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# Redefining Development through Faith-Consistent Investing

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## ABSTRACT

*Faith groups are significant stakeholders in the planet, managing half of the world's schools, a quarter of its healthcare, and 7 to 8 percent of its habitable landmass. They have influence over four-fifths of the world's population and hold billions of dollars of investments on global stock markets. Increasingly, faith groups are looking at how and where they invest their funds, and asking if those investments reflect their beliefs and values. Considering the size of their assets and their influence, if more religious groups adopted values-driven investing, investments by faith groups could be a crucial tool to mobilize more funding to address global development challenges and to tackle climate change.*

There is a seismic shift taking place among faith groups—even if many of them are not yet aware of it, let alone the outside world. Like many great changes, the early signs are initially small, almost indiscernible. But soon enough, changes gather pace until they suddenly become the new normal, and no one can understand how anything different once existed. We are in the process of that great gathering of pace.

I am referring to the growing movement of faith-consistent investing, which is the primary focus of my organization, FaithInvest. The great shift is that, for the first time in many cases, faith communities are looking at

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how and where they place their funds and asking whether their money truly reflects their beliefs and values.

On many levels, this focus should be a given—after all, what is the point of faith groups if they are not consistent with their beliefs and values? But actually, ensuring your money is being used faithfully in an active sense (as opposed to saying: “here’s a list of what we won’t invest in”) is rather complicated. As FaithInvest has discovered, faith groups face all sorts of obstacles putting into practice the simple principle that your money should be where your heart is.

Not least is the fact that there is a natural reticence in most faith groups to discuss money. It’s that old problem of God and mammon (“You cannot serve both God and money,” Matthew 6:24), even though, like any other organization, faith groups need money to fund their activities, carry out their good works, pay staff salaries and pensions, and run their buildings.

Nevertheless, the mounting crises and increasing economic volatility of the world make this issue even more critical today. Most faith groups share common values around social justice, caring for the poor, feeding the hungry, protecting the vulnerable, and conserving the natural world. If more religious groups adopted values-driven investing, faith-consistent investments could be a crucial tool to mobilize more funding to address global development challenges.

## THE BUSINESS OF RELIGION

Before I expand on why this is not yet happening in all faith groups, let me provide some background on how we arrived at this point. I began working with faith groups on what I call “the business of religion” over forty years ago. In that time, I have witnessed a great shift in attitudes toward another key issue of today: the protection of the environment.

By the business of religion, I mean the infrastructure: the buildings, the land, the administration, all the practical stuff that enables an organization to function, including, of course, the money. When I started working in the 1980s with faith groups (beginning first with key traditions within the five major religions of Buddhism, Christianity, Hinduism, Islam, and Judaism, and adding Bahaim, Daoism, Jainism, and Sikhism over the subsequent decade), no one was thinking about the business of religion. Back then, many religious groups scarcely knew what they owned, let alone where they had invested their money, because they hadn’t added it all up. The reasons for this were many and varied. Often it was due to historic methods of record keeping in multiple accounts; for example, in some faith

groups, dioceses have a great deal of independence and hold their own financial records. Often, faith leaders simply didn't ask for the figures.

I started thinking about the business of religion after the late Prince Philip, Duke of Edinburgh, asked me to help him launch a new movement championing the environment. At the time, he was the international president of the World Wildlife Fund (WWF), and he wanted to challenge, assist, and encourage major faiths to recognize the serious threats facing our living planet.

In 1986, we hosted, through WWF, the first ever meeting of all the major environmental groups and five of the major faiths, represented by Venerable Lungrig Namgyal Rinpoche, Abbot of Gyuto Tantric University, sent by the Dalai Lama (Buddhism); Friar Lanfranco Serrini, Minister General of the Order of Friars Minor Conventual (Christianity); His Excellency Dr Karan Singh, President of Hindu Virat Samaj (Hinduism); His Excellency Dr Abdullah Omart Nasseef, Secretary General of the Muslim World League (Islam); and Rabbi Arthur Hertzberg, Vice-President of the World Jewish Congress (Judaism). This meeting was held in Assisi, Italy, birthplace of the Catholic saint of ecology, Francis. Back then, the idea that religious groups had anything to do with the environment was unheard of and seen by many as pointless, if not ridiculous.

Before the 1986 meeting, Prince Philip asked me to find out what was happening in terms of practical faith action on the environment globally. There were a few pioneering individuals, but only three officially faith-based initiatives: a Buddhist, an evangelical Christian, and a multifaith project in the sphere of education. Being nothing if not hopeful, Prince Philip and I staged a huge dramatic launch of what we boldly called "the new partnership between the faiths and the environment."<sup>1</sup>

Today, every significant religious group has issued a statement or declaration about why they consider this care of people and the planet as fundamental to their faith. There are hundreds of different statements reflecting the vast array of traditions within each faith and a common sense that this is now crucial to a faithful life. This includes, for example, the Christian statement compiled by the Ecumenical Patriarch of Constantinople, the World Council of Churches and the Vatican Franciscan Center of Environmental Studies,<sup>2</sup> or the Mao Shan Declaration issued by the China Daoist Association.<sup>3</sup>

The results are undeniable. There are millions of such projects in parishes, synagogues, mosques, temples, gurdwaras sacred sites, holy rivers, pilgrimage routes, and other places of spiritual power throughout the world. These projects range from renewable energy programs to huge reforestation

schemes, from educational programs in faith-managed schools to training Christian and Muslim farmers in sustainable agriculture in several countries in Africa. My own former organisation, the Alliance of Religions and Conservation (ARC), trained hundreds of farmers in Kenya, Uganda, and Tanzania, and I know of similar programs in Malawi, Zambia, South Africa, Zimbabwe, Ghana, and Sierra Leone.

Working with faith groups to develop environmental programs based on their beliefs, teachings, and values through ARC made me realize the stakeholder role of faiths in conserving our planet. Faiths aren't just bystanders—they own great chunks of the planet and deliver many of the services we take for granted. Without the educational, medical, welfare, and compassion work of the faiths through institutions such as schools, hospitals, youth work, and welfare agencies, I believe civil society could quite possibly collapse within weeks in many countries.

#### FAITHS AS FINANCIAL STAKEHOLDERS

We began to research faiths' stakeholder role in *The State of Religion Atlas* published by Simon & Schuster in 1993.<sup>4</sup> We discovered that faiths manage 7 to 8 percent of the habitable landmass of the planet<sup>5</sup> including 5 percent of commercial forests (22 percent and 28 percent in Sweden and Austria, respectively).<sup>6</sup> They feed millions of people every day. For example, Sikh gurdwaras feed 30 million people daily in India alone, as Dr Rajwant Singh, Chair of the Sikh Council on Religion and Education, told me at our Many Heavens One Earth celebration in 2009.

Faith groups run around half of all schools worldwide (64 percent in Sub-Saharan Africa according to the United Nations International Children's Emergency Fund (UNICEF)).<sup>7</sup> The Catholic Church operates the world's largest non-governmental school system, with more than 100,000 primary schools and close to 50,000 secondary schools globally,<sup>8</sup> almost a third more than the total number of primary and secondary schools (116,064) in the United States<sup>9</sup> and Canada combined.<sup>10</sup>

Faiths also provide 30 to 50 percent of health services in many developing countries.<sup>11</sup> The Catholic Church operates 26 percent of the world's health care facilities, