaker UK trust (with assets under management of £150-200 million), a Catholic USA-missionary group (US$450 million) Church of England (£8 billion) highlighted the potentials and challenges of engaging with companies in order to change their behaviours. The most recent 3iG research, *From Stewardship to Power*, 2014[16], indicates the power the faiths wield and the opportunities they can take to further their mission through means of their investments.

Faith finances are usually administered by a board which functions within the governance structure of the faith. In the case of most Christian, Jewish and Muslim organisations, information about their finances are publicly available. However this is for the major funds and does not always include the composition of the portfolio of investments. Smaller, parochial or foundation funds held on behalf of a faith may not be so readily available at all. In the case of major temples, gurdwaras and shrines and mosques, it is very rare that their financial details are publically available. It is impossible to estimate the total wealth of faith investments, and the figures quoted by the Citigroup survey are "guestimates".

The faith beliefs and values context of each tradition's priority in terms of faith consistent investing is set out in Chapter Five. A common mistake made by those with little experience of the sheer diversity of faiths is to assume that in some rather vague way they are really all the same and believe in the same things. This is not so and no programme of working with the faiths will

[15] 3iG, Believers in the Boardroom. Religious Organisations and their Shareholder Investment Practices (2012).
[16] 3iG, From Stewardship to Power. Religious Organisations and their Investment Potentials (2014).

work unless the particularities of each tradition – not just each faith but each tradition within the faith – is understood. For example, within Christianity there are traditions which for religious reasons do not invest in alcohol, gambling, tobacco or armaments. Other Christian traditions have no particular problem with some of these.

In the end, as far as most finance boards of the major faiths are concerned, the finances are there to ensure the continuity of the mission and service of the faith tradition. Anything more than that is seen as a bonus.

> *"What is good has been explained to you. This is what The Lord asks of you: only this, to act justly, to love tenderly and walk humbly with your God." (Tanaka Bible, Micah Chapter 6 verse 8)*

CASE STUDY: OIKOCREDIT International work[17]

An international network of religiously inspired private investors in sustainable business models around the world especially in the global south, Oikocredit focuses its bottom line on people, profit and planet. Its slogan is **Investing your money for financial return and the good it can do to contribute to livelihoods of people and communities in the developing world.** It provides financial and technical support to more than 800 partner organisations in over 60 countries. Its mission is to reach financially-excluded people and support them in building their own businesses, sustaining their families and communities, and helping protect the planet. Over its 40-year history Oikocredit has disbursed over €2.1 billion of development financing raised from investors. In 2014, 28 million people were reached by Oikocredit's fair trade, social enterprise, microfinance and renewable energy partners, and it diversified into new areas of social investment such as renewable energy. It reported €907m of assets under management and its 53,000 worldwide organisational and individual investors generated a development finance portfolio worth €735m. It uses strict financial and social criteria to analyse the suitability of potential partners. It seeks to finance organisations that: create jobs and income for disadvantaged people; are co-operatives, financial institutions or small to medium enterprises; have women in management positions; are environmentally sustainable and respect animal welfare; have a suitable management structure; are (or can soon become) financially sustainable; and demonstrate a clear need for foreign investment. It has a screening programme to exclude organisations involved in child labour, arms productions, explosives etc.

[17] https://www.oikocredit.org.uk/?_ga=1.178922535.284991662.1457349256

2.2 The Rise of Faith-Consistent Investing (FCI)

Within the financial world, the potential of the faiths has long been understood by organisations such as the Interfaith Center for Corporate Responsibility (ICCR) in New York, which pioneered social shareholder engagement by the faiths.

From 2001 to 2005 many faith investment managers worked together to explore the potential for FCI supporting sustainable development, with a particular interest in environmental issues. The International Interfaith Investment Group (3iG)[18] was created in 2005 and continues to offer research and advice and a number of the faith organisations involved have gone on to create their own ethical/FCI boards. As a result the major international Catholic weekly, *The Tablet*, runs a special ethical investment supplement once a year. The Church of England has invested in a range of ethical ventures; has withdrawn from a number of carbon fuel investments, has made plans to pull out altogether in the future and is setting up a "people's bank" in the UK. Bhumi, a UK-based Hindu NGO, is studying Hindu investments of the major Indian temples to help them invest faithfully. Meanwhile the rise of Islamic banking offers a vast array of possibilities for faith-consistent investing. More details are in the appendices.

However, progress is slow and mainly concentrated in North America, Australasia and the UK[19]. In part this is due to the lack of basic information about the levels and nature of faith investments. In part it is due to the conservatism of faiths and finance. And in part there is the fact that while faiths will invest for the long term, this is also reflected in the fact that they don't make such decisions hastily.

It is important to stress that while FCI can contribute to the SDGs it will do so not <u>because</u> of the SDGs but because the values chime with those of the faiths. What does not help is when secular bodies view the faiths as instrumental in enabling a secular group's aims (what could be described as a "missionary attitude" by secular groups). Partnership must mean equal

[18] http://www.3ignet.org/
[19] http://www.3ignet.org/resources/3ig_stp-practioner_report_2014.pdf

partnership not the sublimating of religious activities, motives and purpose within a secular agenda.

In particular there has become almost a frenzy of interest in Islamic banking and especially in zakat – the yearly obligatory 2.5 percent tax in Islam – one of the Five Pillars of Islamic life and observance. When discussing zakat it is important to note that after they achieved Independence, a number of Islamic countries, including Bangladesh, Indonesia, Malaysia and Pakistan set up government departments to manage zakat-giving on behalf – initially – of the Muslim community. However such government-run schemes have been increasingly seen by many within Islam as simply another government tax rather than as a proper role for the Islamic Pillar of zakat. Any attempt therefore by secular bodies to try to make international such a governmental administration of zakat would be viewed with great distrust and disquiet. See Appendix 5.

2.3 Examples of Faith Investment Groups

Here are some examples, in their own words, of faith investment groups, and their investment criteria. Other examples are in Appendix I.

2.3.1 Islamic Development Bank

In accordance with Shari'a Law the Islamic Development Bank (IDB) extends loans to promote inclusive and sustainable development of member countries and in particular Muslim communities[20]. The IDB finances infrastructural and agricultural projects including roads, canals, dams, schools, hospitals, housing, and rural development. At YE 2014 it had total assets of US$22 billion.

Shari'a means Clear Path and is the term used to describe formal law codes within Islam. These are perceived as God's prescriptions for humanity and thus Shari'a is seen as divine not human in origin. Shari'a refers to the outward

[20] http://www.isdb.org/irj/go/km/docs/documents/IDBDevelopments/Internet/English/IDB/CM/Resources_For/Investor_Presentation.pdf

manifestation of both individual and a community being in 'Islam' – that is in obedience to the Will of God.

The IDB announced on 17 February 2016 that the Board of Executive Directors had approved US$734.7m for financing projects, including US$319.7m for contribution to upgrading a national slum in Indonesia; US$220m for contribution to the 400 megawatt Ashuganj (East) power plant efficiency improvement project in Bangladesh; US$103m for contribution to the Sarney Dam and Water Supply project in Iran; US$45m for contribution to the Kabala water supply project Phase II in Mali; and US$44.7m for contribution to the grass field participatory integrated rural development project in Cameroon.[21]

What was invested in and how much?

Infrastructure received 83 percent of IDB-OCR (US$4.2b), followed by agriculture at 8 percent, education 4.5 percent, health 3 percent, and other sectors, including finance, 1.5 percent. Within infrastructure, the energy sector accounted for the largest allocation of financing at 44.9 percent, followed by transportation at 33 percent, water and sanitation at 16.1 percent, industry and mining at 5 percent, and information and communication at 1 percent.[22]Further examples are given in Appendix 2.

In the IDB 2014 Annual Report, President and Chairman of the Board of Executive Directors, Dr. Ahmad Mohamed Ali[23]said: "As 2015 is a year of major events during which the conclusion of new international agreements are expected on SDGs, climate change deal to reduce carbon emissions, and global trade, I am confident that progress will be made on all these fronts. The IDB Group is ready to work with its development partners to support the efforts of its member countries to achieve the objectives of these important events. Since the pillars of the IDB Group's strategy are consistent with the SDGs, I strongly believe that Islamic finance can play an important role in

[21]http://www.isdb.org/irj/portal/anonymous?NavigationTarget=navurl://71cd39288bf9ac31b2b312401ca8eea7
[22]http://www.isdb.org/irj/go/km/docs/documents/IDBDevelopments/Internet/English/IDB/CM/Publications/Annual_Reports/40th/IDB_Annual_Report_1435H_English.pdf
[23]http://www.isdb.org/irj/go/km/docs/documents/IDBDevelopments/Internet/English/IDB/CM/Publications/Annual_Reports/40th/IDB_Annual_Report_1435H_English.pdf

financing their implementation. It is high time to explore and exploit the potential of Islamic finance for SDGs as we transition to a new era."

2.3.2 Church of England

At the end of 2014 The Church of England Church Commissioners had a total investment fund of £6.7 billion and the Church of England's ethical investment policy embraces stewardship, engagement and investment exclusions. The ethical investment policies are "the basis for a distinctly Christian approach to investment embracing negative screening, positive alignment with the Church's teaching and values, and active stewardship.[24]"

Regarding investments in public equities, property or corporate debt they "apply investment exclusions to companies involved in indiscriminate weaponry, conventional weaponry, pornography, tobacco, gambling, non-military firearms, high interest rate lending and human embryonic cloning."[25]

The Church Commissioners invest in their "parish ministry and mission grants, including support for low-income diocese." The investing bodies of the Church of England 'expect companies in which they invest to manifest sustainable environmental practice, fair treatment of customers and suppliers, responsible employment practices, conscientiousness with regard to human rights, sensitivity towards the companies in which they operate and best corporate governance practice'. One of the objectives of the Church Commissioners is "to apply ethical investment policy guidelines."[26]

At December 31 2014, £299m of the Commissioners' investment portfolio (approximately 4.5 percent) qualified for inclusion in the Low Carbon Investment Registry maintained by the Global Investor Coalition on Climate Change. This was made up of the Commissioners'

- £253m sustainably certified forestry portfolio

[24]https://www.churchofengland.org/about-us/structure/eiag/ethical-investment-policies.aspx
[25] All the information in this section is from the Church Commissioners for England Annual Report 2014 https://www.churchofengland.org/media/2229788/the%20church%20commissioners%20annual%20report%202014.pdf
[26] Ibid page 26

- £29m investment in two green office buildings in Singapore
- £17m holding in the Impax Environmental Markets plc Fund

"The new climate change policy does not allow investments in companies that derive more than 10 percent of revenue from tar sands or thermal coal."

2.3.3 Buddhist: Sarvodaya Shramadana Movement of Sri Lanka

The Sarvodaya Shramadana Movement is the largest non-governmental peoples' development organisation in Sri Lanka. (See Appendix 4 for its specific SDG commitments given at Bristol.) These are built around their ethical criteria based on Buddhist principles of sharing and compassion as well as a holistic approach to development, recognizing the inter-connectedness and interdependence of all beings and all systems. Its development model encompasses spiritual, moral, cultural, social, economic and political dimensions. It is a people-based approach that focuses on gender equality and the use of renewable resources and is a bottom up approach for development to create a self-sufficient economy.

The Sarvodaya Shramadana Movement does not invest in or provide credit for any business promoting the killing of animals (meat and leather production); alcohol, tobacco or any other intoxicant; creating ethnic, religious or social disharmony; polluting, destroying or negatively affecting environment, eco-systems, habitats and biodiversity. It instead engages in activities that sustain socio-cultural values in society.

Sarvodaya does not regard spiritual activities as uneconomical and it primarily gives micro-credit for predominantly rural communities to meet housing, educational or health needs. It takes steps to remove structural injustices that keep the majority powerless and poor and ensure village savings circulate within the village. It has evolved a grassroots economic empowerment model; people's savings are deposited in a revolving fund managed by the villagers' themselves under a legally incorporated village society.

At community level, funds are required for micro, small and medium enterprises, and there is also requirement for “consumption loans”. These are credit requirements which are not necessarily intended to generate income but to meet housing, educational or health needs. Initially the village society members are encouraged and required to save for a period of 6 months before the society can grant any loans. Thereafter, the villagers’ own savings are supplemented by external credit lines and co-funding by Sarvodaya Development Finance Company (a regulated entity) and supplemented by entrepreneurial guidance by Sarvodaya Economic Enterprise Development Services (SEEDS).

The Sarvodaya Shramadana Movement confirmed that its deposit base is 3 billion Sri Lanka Rupees (around US$20 million) and the loan portfolio is also LKR 3 billion. It disburses about 2,000 loans a month and the average loan is about LKR 55,000 US$380*)*. Its asset base is LKR 4.2 billion (US$28.8 million) and the capital is LKR 1 billion (US$6.8 billion). [27]

2.3.4 The Jewish Joint Burial Society, UK

The Jewish Joint Burial Society was founded in the 19th Century to ensure that workers and their families would have a decent funeral – the return on their investments covers the cost of funerals and traditionally the funds are invested in standard stocks and shares. The funding areas, as outlined in the Grants Payable section of the annual report, include (in addition to bereavement), education, Jewish specific interests such as Holocaust education, and Jewish reform movements such as the British friends of Israel.

[27] www.sarvodaya.org

JEWISH JOINT BURIAL SOCIETY, UK INVESTMENTS

"By developing a series of laws designed to improve the environmental quality of life, we are beginning to turn the negative meaning of this mitzvah: 'you shall not destroy', into a positive command 'you shall maintain.[28]'." In 2012, instead of the earlier 50 percent UK equities/50 percent bonds benchmark, new asset classes were added (overseas equities, property and infrastructure. The neutral bond allocation was reduced from 50 percent to 14 percent, consistent with the very long-term nature of the Society's liabilities. In 2013 reserves of the society were £13.4m excluding any reserves in respect of the revaluation of burial land and excluding funds designated for charitable grants. The aim is to ensure that reserves will be sufficient to cover the future costs of funerals in respect of existing members, without relying on any assumptions regarding contributions from possible future members. Takes into account the ageing population of JJBS members, when the average level of the future contributions from ageing individuals will fall. In 2013 the target rate of return on assets net of investment management expenses was 1 percent p.a. in excess of the annual escalation in funeral costs (which were increasing at an estimated 5 percent per annum).

[28] http://www.jjbs.org.uk/the-woodland-cemetery

CHAPTER THREE: The Context of the SDGs

Work. Keep digging your well.
Don't think about getting off from work.
Water is there somewhere.
Submit to a daily practice.
Your loyalty to that
is a ring on the door.
—Jalaluddin Rumi, 'The Sunrise Ruby' trans. Coleman Barks (2000)

The SDGs were created partly as an answer to the question that faces people living today: "How can we fulfil our destiny of being the first generation able to eradicate extreme poverty and the last generation able to prevent catastrophic climate change?" They succeed the Millennium Development Goals (MDGs) launched in 2000.

3.1 From the MDGs to the SDGs

The MDGs were established soon after the UN Millennium Declaration of 2000 and included eight objectives to be accomplished by 2015 (see illustration). At a global level, there has been significant progress towards a number of the MDGs:

- Between 1990 and 2010 extreme income poverty halved. (Extreme income poverty is *defined as average daily consumption of US$1.25 or less and it means living on the edge of subsistence*)

- Over the same period the likelihood of a child dying before their fifth birthday was nearly halved
- The target of halving the proportion of people without access to an improved drinking water source was achieved in 2010. In 2012, 89 per cent of the world's population had access to an improved source, up from 76 per cent in 1990. Over 2.3 billion people gained such access between 1990 and 2012
- On average, gender parity in primary education has been achieved around the world and most children now enrol in a primary school
- There is a downward trend in maternal, tuberculosis, and global malaria deaths. The tide is turning on HIV
- Bleak as the news is on environmental degradation, some of the priority areas for action which were reinforced by MDG targets are showing results. For example, most of the ozone layer will recover to the relatively healthy levels of the 1980s by 2050

The following is a series of Q&As, based on a paper on the SDGs created by UNDP for the Faith in the Future meeting, September 2015

Q: What has led to the new agenda and the development of the SDGs?
A: *Progress on MDG targets has been uneven. Some countries have seen very little poverty reduction at all. For example Sub-Saharan Africa's poverty rate did not fall below its 1990 level until after 2002 and the region continues to lag behind. More than 40 per cent of the population in sub-Saharan Africa still lives in extreme poverty*[29]*. The targets set for 2000 to 2015 did not aim to eradicate extreme poverty and hunger, but only to halve the levels. Now it is time to go further.*

Q: What kind of new challenges?
A: *The threats from environmental degradation, including of our climate, have gathered speed. Extreme weather events endanger lives, livelihoods, and whole nations. Our current patterns of consumption are generating levels of pollution with which our planet cannot cope. Economic growth*

[29]http://www.un.org/millenniumgoals/2015_MDG_Report/pdf/MDG percent202015 percent20rev percent20(July percent201).pdf p15

compatible with our planetary limits, and decent employment, remain elusive. Conflict and insecurity continue to prevent progress. And yet the nature of conflict has changed considerably. Armed conflicts are far more likely to occur within states than between them, and to involve non-state actors. New goals were seen as necessary.

Q: How were the 17 goals chosen?
A: *The process of arriving at the post 2015 development agenda was led by UN member states. More effort than before was made to engage traditionally excluded communities and groups including women, indigenous people, farmers etc[30]. While the UN Secretariat was ultimately responsible for framing the MDGs the SDGs were established in a different way – through a process of negotiation and consultation with numerous stakeholders. This is the first major intergovernmental policy process to be informed by a comprehensive global consultation.*

Q: Who was consulted?
A: *National consultations were held in almost 100 countries, with efforts made to reach examples of some of the poorest and most marginalized communities: people and groups who are not usually asked for their perspectives on global agendas. After a year of intense work, the Open Working Group of 70 governments, drawing on technical inputs from the UN system and civil society, produced a proposal with 17 goals and 169 targets. This agenda was launched at the Sustainable Development Summit in September 2015.*

Q: What input did religions have?
A: *Some faith networks were invited to contribute to national consultations, and were able to express themselves in thematic consultations, and engage in the global MY WORLD survey rollout which enabled almost ten million people to rank their priorities for the future they want.*

[30] https://sustainabledevelopment.un.org/majorgroups

One World People
among the diamond seeds of dawn.
—Jay Ramsay, 'Summerland' (2010)

THE 17 SDGS

1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
3. Ensure healthy lives and promote wellbeing for all at all ages
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5. Achieve gender equality and empower all women and girls
6. Ensure availability and sustainable management of water and sanitation for all
7. Ensure access to affordable, reliable, sustainable and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all
9. Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation
10. Reduce inequality within and among countries
11. Make cities and human settlements inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts (taking note of agreements made by the UNFCCC forum)
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalise the global partnership for sustainable development

Q: What makes this new agenda so different?
A: *The fact that governments have agreed that the new agenda will be universal could be its most transformative characteristic. Whereas the MDG agenda reflected a commitment to tackle poverty backed by a promise to provide additional Official Development Assistance, the new SDG agenda is about challenges that are common to all countries. These include inequality, increasing employment, providing decent healthcare, nurturing skills to help all people be the best they can be as well as presenting other challenges that are shared by some countries: including financial stability, fairer trade, a stable climate. If it is respected, the principle of universality could change the way that countries relate to each other, and could increasingly make the distinction between developed and developing irrelevant.*

Q: What is the new fourth dimension of sustainable development and why is it significant for faith participation?
A: *The traditional three dimensions of sustainable development are economic, social and environmental. A fourth dimension is culture. To quote from the 2030 Agenda for Sustainable Development:* **'We pledge to foster intercultural understanding, tolerance, mutual respect and an ethic of global citizenship and shared responsibility. We acknowledge the natural and cultural diversity of the world and recognize that all cultures and civilizations can contribute to, and are crucial enablers of, sustainable development.** [31] *This new dimension is of considerable importance for partnerships with faiths and faith-based organisations.*

Q: What are the other new elements of the SDGs?
A: *In recent years people have recognised the critical importance of addressing inequalities and of promoting peaceful and inclusive societies. For the first time, governments are incorporating a goal and targets on* ***governance****, building peace and effective, open and accountable institutions for all. There is a standalone goal on gender inequality, including ending all forms of violence, discrimination, child marriages and female genital mutilation.*

[31] (Page 13, point 36, The 2030 Agenda for Sustainable Development).

Q: What is most wonderful about them?
A: The SDGs have been designed to catalyse a number of "transformational shifts" to further sustainable human development:

- **Leave no-one behind:** a shift from reducing to ending extreme poverty, including amongst the most marginalised (disabled people; ethnic minorities, women and girls; remote communities);
- **Put sustainable development at the core**: integrating efforts to tackle climate change and environmental degradation within the goals. Environmental issues are strongly represented, demonstrating a long sought marriage between development and environment;
- **Transform economies for jobs and inclusive growth:** harnessing innovation, technology and the private sector.
- **A clear social dimension –** the first agenda that is addressing inequalities within societies and nations.

Two of the most important crosscutting characteristics of the new agenda are that it calls for <u>participation</u> and <u>partnerships</u>. It recognises that no single country and no single government can achieve the agenda on its own.

3.2 Financing and driving forward the SDGs

While the SDGs differ from the MDGs because they are applicable to all countries not just developing countries, realism has to intrude. Many developing countries do not have the internal financial capacity to fund the necessary changes and developments. This is as true of government funds as it is of private investment funds. The scale of the challenges is greater than anything previously undertaken at this level. The UN has made it clear that development aid can no longer be left to development aid agencies – whether these are governmental, intergovernmental or from civil society – and that they will require a radical realignment of aspects of finance (and therefore also of values) towards shared and agreed goals.

Although no definitive figures are available as to the real costs of the SDGs it is clear they will far exceed anything previously attempted or planned, with estimates of anything from $3 to $10 plus trillion per year.[32] Hence there will be a need for external investment into many countries. The role of investments from the faiths as well as other private investment sources is potentially crucial.

Such astronomical figures and their inherent vagueness raises questions of how these goals are to be funded and why they might be funded or supported by non-financial means and resources. The case for it and the inherent problems well are expressed in the Report of the US-based Council on Foreign Relations. The compilers explore the need for a "massive step up" in the mobilisation of domestic resources, including major changes in international tax practices to give fair treatment to developing countries, and an agreement on inclusive global governance of cooperation in tax matters in order to give developing countries equal decision-making power.

However, the Council points out that, ***whatever the increase in government revenue, it will not suffice to fund all the SDGs***. Other funding could come from donor countries renewing their commitment to give 0.7 percent of gross national income, from south-south cooperation, and innovative financing around the world, including taxes on carbon, bunker fuels and air travel. But even when done efficiently, it would come to only about US$1 trillion[33].

These issues were debated at the Addis Ababa meeting on financing the SDGs held in July 2015 prior to the launch of the SDGs. The final report of that meeting outlines the key issues for the involvement of private finance and investment.

"38. We will endeavour to design policies, including capital market regulations where appropriate, that promote incentives along the investment chain that are aligned with long-term performance and sustainability indicators and that reduce excess volatility.... We will encourage our commercial banking systems to serve all, including those

[32] *https://sustainabledevelopment.un.org/intergovernmental/financecommittee*
[33] http://www.cfr.org/global-governance/sustainable-development-goals/p37051

who currently face barriers to access financial services and information. We will also support microfinance institutions, development banks, agricultural banks, mobile network operators, agent networks, cooperatives, postal banks and savings banks as appropriate.”[34]

It is a considerable and significant wish list set within a framework of many issues and considerations. For example the issues of corruption and tax avoidance are addressed as serious contributors to a depleted ability by companies and governments to make a truly significant contribution. The Addis Report is long on its vision of what could happen but less clear on what is happening or how it might happen. A major area left to be defined is what all this will cost and where such investment is needed and at what financial level.

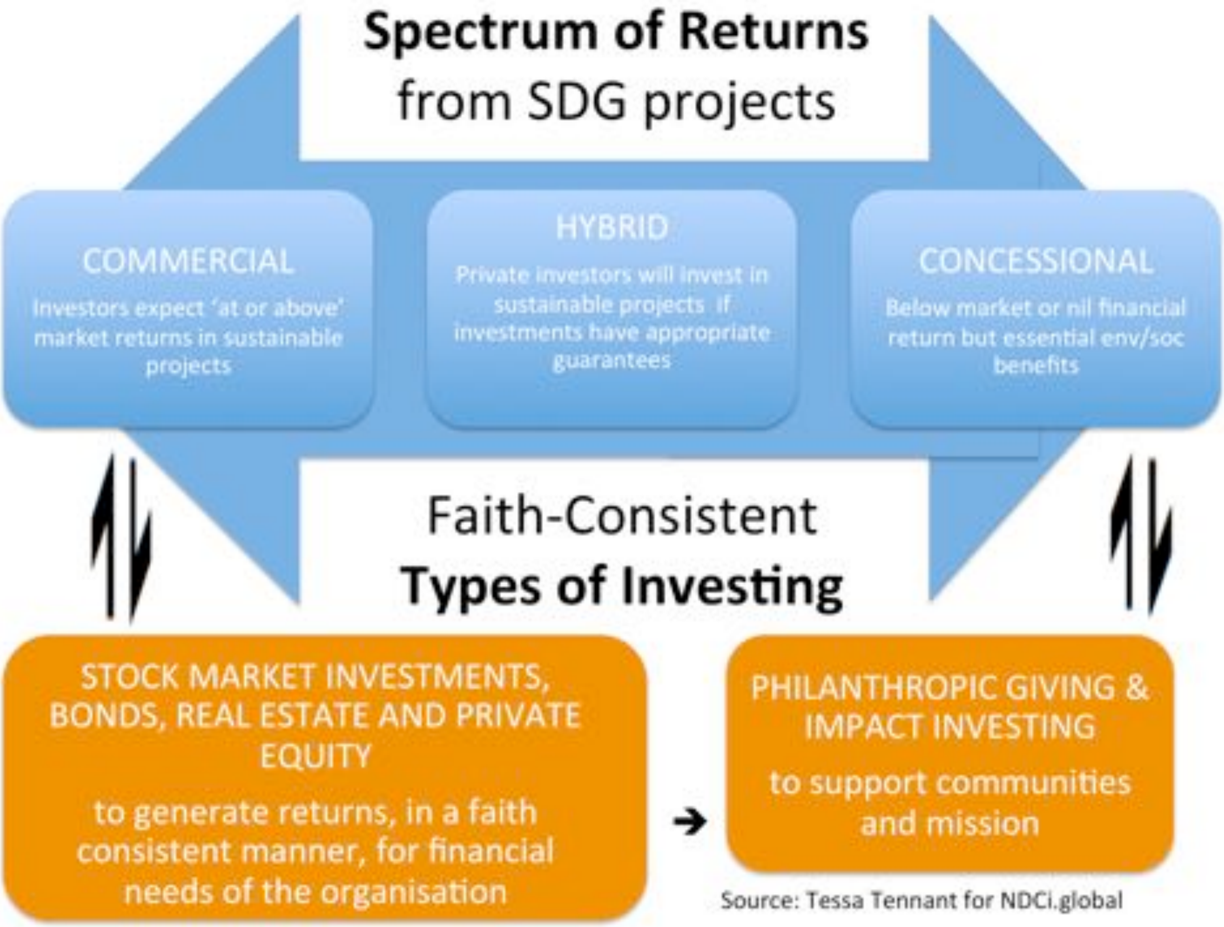
While there is clearly a long way to go before specific SDG-related investment opportunities can be identified and costed, the general move towards sustainable development investment has been under way for a considerable time. Faith-consistent investing is part of that movement and has considerable potential. It is therefore somewhat surprising that the faith investment groups were not invited to the Addis meeting.

The SDGs can be a useful spur to further reflection and action but for many faith groups the 15-year lifespan will seem quite short compared to their usual investment timeframe, which is renowned for being generational rather than short term.

[34] https://sustainabledevelopment.un.org/frameworks/addisababaactionagenda

CHAPTER FOUR: Faiths as key partners

Faith actors are diverse and numerous. They range from small communities at the heart of every social group, to religious leaders of communities (of different sizes, locations and faith traditions) to CEOs and staff of major faith-inspired NGOs and foundations working on all aspects of human existence and experience. They are embedded in their communities and their influence is often far more widespread than any other social organisation.



"What is the kingdom of God like? What shall I compare it with? It is like a mustard seed which someone took and threw into the garden: it grew and became a tree and the birds of the

air sheltered in its branches." Jesus quoted in New Testament, Luke Ch.13 vs. 18-19

Religious leaders are often respected and trusted, listened to carefully by their followers, communities and governments. They are listened to and followed in ways almost no other sector of society can hope for. They are local, national and international in understanding and reach. Through their teachings and practices they manifest the core beliefs and values of their tradition, such as compassion, love or trust. Religious institutions are the oldest "social service providers" known to humankind. As such, they are the original "service deliverers" of health, education, nutrition, farming, sanitation, ecology and energy.

Moreover, religious communities are increasingly coming under the limelight for another critical capacity – resourcing human development. Faith communities are the oldest "fundraisers", "community mobilisers" and "human and social capital builders." Central to many faiths is the notion of empowerment – enabling people to create their own futures building upon the community values of the faith. The Parsi Panchayats who manage the community funds for Parsi and Zoroastrian communities around the world have for centuries invested in homes, workshops and educational and health care buildings and organisations for their community.

This is not to pretend that religions cannot sometimes be a block on development, for example on gender issues or equality. However engagement with other social actors has increasingly shown how this can benefit both sides – reducing the often 'missionary'-like ardour of the secular to make everyone be just like them and reducing the intransigence of faith traditions who feel threatened by modernity.

CASE STUDY OF FAITH-BASED EMPOWERMENT PROGRAMME AND PREPARATION FOR WORK-PLACE

The New Psalmist Baptist Church of Baltimore, USA, has a Sunday Congregation of 7,000 and a network of over some 80 other African American mega churches in the USA and some 2,000 churches in East Africa. It runs a huge range of Empowerment programmes for youth, young adults and adults, to "empower members of our community to go into the world and make disciples of all persons." This includes the Choose to Be GREAT Summer Camp teaching children to build successful relationships with law enforcement officers and church leaders. (GREAT is an acronym for Gang Resistance Education and Training). It also includes: an internship program for Young Adults, where the church coordinates internships with government and private organisations; a Financial Academy, where members of the church community are empowered in financial literacy, including classes in Budgeting 101, Understanding Credit and Wealth Building, Owning your own Home, Medicare and You, and Estate Planning; A Job Training Centre providing adults and young adults with skills in resume building, interviewing, job coaching, job search; Social Action Leadership workshops teaching members how to advocate for justice issues and policy changes; Fitness, Health and Wellness programmes[35]

Faith investing in sustainable development is done through donations as well as through investments that have a market-rate or below market-rate financial return. Major faith traditions such as Catholic Religious Orders, the Bombay Parsi Panchayet, the Church of England and some Islamic traditions such as the Ismailis have investment fund departments that have the objective to ensure income in order to pay for their internal expenses including staffing, pensions, buildings etc. However there are also substantial funds given to charity, supporting the poor, education, hospitals, which all require staffing, strategy and monitoring. In addition there is the money invested by followers of many faiths, who want their money to be used well, while it is waiting for them to use it. There is also a contribution to general humanitarian and development aid by faith-based organisations.[36]

[35] Correspondence with Rev Al Bailey of the NPBC, May 2016

[36] The scale of faith investments is often a surprise to secular organizations. The Center for Faith & the Common Good tracked revenues and expenditures of 71 of the largest US Faith-based NGOs from FY2011 - FY 2014. In FY2014, total revenue raised by US Faith-based NGOs was $6.19 billion, and 88 percent of the total revenue ($5.43bn) was raised from private sources. Furthermore, in FY2014, 44 of the 71 tracked US FBOs did not accept or receive any US public funds.

4.1 The Faiths and the MDGs

In discussing the potential involvement of the faiths in supporting the objectives of the SDGs it is instructive to look back at what relationship the faiths formally had in supporting the MDGs. As stated above, the philosophy behind the MDGs was very different from that which informs the SDGs, and no serious engagement with the faiths as potential partners was built into the original planning of MDGs development.

When it became clear that in fact the faiths, through their many operations were engaged in work which paralleled the goals of the MDGs, various links were made and discussions undertaken. For example, UNICEF undertook an internal review of the degree to which it already worked with faiths around the world[37]. This study was revealing to many within the organisation as regards the scale of such existing if informal partnerships. As a result the WASH programme, of which UNICEF is a major partner, started serious work on partnering with faith-based schools which they had traditionally neglected. UNICEF found for example that 64 percent of all schools in Sub-Saharan Africa were faith-based – usually as part of national education systems.

However any search of the key documents on the MDGs yields little in the way of evidence of the role of the faiths, and examination of the major faith traditions and even the social action and aid sectors in faith traditions, likewise, shows remarkably little reference to the MDGs. Various interfaith meetings were held but interfaith meetings without a prior survey of actions already being undertaken or plans for actions to follow are usually of no or little significance. Religious leaders saying the MDGs are a good thing does not constitute structural involvement by the faith tradition itself.

However, most faiths continued to do what they have always done – namely contribute in their own way to education (over 50 percent of schools worldwide have a connection to a faith, whether founded by, managed by or connected); offer practical help through medicine and social welfare; raise funds for charitable objectives in line with their teachings; provide places of

[37] Partnering with Religious Communities for Children, UNICEF 2012

meaning where people can rediscover a purpose in life or develop their skills and contribute to society. That these contributions often reflect the 15-year goals of the UN launched in 2000 is not surprising. However they are not a response of the faiths to the MDGs.

Where there was attention to the MDGs was in the aid agencies of the major faiths. These have always been more closely aligned to the goals of the wider secular world. But even here there is little documentary evidence of specific programmes being developed explicitly to implement or support the MDGs. Rather, there are links made between existing aid programmes and issues highlighted in the goals.

For example, in July 2015 a conference was held at the World Bank in Washington DC, USA, on effective partnerships between public sector and religious groups to achieve the SDGS. It was co-hosted by BMZ, USAID, DFID, World Vision International, and the Joint Learning Initiative on Faith & Local Communities, and co-sponsored by a number of leading faith-based organisations. It showcased the evidence for the activities and contributions of faith groups to Global Goals, with a particular focus on health. The medical journal *The Lancet* launched a series of articles on Faith-based Health Care: the first series in *The Lancet* ever to feature a special edition on faith. Many examples were highlighted, including

- the contribution of interfaith platforms to malaria prevention in Nigeria and Mozambique
- the role of local faith groups in alleviating extreme poverty in the Philippines
- the extensive faith-based health care system in Africa
- the role of local faith communities in supporting resilient communities against crises in Jordan
- The unique role of faith leaders in combating gender-based violence in Burundi[38]

The conference highlighted a number of innovative funding and contracting mechanisms. For example, through the Nigerian Ministry of Health, the

[38] http://jliflc.com/wp-content/uploads/2015/08/RSD-Conference-Proceedings_Final.pdf

World Bank Group funded the Nigerian Interfaith Action Association, which united Christian and Muslim leaders in Nigeria against malaria. USAID funded the Programa Inter-Religioso Contra a Malaria (PIRCOM), another interfaith program against malaria, at first through the Adventist Development and Relief Agency intermediary; now USAID funds PIRCOM directly.[39]

FAITH-BASED ORGANISATIONS (FBOs)

While FBOs are not the focus of this paper they have significance as a faith contribution to the MDG work and the potential for SDG work. In 2016 the Center for Faith and The Common Good analysed faith-based contributions to humanitarian assistance. Of the 250 organisations with the largest contributions in 2015, 37 were FBOs. In total, the 37 FBOs' contributions amounted to more than $612m. Seven of the 37 FBOs were in the US, with their total contributions of more than $156m.[40]

It is hard to assess the specific contribution of the faiths to the MDGs because that is not how the faiths themselves have seen or designated their work. That the faiths have contributed is beyond doubt. But they have also contributed to crises which fell outside the MDGs such as the Ebola crisis where the role of faiths, often in partnership with the UN and other international bodies, was crucial in helping change social behaviour which increased the risk of infection spreading.

What did emerge from the MDG period was a growing interest in working not just with national governments nor just with NGOs but with Civil Society per se. This became especially significant after the failure of nation states and international agencies to develop any kind of leadership or programme at the Copenhagen COP in 2009. World-wide the faiths are the largest and most organized section of civil society and therefore attention began to be paid to what had previously been a largely ignored and in some cases denigrated sector of community life.

[39] Duff, Buckingham. Strengthening of partnerships between the public sector and faith-based groups (2015). http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(15)60250-1/fulltext

[40] www.faithforcommongood.org

The Long-Term Faith Plans programme

One example of this was – and still is – a UNDP programme which sought to build upon the way faiths actually work and their inherent strengths. This was the Long Term Faith Plans programme, an innovative programme created by the UNDP partnering with ARC to encourage a faith-based response to the forthcoming Copenhagen COP. It recognised that faith groups have a long-term perspective, that they are the oldest human institutions with a continuous history, and that they think in generations and sustain communities for hundreds, in some cases, thousands of years through all kinds of adversity.

And it recognised they might benefit from help in formulating a vision for how they can protect the planet in the future.

The development of long-term plans was designed to emphasise the process by which change takes place within communities. Too often the emphasis in environmental and development organisations has been on short-term programmes, campaigns or targets. The MDGs and now the SDGs are examples of a somewhat longer-term process being acknowledged – but faiths are capable of sustaining initiatives such as investing, for much longer than that.

The Long-Term Plans programme identified seven key areas where faiths are socially, financially and environmentally active:

1. Assets (land, investments, hospitals, purchasing and property)
2. Education and Young People (including school buildings, curricula, nature teaching and camps).
3. Wisdom (including theological training, rediscovering past teachings about the natural world from religious texts, and helping people adapt to climate change).
4. Lifestyles.
5. Media and advocacy.

6. Partnerships.
7. Celebration.

Starting with the 2009 Windsor Event (attended by UN Secretary General Ban Ki-moon and hosted by His Royal Highness Prince Philip) and leading over the next two years to events in Africa and Asia, more than 60 long-term plans were produced by faith groups ranging from the Daoists in China, to Sikhs, Hindus and Muslim organisations to more than 30 different Christian traditions around the world. One significant aspect of these long-term plans has been to shift the attention of the UN and others away from only really working with the aid agencies of the faiths and towards engagement with the structures and infrastructures of the faiths themselves as key elements of civil society.

4.2 The faiths and the SDGs

The success of this long-term plan partnership led the UN in early 2015 to ask ARC and the faiths to undertake a similar process of long-term faith commitments in relationship to the SDGs. ARC organised a meeting in Bristol, UK, titled Faith in the Future, which took place before the UN General Assembly in September 2015, where the SDGs were accepted. The wider context and purpose of the Bristol meeting was well expressed by the UN Secretary General, in his letter to the ARC-UNDP Windsor event in 2009:

> *"As a secular organisation the United Nations does not have any common language or common religion, but like all the major faiths we do work on behalf of the disadvantaged and the vulnerable people. We share the same ethical standards and belief in the inherent dignity of all individuals and all human beings. This is why we work in partnership with governments, civil societies, business communities, NGOs and religious communities. That is why we work with organisations like the Alliance of Religions and Conservation, which is co-hosting this event, together with the UNDP.*
>
> *We are united by the belief that what unites us as human beings is stronger than what divides us. We believe that through discussions,*

cooperation and common efforts we can build a more prosperous, more peaceful world – the peace that comes from knowing where our next meal, where our next bread comes; knowing your families are safe from violence and disease; knowing that your children can go to school without any fear of danger. The peace that comes from preserving the riches of this planet for coming generations.

That is why we are here today. We are all part of a larger web of life. Together let us work to protect and respect our planet, our only home. Let us have peace with our planet."
(Ban Ki-moon UN Secretary-General, Windsor Castle, 2009)

The faiths have been social actors for many centuries. Therefore the next step of the growing partnership between the faiths and the UN was to capture what faiths were already doing which could relate to the SDGs and in the light of that, what more they might now decide to undertake because the goals chime with their own values and beliefs.

Each of the 24 faith traditions attending the meeting prepared for it by exploring how its current programmes and potential new programmes could compliment the SDGs worldwide. Each tradition then set out its commitments to work on aspects of the SDGs or build awareness of the SDGs into existing programmes. By the time of the meeting, the Commitments were ready to be launched.

- Each Commitment builds upon the infrastructural capacities of each tradition – schools, colleges, education departments, property boards, staff, hospitals and clinics, media and finance departments which every faith tradition has.
- Each Commitment is primarily funded by the faith tradition and its supporters, building upon the existing structures and resources and expanding in a sustainable way based upon a realistic evaluation capacity.

- When and where appropriate, new sources of support and resources would be sought enabled by the partnership status of the Commitments.

The Bristol Commitments, September 2015, illustrate how the SDGs relate well to core faith practices and principles, providing doorways into discussion with faith investment communities. However, as with the notion of faith finance for the SDGs these have to be in the form of partnerships, not of an instrumental approach to faiths. The following are a few examples taken from the 220-page book[41] *Faith in the Future*:

4.2.1 Bahá'í International Community Bristol Commitment includes:

"The challenges addressed in the SDGs will require technical and technological approaches. But a lasting, sustainable resolution will also require solutions that are consonant with the spiritual nature of human beings…. Countless people in widely differing contexts will need to take this agenda as their own and make changes in their thinking and behaviour. And it is here that faith and belief can be of central importance, for religion reaches to the roots of motivation, prompting individuals to not just agree, but to arise and act."

4.2.2 The Buddhist Bristol Commitment includes:

GOAL 1: END POVERTY IN ALL ITS FORMS EVERYWHERE

Economic empowerment of community-based organisations:

- Provision of entrepreneurship skills and provision of financial services
- Training farmer communities for climatic shocks and disaster resilience
- Advocacy for better poverty alleviation strategies and models; beyond the welfare State models

"Buddhist economics promotes a spiritual approach by examining the functioning of the human mind as its first principle. The aim is to create an inner process that enables the positive transformation of ignorance, greed and violence – the very basis of the current economic model – into wisdom,

[41] http://www.arcworld.org/projects.asp?projectID=667

contentment and peace.” (This commitment comes from the Sri Lankan Buddhist community and in particular Sri Lanka’s largest Buddhist social action organization, Sarvodaya.)

The Buddhist tree ordination ritual reminds people of the value of respect for all life forms, including plants, and the need to preserve our sacred planet.
Source: Parichart Suwanbubbha

4.2.3 The Church of England Bristol Commitment includes:

The CofE’s Church Commissioners have made a major commitment to monitor and review its investments in line with its recently revised climate change policy. Changes have already been made to its portfolios, for example withdrawing from finance companies which charge exorbitant rates for loans; withdrawing from carbon fuel companies, whilst it also maintains an active engagement strategy using stakeholder resolutions to hold companies to account and improve transparency.

This fulfils many of the issues in SDG Goal 9 – regarding resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation.

“As the Pontifical Council of Justice and Peace stated in 2012 in *Vocation of the Business Leader: A Reflection:* “Respect for human dignity and the common good are foundational principles which should inform the way we organise the labour and capital employed, and the processes of innovation, in a market system. The deep and abiding purpose of individual businesses and commercial systems is to address real human needs”.”

4.2.4 The Islamic Bristol Commitment includes:

- Initiate three programs aimed at sustainably improving the economic well being of distinct target groups among the Muslim Community

- Program concepts including objective baseline data, sound rationale for target ground identification, planned intervention methodology and estimated budget plus its funding
- Develop and implement advocacy program and sensitization/capacity building tools on economic engagement

"At the same time, Islam encourages the legitimate pursuit of wealth and the enjoyment of the bounties created for human fulfilment, in recognition that wealth is only one determinant of well being. Individuals are merely trustees of the wealth bestowed on them by Allah."

This Commitment comes from the Supreme Council of Kenyan Muslims (SUPKEM). Please also see Islamic Development Bank below)

4.2.5 The Jewish Bristol Commitment includes:

Jewish groups investing in and advocating for renewable forms of energy: "One way of addressing our own responsibility for climate change by the time of the 2022 shmita year would be for households, congregations, denominations, and federations to invest in spending that helps heal our planet. *(SDG Goals 7, 8, 13)"*

Contributed by Hazon (USA-based, but working worldwide with activist Jewish communities).

4.3 Voices from Religions on Sustainable Development

A good example of a secular initiative creating real partnerships with faiths is that launched by the German Federal Ministry. In February 2016 the German Federal Ministry launched a major new initiative in Berlin for Economic Cooperation and Development (BMZ). At the major conference Religions and the 2030 Agenda for Sustainable Development the core purpose of both the conference and the new series of partnerships being created between secular agencies and the faiths was defined as follows:

> *"With the 2030 Agenda for Sustainable Development, the international community has charted a path to ensure that all human beings can live*

life in dignity while respecting the boundaries of our planet. Yet, if we are to achieve these SDGs, we need to change how we think and act at every level. In the long term, the goals can only be accomplished by building partnerships not only with those that appeal to people's minds, but also with those that move their hearts. Religion plays an integral role in all societies and is the most important source of values for many people. Any development policy that takes the individual seriously must also take his or her worldview seriously. For most people, this worldview is fundamentally shaped by their religion.
Furthermore, for many centuries now, religion has made a practical contribution towards meeting people's basic social needs. In many developing countries, education and health care systems are inconceivable without this contribution. Therefore, we can only truly breathe life into a new global partnership to implement the 2030 Agenda if religion plays a role."

Voices from Religions on Sustainable Development, the book arising from this new process is a thorough and accessible laying out of the position of religions on sustainable development. It includes chapters on ten religions and traditions: Baha'i, Buddhist, Christian, Confucian, Daoist, Hindu, Jewish, Lenape (aka Delaware Indians) Muslim and Sikh.

A remarkable feature is that each faith chapter addresses sustainable development through the beliefs, values and core concepts of each faith rather than simply using conventional development terminology. In that way it is a direct follow on from the way the faiths responded to the SDGs in the Bristol Commitments.

The following are some brief quotes from the Voices reflections on faith engagement with the issues and concerns of the SDGs. See Appendix 4 or the full text of Faith in the Future for more information[42].

[42] http://arcworld.org/downloads/Faith%20in%20the%20Future%20with%20cover%20(UN).pdf

Buddhist

Buddhist economics promotes a spiritual approach by examining the functioning of the human mind as its first principle. The aim is to create an inner process that enables the positive transformation of ignorance, greed and violence – the very basis of the current economic model – into wisdom, contentment and peace.

Christian – Church of England

The Pontifical Council of Justice and Peace stated in *Vocation of the Business Leader: A Reflection, 2012:* "Respect for human dignity and the common good are foundational principles which should inform the way we organise the labour and capital employed, and the processes of innovation, in a market system. The deep and abiding purpose of individual businesses and commercial systems is to address real human needs."

Islam

At the same time, Islam encourages the legitimate pursuit of wealth and the enjoyment of the bounties created for human fulfilment, in recognition that wealth is only one determinant of well being. Individuals are merely trustees of the wealth bestowed on them by Allah.

Judaism

"The Torah commands that Jews care for their fellow human beings:

> *"You shall love your neighbour as yourself: I am the Lord" (Leviticus 19:18).*

Jews are thus instructed to give generously to support fellow humans who are experiencing poverty – without considering these persons' background.

CHAPTER FIVE: Faith-Consistent investing, the SDGs and the core faith teachings

We grieve under the weakened sun
To see all earth's green foundations dried,
And fallen all the works of light.
You do not speak, and I regret
This downfall of the good we sought
As though the fault were mine.
—Wendell Berry, 'Sabbaths: 1984'

Many faith leaders and practitioners are largely unaware of the role and impact their investments have. Many faiths find it awkward to admit that, in order to do their pastoral work, they often use income generated by the international financial markets. For Christians, this awkwardness is captured in the teaching of Jesus that you cannot serve the two masters of God and Mammon at the same time (New Testament, Matthew 6 v24).

Nor should it be assumed that every tradition within the major faiths is automatically orientated towards goals such as social justice, equality and sustainability. Some traditions are highly exclusive; others are opponents of for example gender equality; yet others are opposed to sharing with people of other beliefs; others have agendas for expansion which run counter to collaborative work on issues such as the environment or development. These tendencies are to be found also in many institutional faiths where they have a formal relationship with the state or with specific political parties. Conservatism is often the dominant feature of such traditions and sometimes the most conservative element of such groups is their finance office.

However the vast majority of believers share many of the values, goals and hopes of the main secular agencies such as the UN. What cannot be taken for granted is that the reasons why the majority share these values, goals and hopes is the same as that usually expressed in UN documents, for example in the SDGs themselves. The issue has already been highlighted that

Muslim colleagues have stated their perception that the underlying assumption of the SDGs is that capitalism is the only significant economic model. Indeed many of the indigenous traditions of both Islam and Christianity that have emerged in the last century or so in Africa and Asia have an anti-capitalist basis and create alternative markets through barter and exchange of skills within the community. For example the Kimbanguist Church of Central Africa has done exactly this. This has enabled this Church to survive the almost total collapse of capitalist market structures in Central Africa. However, as Max Weber pointed out in his 'The Protestant Ethic and the Spirit of Capitalism" (1905) the genesis of capitalism lies within the Protestant revolution of the 16th and 17th centuries. It was John Calvin, the founding force behind Calvinism who broke Christianity's ban on charging interest, a key instrument in enabling capitalism. This relationship is reflected for example in the Prosperity Gospel churches especially in Latin America and Western Africa where faith in God is judged by how many material blessing he bestows such a luxury cars. This has even spread into some forms of modern Buddhism in countries such as China and Taiwan.

While capitalism has its roots firmly in Protestantism, it does not in Catholicism or Orthodox Christianity. Indeed, many Papal Encyclicals over the last hundred or so years have been deeply opposed to the core values of capitalism, not least the current Pope's Encyclical Evangelii Gaudium which in defence of the poor lambasts capitalism.

The fact is that many faiths have simply received stocks and shares as donations and then managed them with little regard to their social or ethical impact. This split between faith values and the values of the market was dramatically highlighted when the then Anglican Bishop of Oxford took the official finance management structure of the Church of England – the Church Commissioners – to court in 1989. The issue was that under British charity law the only obligation of the Church Commissioners was to maximise profit to further the work of the Church. The Bishop challenged this through the law courts on the grounds that if the means by which profit was created undermined the very values of the Church it was not legitimate.

The Court turned this down and said that the only requirement of the Church Commissioners under the then law was to make as much money as possible for the Church. However the case was used to clarify English law and to make it easier for English charities to work out how far they were permitted to take ethical as well as financial considerations into their investment decisions.

This is the crux of the issue because under the fiduciary law of many countries, the board or commission which controls the assets has to make every decision for the direct benefit of the beneficiaries or beneficiary. Because it is easier to assess financial benefit over spiritual or moral benefit, law courts generally put the onus on the decision makers to prove that their non-profit specific decisions did not detract from the financial benefit that could have been gained otherwise. Interestingly, in the UK the clarification of the Charity Law to enable a focus on SRI and FCI has been critical in reassuring for example Jewish organizations that they can legitimately invest in such areas as the SDGs outline. Such changes might be sought and encouraged elsewhere.

Longevity in faith investments has a powerful potential for SDG funding because the faiths go for long-term investment not short-term gains. Therefore an investment package of say fifteen or even twenty-five years is quite normal for many faith groups.

To understand what the values and beliefs are that the investments should be consistent with in order to be FCI, it is necessary to look at what various faith traditions have defined as these core values and teachings. Only then can a faith tradition by faith tradition programme be developed.

It is not possible to create a “one fits all” programme. Each faith tradition – and there are hundreds of them – is different for historic, cultural and religious reasons. The following examples were produced in a partnership between the World Bank, ARC and key faith finance groups worldwide. They should be taken in partnership with the quotes given earlier from the Bristol

Commitments and the Voices from Religions on Sustainable Development which provide background details of the faith's beliefs.

5.1 The Bahá'i statement of core values in relation to economics

Development, in the Bahá'í view, is an organic process in which "the spiritual is expressed and carried out in the material." Meaningful development requires that the seemingly antithetical processes of individual progress and social advancement, of globalisation and decentralisation, and of promoting universal standards and fostering cultural diversity, be harmonised. Bahá'u'lláh teaches that recognition of the fundamental spiritual principle of our age, *the oneness of humanity*, must be at the heart of a new civilisation. Universal acceptance of this principle will both necessitate and make possible major restructuring of the world's educational, social, agricultural, industrial, economic, legal and political systems.

Based on the vision of a just, united and sustainable global civilisation, five spiritual principles are key to the realisation of such a future. While they are by no means the only principles necessary to consider, it is felt that these five contain a sufficient diversity of concepts to serve as starting point for this effort. They are:

- Unity in diversity;
- Equity and justice;
- Equality of the sexes;
- Trustworthiness and moral leadership; and
- Independent investigation of truth.

Spiritually-based Indicators: Five Priority Policy Areas

As with the spiritual principles, these policy areas are interconnected and, in some cases, overlapping. Therefore, initiatives in one area will require action in others. The five areas briefly considered below are

- Economic development;
- Education;
- Environmental stewardship;
- Meeting basic needs in food, nutrition, health and shelter; and
- Governance and participation.

5.2 The Buddhist statement of core values in relation to economics

On the Indicators/criteria of Development from a Buddhist Point of View

First of all, one criterion is *the involvement of all interested subjects into a process of development.* This criterion is based on the notion of Buddhist philosophy about interdependence of everything and everyone.

Second, the understanding that any development in the modern time *cannot be at the expense of any human being, community or country.*

Third, Buddhism teaches that *there could not be any development based on passion*; that is on *hatred, violence and/or greed*. So if there is an economy or economic development, which is based on industries whose purpose is to supply hatred (weapons), violence (drugs, violent forms of entertainment) or greed (consumerism without any real life enhancing purpose), this cannot be called development.

Fourth, the *concept of sharing* is central in the Buddhist philosophy. In a broad sense, it means sharing love, compassion with somebody and for somebody and at the same time-sharing one's sufferings. So if in a given society the favourable environment is created for the *flourishing of philanthropy,* and a *good social security net system* is introduced then this society could be considered as a developed society.

Fifth, if one continues developing the concept of sharing, one inevitably comes to the problem of setting up a *good tax system* where there is a just sharing of profit. According to this logic a tax system that allows a single person (or a small community) to accumulate so much profit (wealth) that it is much more than necessary for the demands of a person or a community, this tax system should be improved according to the notion of sharing in Buddhist philosophy.

Sixth, *killing* of any living creature is considered to be *Papa* [sin or unwholesome] in Buddhism. Continuing this notion one could come to a conclusion that any economy directed at the production of the weapons of mass destruction, *any society with uncontrolled military expenditures could be considered as an economy leading to destruction.*

Seventh, Buddhist philosophy is very much concerned with the problem of keeping *purity of body, speech, and mind*. So the development which is friendly for the environment (body or outer side), for the mind (human beings or inner side), and for the speech (the means of development) is the qualitative one.

Eighth, it is interesting to observe a close *connection,* which exists between a *means* of development and the ultimate *goal* of the development. A good goal should and could be achieved only through and by a good means. Any attempt to achieve a good goal by bad means (violence, victims and so on) could not and should not be considered as development.

Ninth, the term development itself should be explained in a sense that "development" is possible after a human being or a community has reached a certain level of living. For instance, in Buddhism a person really "develops" only after he/she becomes a Buddhist, after he/she starts hearing the teaching of Buddha. So a nation/country "develops" only after it solves the problem of actual hunger, the problem of actual war.

5.3 The Christian statement of core values in relation to economics

In recent years, there has been growing concern that in the midst of economic growth there is increasing and evident poverty in inner cities, among minorities, and in households where women are the head. Economics, at root, is about scarcity. Its basic assumption is that, given the current availability of resources, all the demands on these resources cannot be met, and the market is used as a mechanism for resolving competing claims.

By contrast, the Christian gospel is about generosity. Its basic assumption is that there is sufficiency in the world for all of human need, for the divine

Creator has blessed it and filled it, and has given to human beings the inventiveness and skill to release its wealth and potential. However, the over-exploitation of natural resources has led to the extinction of thousands of species, and the irreversible depletion, almost to the point of exhaustion, of vast amounts of primary materials. This lies at the heart of Pope Francis's Encyclical issued in 2013 *Evangelii Gaudium* which unequivocally speaks out in favour of social and economic justice for the poor. "Just as the commandment 'Thou shalt not kill' sets a clear limit in order to safeguard the value of human life, today we also have to say 'thou shalt not' to an economy of exclusion and inequality. Such an economy kills. How can it be that it is not a news item when an elderly homeless person dies of exposure, but it is news when the stock market loses two points? This is a case of exclusion."

The effectiveness of any economic system is, in Christian thinking, measured, not by the wealth that is acquired by those who gain most, but by the benefit to those who are disadvantaged and poor. In *Mater et Magistra*, Pope John XXIII wrote: *"it cannot be denied that in the plan of the Creator all of this world's goods are primarily intended for the support of the whole human race".*

In the Catholic tradition, wealth accumulation is linked to the biblical understanding of justice and teachings on social and distributive justice. Pope Benedict XVI set out in his 2009 *Caritas in Veritate*, a guideline that business models must shift from shareholder to stakeholder models.

Practical implications of theological writings and their interpretations are found in investing. John Paul II taught that *"... investment always has moral, as well as economic significance"* (1991).

The Reformation put an end to the traditional ban on usury – John Calvin in 1555 allowed interest with the understanding that success in business was one sign of God's favour to that particular person. Profits should be made without endangering one's soul or those of others and should be legitimate. This has developed within Protestant traditions into viewing this as actually a 'calling' that should be adhered to in being a proper steward of God. One should accept God's gifts [the profits] and be willing to use them when and if God wants it.

As an example of Protestant guidelines on investing, The Methodist Church in the USA offers its grassroots *The Book of Discipline* (2008), outlining the key statements about how United Methodists agree to live their lives together. One paragraph covers responsible investment and reads: *"... in the investment of money, make a conscious effort to invest in institutions, companies, corporations, or funds whose practices are consistent with the goals outlined in the Social Principles."* This is further elaborated in practical terms through *"... endeavour to avoid investments that appear likely, directly or indirectly, to support racial discrimination, violation of human rights, sweatshops or forced labour, gambling, or the production of nuclear armaments, alcoholic beverages or tobacco, or companies dealing in pornography."*

5.4 The Daoist statement of core values in relation to economics

Daoism is the traditional faith of China, founded upon the teachings of Lao Zi and the classical text the *Dao De Jing*. Daoism seeks to follow the natural way, the Way of Dao – which itself means the Path or Way. Daoism has on occasions ruled areas of China and had to develop handbooks for practical and spiritual guidance in statesmanship. The Dao De Jing itself is a guide to good living and statesmanship.

Daoism advocates true equality in its classic *Tai Ping Jing* (Scripture of the Great Peace). It believes that all social wealth belongs to heaven, the earth and human society, and should not be possessed by a small number of people. Wealth should be distributed properly in society, ensuring that every member of the community has the essentials for life. For example:

Firstly, social wealth can be properly redistributed by the government through an appropriate financial policy especially to ensure that the hungry have enough food and the ragged have enough clothing.

Secondly, those who are wealthy should distribute their wealth voluntarily to the poor.

Thirdly, those with money should lend to the poor for their life's necessities without charging interest. If those with wealth fail to do this and thereby increase the suffering of the poor, or even cause their death, then the wealthy will be punished by the Universe.

If you know what you have is enough
you will be satisfied.
But if you think you don't have enough
then you will never have enough !
If you follow the Tao, what you are will last.
You will live, and live, and outlive yourself again.
—Dao De Jing, ch. 33

Daoism does not oppose wealth, but as the *Tai Ping Jing* teaches the possession and grabbing of wealth bring greed and desire. It declares that ultimately all wealth is not someone's possession, but belongs to the Universe and to the Dao. The *Dao De Jing* says*: "The Heavenly Dao takes from those who have too much, and gives to those who have little or nothing." (Chapter 77)*

Daoism believes that one obligation for the wealthy should be to lend money to the poor, interest free. However, Daoism makes a distinction between money lent to the poor for the improvement of their basic facilities, amenities and opportunities - e.g. housing, food, education, employment opportunities etc. - and money lent for the making of more money. The former should be interest-free, while the latter can be charged interest at a reasonable and realistic level.

5.5 The Hindu statement of core values in relation to economics

All human endeavours are part of the divine cycle of sacrifice, in which action is consecrated to the Supreme and death acts as the last samsara [cycle of lives]. This is the core of Hindu notions of *dharma* [religion, or responsibility]. *Dharma* is sometimes translated as religion, because it shapes the morals and behaviour of society, but it is more than this. It is the essence of life itself. Depending on whether a person's actions are in accordance with dharma, they bring either good or bad reactions. Therefore the chief end in Hindu society is not, and never could be, economic development. It is to uphold dharma.

Sacrifice brings prosperity, and is therefore the foundation of Hindu society. From it follows economic development, material comfort and ultimately spiritual fulfilment through detachment. This sequence is commonly expressed as the fourfold basic principle of human civilisation: *dharma*, *artha*, *kama*, *moksha* - 'religion, economic development, sense enjoyment and liberation'. According to this fourfold principle, dharma eventually leads to moksha, or liberation from the cycle of rebirth. But artha and kama, economic development and sense enjoyment, are part of this process. It therefore becomes clear that artha, or Hindu economics, is central to the successful execution of human life.

The Hindu understanding of economic prosperity is a society in which all aspects of the individual--body, mind and spirit--are satisfied by placing God at the centre of all activities.

> *"Whatever you do, whatever you eat, whatever you offer and give away, and whatever austerities you perform - do those as an offering unto Me [Krishna]." [Bhagavad Gita 9.27]*

This according to the *Srimad Bhagavatam* [7.11.8-12], encourages the development of basic human good behaviour, called *sadarcara*, including 'truthfulness, mercy, control of the mind and senses, non-violence, simplicity, service to saintly persons, gradually taking leave of unnecessary activities in human society, food distribution to all living beings (both human and animal), worship of God.'

5.6 The Islamic statement of core values in relation to economics

While Islam historically developed in different traditions, the basis of the Muslim faith, worldview and ethic remains the Qur'an, supplemented by the *sunna*: the remembered behavioural precedents set by the Prophet Muhammad (Arabic *athar*), and his sayings or rulings (Arabic *hadith*).

And the tone of the Qur'anic and Prophetic Directives regarding wealth (Arabic *mal* or *rizq*), gain (Arabic *kasb*) and expenditure (Arabic *infaq*) is basically approbatory. As viewed by the Qur'an, wealth is a *mut`ah*: like marriage and parentage, one of the comforts and delights of earthly life, whose enjoyment is fully legitimate provided it does not preclude (a) the heeding of spiritual and ethical dictates, and (b) consideration for the common welfare.

As depicted in the Qur'an, all wealth derives from God's bounty (Arabic *fadl*, or *ni`mah*), and success in its acquisition is a sign of Divine favour. Recipients of God's bounty must receive it and expend it with pious gratitude. According to the Qur'an, true believers are those who, apart from being assiduous in worship, *"expend of that which We have bestowed upon them (mimma razaqnahum yunfiqun)* (2:3).

In the search for wealth, as in its enjoyment, the faithful need to guard against excess and lack of consideration for others. For the greedy, avaricious and exploitative, as for the rich who are secretive about their wealth or make an unnecessary show of it by conspicuous consumption, the Qur'an has nothing but outright condemnation. *"They who hoard up gold and silver and spend it not in the way of God, unto them give tidings of a painful doom, on the day [their gold and silver] will be heated in the fire of hell, and their foreheads and their flanks will be branded therewith..."* (9:34b-35a).

The Qur'an draws a clear distinction between the natural human desire to acquire and expend wealth, which is commendable as being innocent and legitimate when exercised with piety and restraint, and excessive enrichment or indiscriminate spending without regard to piety, and at the expense of the common welfare, which elicits condemnation as an unpardonable vice, on spiritual as on social grounds.

In the Qur'anic view, the truly legitimate avenue for acquiring wealth is trade as a free commercial transaction between buying and selling parties on the basis of mutual agreement and goodwill (4:29). And the Qur'an actually details the rules for commercial transactions. *"God hath permitted trade and forbidden usury.... give up what remaineth [due to you] from usury... [and] have your principal [back] without interest.... And if the debtor is in straitened circumstances, then [let there be] postponement until [repayment] becomes possible; and that ye remit your debt in charity would be better for you...."*

The Qur'an addresses its directives regarding economic behaviour to the believers, individually or as a community, without touching on the question of economic organisation as a political function. The only Muslim public institution for which the Qur'an explicitly provides is *zakat*: the tithe which the faithful are exhorted to pay to alleviate the conditions of the poor and needy among them, and to defray other communal expenses. This leaves the political economy of the Muslim community, and its public affairs in general, to be managed, as circumstances dictate, within the framework of the Muslim ethic prescribed by the Qur'an and the *sunnah*: an ethic in which the principal emphasis relates to fair-dealing and consideration of others, and of the general good. Beyond this ethic, there are no hard and fast rules governing collective Muslim behaviour politically or economically. This leaves abundant room for resilience and adaptation, as changing situations may demand.

For further details on zakat please see Appendix 5.

5.7 The Jewish statement of core values in relation to economics

The Talmud states that the first question that will be asked of those who enter the World to Come is: "Were you honest in business?" This question should not come as a surprise, for the way that a person earns his living clearly affects and colours all of his actions and deeds. There is a vital principle in Jewish law that a justifiable end may never be achieved through unjustifiable means and no amount of religious laundering will ever make non-kosher actions (or money) kosher.

The Talmud compares profiteers and hoarders to usurers and short changers. Jewish law also applies strict profit limitations to what are known as “essential items” a term generally applied only to basic foodstuffs. Flour, bread, oil, and perhaps certain milk products would nowadays come into this category. It may also be possible to argue that certain services are “basic” and would therefore have to be price-fixed or at least have profit limitations applied.

Assistance to the weaker or impoverished members of society is not considered an act of kindness, but rather an obligation, both for the individual and for society as a whole. Indeed the Hebrew word used for charity, *tzedakah,* could be more accurately translated as “justice”. The underlying principle is that one cannot escape one’s obligations and responsibilities to other members of society. This concept is expressed in the statement of the rabbis: *“He who says: ‘Mine is mine and yours is yours’... some say that this is the trait of Sodom*

Systems of charity as outlined in the Torah can be classified as either agricultural gifts, or assistance in the form of money and kind. It is particularly with regard to the latter that Maimonides suggests that there are eight levels or degrees of charity: The lowest level is when charity is given grudgingly. The levels then ascend in importance as the donor and more importantly the recipient become anonymous. The highest level however, does not even involve the giving of charity. It is that of providing for poor people by sending business their way or by setting them up in business. In other words, the highest charitable act is to give another person the means to become independent. The aim of Jewish law is not to just relieve poverty, but rather to enable the unfortunate person to escape and get out of the state of poverty.

CHAPTER SIX Outline proposal for the meeting in Zug, Switzerland, October 2017

6.1 Invite the right people

The key faith funds are held by major faith traditions and institutions. These funds are not managed except at a very remote level by religious leaders as such but usually by professional finance staff mandated by the Governing Body of the faith – synods, councils; boards etc.

Our proposal is that any next step should not make the common mistake of well-meaning bodies of inviting major religious leaders. Few if any of them know anything about how the finances of their tradition are run. The people who should be invited should be those with actual fiduciary responsibility plus those who have sought to move the faith tradition to great social involvement. This often means educationalists, media and development agency specialists from within the faith itself.

It is proposed that those invited to participate come from the following categories within the faith tradition:

- Finance officers;
- Property and real estate managers;
- Charitable foundations and their heads;
- Pension and health fund managers.
- Education departments;
- Scholars, economists and other experts who can track data on faith-based finance, and research evidence for faith activity and contribution to the SDGs.

For the initial meeting it is proposed that the faith bodies invited will have drawn up Guidelines which will have been discussed internally. The guideline will indicate the new or revised priorities which the organisation has agreed should be the guiding principles for their investment programme. While such a guideline cannot be considered legally binding it can be a means for addressing the issue of the legal responsibilities of Trustees. As mentioned earlier fiduciary laws often accidentally exclude moral choices in preference for greater financial return. By adopting guidelines to guide decision making faith bodies can overcome such limitations whilst remaining within the law.

For groups not constrained by such laws it is believed that the guidelines will enable a sharper definition, not just of values and being faith consistent, but of how the faith will make decisions in the future about the use of its investments.

The hope of this paper is that not only can new partnerships be created through the proposed 2017 meeting, but that the paper will also inspire deeper reflection and action within faith organisations. Alongside this the paper should encourage secular organisations and institutions to reflect seriously about the potential of working with the faiths as investors.

6.2 Seven points for action

Faiths last. Secular institutions have short life spans. Therefore when planning this programme, we are asking the faith finance sections of each major faith tradition to:

1. Outline to the extent that is possible, the scale and nature of your financial assets so that it is possible to truly assess the scale of the role of faiths in the capital market. Guesstimates currently place the faiths as the fourth largest investing group.
2. Outline any current guiding principles that they have such as non-usury; ban on specific trades such as armaments, alcohol or gambling; any specific options they always include – such as health products or educational products.
3. Describe what form of screening process they currently have.
4. What criteria they currently use to direct investments into creating a more sustainable, just and environmental world.
5. Outline what as an organisation they would now be willing to consider for future venture capital or entrepreneurial investing which touch

upon the broad range of themes that the SDGs cover. For example, an historic commitment to water provision would mean that water projects would be a priority for them.

6. Present these areas of potential investment interest within a wider context of not just financial assets but also assets such as the role the faith tradition plays in education; in media and information; in health care or in land management. This will help the wider world understand the breadth of engagement faiths have as stakeholders in the planet and its future.
7. Using the UN/ARC seven areas of faith assets and influence put finance within this broader context as suggested in f above. The seven areas are: **Assets**: **Education**: **Wisdom; Lifestyles; Media And Advocacy**: **Partnerships**: **Celebration**. See http://www.arcworld.org/projects.asp?projectID=47

6.3 Outcomes to plan for

The purpose of this meeting is to launch a new movement on faith-consistent investing. Launched at Zug will be commitments by the faiths for:

1. Impact and ethical investing by the faiths through their own investments
2. Guidelines for lay believers in each faith to guide their personal use of finance
3. New models of finance and the role of economics driven by values and belief
4. A portfolio of faith based projects for ethical investment worldwide.
5. Creation over the next three years of an international centre for Faith-Consistent Investment

Faiths will become SDG investors because it makes sense within their world-view and values. They are not there to be adjuncts to the UN, OECD or any other group, They are there to be partners pursuing values that accord with the teachings of their faith, not as instruments of policy for others.

An instrumentalist approach to the faiths in relation to SDGs or any other such plans of world improvement will not work. The faiths are not here primarily to make the work of any secular organisation easier. They are here to challenge us to think bigger; seek deeper; explore more widely and enthuse people more profoundly than any political or economic theory ever will. They also think long term because they have outlived and will outlive all other human conceptual structures such as empires; dynasties; nations and even ethnic identities. This is perhaps best captured in two texts from ancient China – itself the longest surviving culture in the world. One of the four classic novels of China says:

"Empires rise from chaos and empires collapse back into chaos." The Story of the Three Kingdoms c1380 AD

The contrast to this Confucian worldview is found in the *Dao De Jing*, the Classic of Daoism (*Dao* means the Path or Way of Nature):

The Great Dao goes everywhere,
past your left hand and your right –
filling the whole of space.
It is breath to every thing,
and yet it asks for nothing back;
It feeds and creates everything,
but it will never tell you so.
It nurtures all things. Without lording it over anything.
It names itself the lowest of the low.
It holds what it makes
Yet never fights to do so: That is why we call it Great. Why?
Because it never tries to be so."
(Chapter 34)

Martin Palmer, Secretary General, ARC, November 2016

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And would you learn the spells that drowse my soul?
Work without Hope draws nectar in a sieve,
And Hope without an object cannot live.
—Samuel Taylor Coleridge, Work without Hope, 1825

Appendix 1. Some examples of faith groups as investors

It can be hard to find information about faith investments. These examples, in alphabetical order, were chosen to represent the range and diverse scale of such groups, as well as their investment criteria and their portfolios to the degree that information is available in the public domain. Our hope is to expand these details as this programme rolls forward.

Faith Group	Amount Invested (in one financial year)	Criteria
Church of England Church Commissioners	£6.7 billion (end 2014)	See list in section 2
ISKCON (International Society for Krishna Consciousness), UK	Net assets: £30,706,918 (end 2011)	Bhaktivedanta Manor maintains a policy of purchasing properties for housing members of staff on the basis of need and whether budget allows. If there is no purchase, monies may be used for maintenance of existing properties. The temple sets aside £10,000 to be awarded to deserving ISKCON projects. Include food relief, education, religious festivals, preaching, awareness and book publishing
Islam	$2 trillion globally (end 2014)	Shari'a law - do not invest in gambling, alcohol, porcine food products, weapons, tobacco, media, 'conventional' financial institutions, pornography. Prohibition of Riba (excess interest)
Islam - Meezan Bank, Pakistan	£2,906,306,051 Total Assets	Premier Islamic banking: fair, just, Shari’a compliant. No mention on website or in standards of ethics of particular interest in ethical investment or sustainable living. No specific investment criteria beyond that set out by Shari’a law, which would be checked by the Shari’a supervisory board.
Jewish Joint Burial Society	£13.1 million (end of 2014)	Investments managed by Investec, largely equities, bonds and properties
Jewish National Fund	Investments, split interest agreements: $70,741,445 other: $116,737,793 (Total Assets: $236,108,961)	Land, forestry & green innovations, water renewal, research and development, Zionist education & advocacy, Israel's independence, disabilities and special needs

New Israel Fund	Grants paid 2014: £1.24m Net Assets: £389,307	NIF will not fund global BDS activities against Israel nor support organizations that have global BDS programs. Priorities are human and civil rights, social and economic justice, religious pluralism, shared society and environment
Parsis of India		Social welfare: housing, education, healthcare, Parsi population, employment
Quakers	£33,444,000 (end 2014)	Do not invest in the arms trade, promotion of violence or production of weapons, tobacco, alcohol, gambling, prostitution, pornography, fossil fuel extraction
Salvation Army - UK	Investments: £136.06m, other short term assets: £153.75m	Do not invest in companies which derive a material amount of revenues in alcohol, tobacco, weapons, gambling, adult entertainment, pornographic magazines or newspapers
Salvation Army - USA	$7,708,118,000 (Sept 2014)	Not permitted to hold securities in corporations whose primary business activity is the manufacture, distribution or marketing of alcohol, tobacco, pornography, gaming, or gaming facilities
Samuel Bronfman Foundation		To inspire a renaissance of Jewish life: learning, youth, communities
Sarvodaya Development Finance, Sri Lanka	Asset base LKR 4.2 billion (circa £23m) Capital LKR 1 billion (circa £5.6m)	Micro credit, predominantly rural communities, empowering women and employment. Do not fund projects involving gambling, liquor, drugs, weapons, slaughter of animals, harm to environment or business that would create ethnic, religious or social disharmony
Shoresh Charitable Trust	£6,251,081 (Sept 2014)	Beneficiaries mainly in UK and Israel, to promote normative Judaism, emphasis on welfare, social action, educational and cultural projects
Union for Reform Judaism - The Chai Investment Program	Annual advocacy expenditure 2009: US$2.9m	Against tobacco, polluters etc. Invest in agencies that have a socially responsible agenda ranging from low-income housing projects to community development banks
United Methodist Church - USA		Endeavour to avoid investments that appear likely, directly or indirectly to support racial discrimination, violation of human rights, sweatshop or forced labour, gambling, or the production of nuclear armaments, alcoholic beverages or tobacco, or companies dealing

		in pornography.
World Council of Churches	Total Assets: CHF 65.8m Non-current investments: CHF 8.2m Current Asset Investments: CHF 1.06m (end 2013)	Invest in areas that concern a sustainable environment for future generations. Do not invest in, amongst other areas, weapons, nuclear energy, genetically modified organisms, fossil fuels.

Appendix 2. Islamic Development Bank (IDB)

The following is taken from the IDB website:

- In education, 31 operations were approved for an amount of $227.7 million in 2014.
    - The largest education project was the support for bilingual education in six states of Nigeria which provides an opportunity in bilingual education for Almajiri (itinerant Qur'anic students).
    - Under its education for employment (e4e) initiative, Yemen is a beneficiary of US$4.6m implemented jointly with the IFC, from the Transition Fund under the Deauville Partnership.
    - With the Global Partnership for Education (GPE), the Bank is piloting its Triple Win innovative financing mechanism in the education sector.

- 17 health sector operations were approved for US$153.8m covering various aspects of national health system. **Growth in health sector financing in 2014 grew impressively by 72 percent over the previous year**.

- On the Ebola crisis, the Bank approved an emergency assistance grant of US$600,000 to support Guinea and Sierra Leone as well as a US$10m grant through the Islamic Solidarity Fund for Development (ISFD) as seed financing to attract philanthropists and NGOs to contribute resources for Ebola Virus Disease. It also extended a US$34m financing facility to Guinea to strengthen its health system, of which US$6 million was earmarked for Ebola control.

- 17 transportation sector projects were approved for US$1.4 billion with the majority of the financing benefiting six African member countries

- 10 urban development operations were approved for $479m benefiting Bahrain, Iran, Côte d'Ivoire, Lebanon, Mali, Senegal and Nigeria.

- 30 agriculture operations were approved for $406.4m compared to $714m a year earlier. The low approvals were due to non-acceptance of financing terms and conditions by beneficiaries; high country exposure; and/or high Cumulative Undisbursed Commitments.

- 63 operations were approved under the Technical Cooperation Program for US$1.5m, of which 15 were regional operations benefiting 25 member countries.

- 16 projects were co-financed in 14 member countries with other development partners. Of these, eight projects in seven countries were with the Coordination Group, which collectively provided about US$1b of financing, equivalent to 50 percent of the total cost of the projects (US$2b), with the IDB contributing 40 percent ($800m).

- 381 students benefited from the Scholarship Program for Muslim Communities in non member countries, bringing the beneficiaries from the inception of the program in 1983 to 13,170 students.

- 50 students were granted the MSc Scholarship Program in Science and Technology for the Least Developed Member Countries, bringing the cumulative number of beneficiaries since 1419H (1998) to 560 students.

- 100 scholars received the Merit Scholarship Program for High Technology for member countries.

Eight operations under the NGO and Women Empowerment Program were approved for a total US $450,000 for Burkina Faso, Kuwait, Kyrgyz, Senegal, Uganda, Yemen, and regional projects for Arab countries (North Africa and Gulf regions).

Appendix 3. OECD Investment Profile

As the journey begins to see in what ways the faith investments groups can become partners in investing in SDG-related activities, it is important to look at what other, secular, groups are doing and how they could provide models from which the faiths could learn and which could then be emulated. For example, OECD has undertaken considerable work on the potential for all investors of Social Impact Investing (SII).

OECD's work on Social Impact Investing

Social impact investment (SII) -- the provision of finance to organisations addressing social needs with the explicit expectation of a measurable social, as well as financial, return -- has become increasingly relevant in today's economic setting as social challenges have mounted with public funds in many countries under pressure. New approaches are needed for addressing social and economic challenges, including new models of public and private partnership which can fund, deliver and scale innovative solutions from the ground up.[43]

Awareness of the potential opportunities of SII has grown considerably across several OECD and non-OECD countries including in the G8 and G20. In the context of the UK's G8 presidency, the UK Prime Minister hosted a G8 Social Impact Investment Forum in London in June 2013 and launched the Social Impact Investment Taskforce, which produced a series of reports in September 2014. As one of the outcomes of the Forum, the OECD was asked to produce a report on the SII market.

Social Impact Investment: Building the Evidence Base Report was published February 2015:[44] It highlights the importance of further international collaborations in developing global standards on definitions, data collection, impact measurement and evaluation of policies. In a fast-evolving new area, experience sharing between players in the market is also vital. International organisations such as the OECD can play an important role in facilitating these collaborations as well as conducting further analysis and data collection.

Importance for OECD and non-OECD countries

SII can potentially provide new innovative ways to more efficiently and effectively allocate public and private capital to address social and economic challenges at the global, national and local levels. While these new approaches will not replace the core role of the public sector or the need for philanthropy, they can provide models for leveraging existing capital using market-based approaches with potential to have greater impact. SII can also catalyse additional capital flows into developing economies, critical to the current high-level dialogue on Financing for Development and the development of the new SDGs.

The market is evolving in various ways across countries. This is influenced by the differences in the country context including history, social needs and value systems. In addition, the ways in which social and financial systems are structured will determine the role and mix of public and private capital and therefore the potential role of SII. The variation in these contexts can provide indications in terms of

[43] http://www.oecd.org/sti/ind/social-impact-investment.htm
[44] http://www.oecd.org/sti/social-impact-investment-9789264233430-en.htm

which SII approaches may be more appropriate in some sectors than in others, and easier to implement in some countries than in others.

Alongside the growth of SII there is the emerging sphere of blended finance. Again OECD have worked on this and produced a very helpful primer on this new field[45].
Finally, again OECD has undertaken study of institutional long-term investors (though not covered the faiths) and produces an annual report[46].

OECD work on Institutional investors and long-term investment[47]
The increasingly short supply of long-term capital since the 2008 financial crisis has profound implications for growth and financial stability. Launched in 2012, this project aims to facilitate long-term investment by institutional investors such as pension funds, insurance companies, and sovereign wealth funds, addressing both potential regulatory obstacles and market failures.

Why is long-term investment important? The different kinds of capital

- **Patient capital** allows investors to access illiquidity premiums, lowers turnover, encourages less pro-cyclical investment strategies and therefore higher net investment rate of returns and greater financial stability.
- **Engaged capital** encourages active voting policies, leading to better corporate governance.
- **Productive capital** supports infrastructure development, green growth initiatives, SME finance, etc., leading to sustainable growth.

Other links:

- Private financing and government support to promote Long-term Investments in infrastructure, September 2014[48]
- Pooling of Institutional Investors Capital - Selected Case Studies in Unlisted Equity Infrastructure, April 2014[49]
- The Role of Banks, Equity Markets and Institutional Investors in Long-Term Financing for Growth and Development, 2013[50]
- Promoting longer-term investment by institutional investors: selected issues and policies, 2011[51]

[45]http://www3.weforum.org/docs/WEF_Blended_Finance_A_Primer_Development_Finance_Philanthropic_Funders_report_2015.pdf.
[46] http://www.oecd.org/daf/fin/private-pensions/institutionalinvestorsandlong-terminvestment.htm
[47] http://www.oecd.org/daf/fin/private-pensions/institutionalinvestorsandlong-terminvestment.htm
[48] http://www.oecd.org/daf/fin/private-pensions/Private-financing-and-government-support-to-promote-LTI-in-infrastructure.pdf
[49] http://www.oecd.org/daf/fin/private-pensions/OECD-Pooling-Institutional-Investors-Capital-Unlisted-Equity-Infrastructure.pdf
[50] http://www.oecd.org/daf/fin/private-pensions/G20reportLTFinancingForGrowthRussianPresidency2013.pdf
[51] http://www.oecd.org/daf/fin/private-pensions/48616812.pdf

Appendix 4. Bristol Commitments and Voices

This is a small sample of the commitments by different faiths to the goals of the SDGs, pledged at the September 2015 meeting Faith in the Future, in Bristol, UK.

1. Bahá'í Bristol Commitment

a. Bristol Commitment

Addressing the age-old malady of poverty might well require the redistribution of financial assets, the refinement of systems of taxation, and similar measures. Corruption will ultimately be eradicated not solely by penal codes or sophisticated tracking systems, but by the establishment of a society in which honesty and trustworthiness are socially expected moral norms. And great indeed is the responsibility of religious communities to put these positive values – their values – into practice. The world's great religious teachers each sought to promote human well-being and honour and to advance civilization.

b. Voices

Now that the community of nations has embraced the SDGs, many have noted that a crucial next challenge will be building ownership for Agenda 2030 among the peoples of world. This will be a matter of communication and education, but also one of motivation, volition, will, and self-discipline. Countless people in widely differing contexts will need to take this agenda as their own and make changes in their thinking and behaviour. And it is here that faith and belief can be of central importance, for religion reaches to the roots of motivation, prompting individuals to not just agree, but to arise and *act*.

2. Buddhist Bristol Commitment

a. Bristol Commitment

The following commitments come from the Sri Lankan Buddhist community and in particular the Sarvodaya organization – Sri Lanka's largest Buddhist social action organization, which has a specific sister organization designed to bring investment finance into their social programme – see below.

GOAL 1: END POVERTY IN ALL ITS FORMS EVERYWHERE

Sarvodaya's prior work related to SDGs	***Way forward with SDGs in next 10 years***
Micro-finance and micro-credit schemes for poor	Campaign and advocacy for access to basic services and resources for all through Sarvodaya's participatory democracy, good governance and reconciliation program (Deshodaya)
Livelihood support programs for marginalized	Dealing with land issues of conflict affected and third/forth generations of farming communities in Mahaweli region – Deshodaya and Sarvodaya Legal Services Movement (SDFC - sarvodayalegal.org)
Economic asset restoration for conflict affected	Introduce appropriate new technologies in agriculture / small and medium industries - Sarvodaya Institute of Higher Learning (SIHL)

Economic empowerment of community-based organisations	*Provision of entrepreneurship skills – Sarvodaya Economic Enterprise Development Services (SEEDS - seeds.lk) and financial services – Deshodaya Development Finance Company (DDFC - ddfc.lk) -- Training farmer communities for climatic shocks and disaster resilience - SIHL -- Advocacy for better poverty alleviation strategies and models; beyond the welfare State models

b. Voices

Buddhist economics promotes a spiritual approach by examining the functioning of the human mind as its first principle. The aim is to create an inner process that enables the positive transformation of ignorance, greed and violence – the very basis of the current economic model – into wisdom, contentment and peace. The intention is to reveal what is harmful and beneficial in all human activities, including production and consumption, and thus support people in making ethical choices. It strives towards a middle way of balancing economic development and human values. When we understand what creates desire and craving and what leads to contentment, we realise that mere wealth can never satisfy us. We become aware of the importance of leading a simple but dignified life.

The Buddhist tree ordination ritual reminds people of the value of respect for all life forms, including plants, and the need to preserve our sacred planet.
Source: Parichart Suwanbubbha

Buddhist economics challenges the vision of "homo economicus" that is the basis of the current capitalist economic model: the assumption that humans are purely rational and egoistic and will always attempt to maximise their profit without pangs of conscience. From a Buddhist perspective, attributes such as altruism and compassion are qualities of the mind that are innate but need to be discovered and cultivated.

3. Church of England Bristol Commitment

a. Bristol Commitment

The CofE's Church Commissioners have made a major commitment to monitor and review its investments in line with its recently revised climate change policy. Changes have already been made to its portfolios, for example withdrawing from finance companies which charge exorbitant rates for loans; withdrawing from carbon fuel companies, whilst it also maintains an active engagement strategy using stakeholder resolutions to hold companies to account and improve transparency. For example, divesting £9 million of high carbon fossil fuel sector shares in 2015 on adoption of climate change policy – companies involved derived more than 10 percent of revenues from extraction of thermal coal or production of oil from oil sands. Together with like-minded investors the Commissioners can influence the way fossil fuel companies conduct themselves. Furthermore they can supply equity capital to companies specialising in the transition to a low carbon economy.

Headlines on the portfolio and engagement are:

- £9m of high carbon fossil fuel sector shares divested in 2015 on adoption of climate change policy - companies involved derived more than 10 percent of revenues from extraction of thermal coal or production of oil from oil sands

- £301.5m in low carbon investments at end 2015 – sustainably certified forestry, green office buildings, specialist environmental markets fund
- Additional £323m at end 2015 in a sustainability themed equities mandate with Generation Investment Management co-founded by Al Gore
- 32MW of wind on UK forest estate & planning permission received for a new 5MW solar farm on UK rural estate
- Shareholder resolutions co-filed at Anglo American, Glencore and Rio Tinto for 2016 AGMs requiring enhanced climate change related strategy reporting, building on success of BP & Shell resolutions in 2015.
- They co-filed their first ever US shareholder resolution – a resolution asking ExxonMobil to report annually on how its portfolio stress tests in a 2 degrees scenario. No climate change proposal has ever received more than 35 percent voting for at Exxon. They hope to breach this and send a strong signal on shareholders' desire for fuller reporting on climate change related strategy and risk.
- In the 2016 Asset Owner Disclosure Project we were rated AAA and in the top 2 percent of funds globally for our management of climate risk.

The need to co-operate with others has a special relevance to the Commissioners as their size and reserves allow them opportunities for partnerships that may not be available to others.

This year the Commissioners have adopted an updated policy on climate change drawn up by the **Ethical Investment Advisory Group**. As a result they have a divestment policy targeted on specific segments of the fossil fuel industry and companies that derive more than 10 percent of their revenues from the extraction of oil sands or thermal coal resulting in the sale of shares in 13 oil and mining companies. The Commissioners are engaging with senior management and ask questions at Annual General Meetings This step by step by step action will be increased. The Commissioners have made significant low carbon investments including a large forestry portfolio, green office buildings, an investment in a US anaerobic digestion fund, and environmental investment funds which combined significantly exceed the value of investments in fossil fuel extraction. It has also, with others, made a major investment to buy and revive a national bank to be run on ethical format. In addition its multi-asset strategies and private credit portfolio invests with managers operating all over the world who supply finance to companies in situations that are too complex to be of interests to the banks.

Amongst possible future investments would be a commitment to funding and nurturing a wide range of companies specialising in the developing of clean energy in line with the proposals of the Apollo Programme. [52]

This fulfils many of the issues in SDG Goal 9 – regarding resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation.

b. Voices

[52] http://cep.lse.ac.uk/pubs/download/special/Global_Apollo_Programme_Report.pdf

Christians should also address the role of entrepreneurs in societies. Corporate social responsibility and compliance management ought to be more than window-dressing. A social market economy needs entrepreneurs with the ability to make ethical judgments. What should be done in conflicts of interests? What does decent work mean? Thus, it is necessary to include ethical questions in all fields of education, especially in economic and business studies. As the Pontifical Council of Justice and Peace stated in 2012 in *Vocation of the Business Leader: A Reflection:* "Respect for human dignity and the common good are foundational principles which should inform the way we organise the labour and capital employed, and the processes of innovation, in a market system. The deep and abiding purpose of individual businesses and commercial systems is to address real human needs."

4. Islamic Bristol Commitment

(Please also see Islamic Development Bank, Appendix Two)

a. Bristol Commitment

This Commitment comes from the Supreme Council of Kenyan Muslims (SUPKEM)

Strategic Objective	Verifiable Indicators of Achievement	Key Activities	Key Outputs
1.0 Initiate three programmes aimed at sustainably improving the economic well being of distinct target groups among the Muslim Community	* Programme concepts including objective baseline data, sound rationale for target ground identification, planned intervention methodology and estimated budget plus its funding * Enhance capacity and skills in economic management among identified target groups. * Increase in number of Muslim target groups engaged in trade and other income sources * Accessibility to collateral for improving economic projects by identified target groups * Improvement in household level livelihood generation profiles for identified target groups * Attainment of permanent property deeds among target groups in Muslim urban and rural residences.	* Develop and implement advocacy program and sensitization/capacity building tools on economic engagement * Implement economic Empowerment Program in identified target groups with potential for catalyzing self sustaining impact on the entire Muslim Community * Advocate for Muslim settlement areas land rights to include capacity building * Facilitate the consultation logistics for the attainment of Title Deeds for Muslim urban and rural residences (in Majengo, Kibera Meru, Nyeri, Mwea, Kakamega, Kendu Bay, Lamu and Malindi	* Economic Empowerment Program * Income generation evidence from target group * Advocacy Program and tools * Title Deeds attained Securities obtained to properties * Livelihood related activity records among target groups

b. Voices
Today's monetary, financial and economic systems are based on the mistaken notion that increased consumption and economic growth result in real human prosperity and mental and physical well-being. The desire for goods leads to excessive consumption, which fuels production and, in turn, rapidly depletes resources. To support the quest for economic growth, unjust and unstable global financial and monetary systems have been created and maintained. It is clear that economic growth for its own sake, which does not put human beings at its centre, inevitably leads to prosperity for some and extreme poverty for many. Islamic teachings show clearly that human well-being does not depend on material wealth alone.

At the same time, Islam encourages the legitimate pursuit of wealth and the enjoyment of the bounties created for human fulfilment, in recognition that wealth is only one determinant of well being. Individuals are merely trustees of the wealth bestowed on them by Allah. Islam considers wealth as the life blood of the community which must be in constant circulation; its possession therefore excludes the right to hoard it. This implies that wealth must be invested to improve people's well-being. Islam accepts unequal distribution of wealth, but it does not allow the existence of wide disparities and therefore gives those in extreme poverty a clear right over the wealth of anyone whose wealth exceeds subsistence level. The Holy Qur'an (51:19) says: *"And in their wealth was given the right of the needy and deprived."*

To narrow the gap between the rich and the poor and ensure just and equitable distribution of economic resources, Islam provides a suite of positive and prohibitive measures. These include *zakat* – obligatory alms-giving – and *sadaqat* – voluntary charity, laws of inheritance and bequest, monetary atonements, and compulsory contributions in the form of taxes. Prohibitive measures include the abolition of interest, prohibition of acquisition of wealth through illegal and unfair means, and the prohibition of hoarding of wealth.

Jewish Bristol Commitment

a. Bristol Commitment

Jewish groups investing in and advocating for renewable forms of energy
One way of addressing our own responsibility for climate change by the time of the 2022 shmita year would be for households, congregations, denominations, and federations to invest in spending that helps heal our planet. The Shalom Center and the signatories to its "Rabbinic Letter on the Climate Crisis" have called on the Jewish community to: purchase wind-borne or solar-born rather than coal-fired electricity to light our homes, synagogues, and community centres; encourage Federations to offer grants and loans to allow Jewish organizations to solarize buildings; shift our bank accounts from banks that invest in deadly carbon-burning to community banks and credit unions that invest in local neighborhoods, especially those of poor and minority communities; move endowment funds from supporting carbon to supporting renewables; insisting that our tax money no longer be used to subsidize fossil fuel but instead to subsidize the swift deployment of renewable energy; and mobilizing to convince our legislators to institute a legislative solution to the climate crisis. *(SDG Goals 7, 8, 13)*

b. Voices
The Torah commands that Jews care for their fellow human beings: "You shall love your neighbour as yourself: I am the Lord" (Leviticus 19:18). Jews are thus instructed to give generously to support fellow humans who are experiencing poverty – without considering these persons' background.

In his landmark code of Jewish law, the *Four Pillars*, the fourteenth century European Rabbi Jacob ben Asher taught:

> *"It is a positive commandment to give charity according to your capacity. And you must be very careful regarding this commandment, more so than with any other positive commandment, for it is possible to wind up shedding blood [by neglecting it], since a poor person may die if you do not give him [what he or she needs] right away [...]. You should not think, 'How can I possibly reduce my wealth by giving to the poor?' Rather, you should understand that the wealth is not yours, but rather a trust that you must use to carry out the will of the One who has entrusted it to you. And it is the will of that Provider of that trust that you distribute a part of it to the poor. Indeed [that which you distribute] is the best part of your wealth, as it says, 'Your charity will proceed before you'" (Isaiah 58:8; Tur, Yoreh De'ah § 247).*

Appendix 5. Further notes on Zakat

Zakat, the obligatory Muslim tax of 2.5 percent of one's wealth per year for charitable purposes, is one of the five pillars of Islam. The five pillars are the core teachings, beliefs and commitments that each Muslim must agree to and undertake. They include making the declaration of faith that there is no god but God and that Muhammad is his prophet; going on pilgrimage to Makkah – the Hajj; praying five times a day and fasting during the month of Ramadan.

From its very inception in the earliest days of Islam, it has been explicitly intended to reduce inequality and to provide not just charitable aid but to fund entrepreneurship, enabling people and communities to stand on their own two feet. It is widely used in modern, and especially post-Colonial. Muslim countries to fund domestic development and poverty-reduction efforts. In such cases it is treated as a form of income tax or wealth tax by the national Government and this is seen by many Muslims to be a perversion of the original local nature of the role of zakat.

The following is from the 2015 Global Humanitarian Assistance report *An Act of Faith: Humanitarian financing and Zakat* [53]. It illustrates the possible size and significance of zakat.

> *There is no reliable data currently available to show precisely how much Zakat is paid by Muslims around the world, or how it is spent globally. Yet data we have collected for Indonesia, Malaysia, Qatar, Saudi Arabia and Yemen, which make up 17 percent of the world's estimated Muslim population, indicates that in these countries alone at least US$5.7 billion is currently collected in Zakat each year.*
>
> *We estimate that the global volume of Zakat collected each year through formal mechanisms is, at the very least, in the tens of billions of dollars. If we also consider Zakat currently thought to be paid through informal mechanisms, then the actual amount available is likely to be much higher, and could potentially be in the hundreds of billions of dollars. By way of comparison, international humanitarian assistance from government and private donors in 2013 totalled US$22 billion while official development assistance (ODA) from member countries of the Organisation for Economic Cooperation and Development (OECD)'s Development Assistance Committee (DAC) was US$134.8 billion in the same year.*
>
> *Our research also shows that between 23 percent and 57 percent of Zakat currently collected is used for humanitarian assistance, depending on the context in which it is raised and used.*

[53] http://www.globalhumanitarianassistance.org/report/humanitarian-financing-and-zakat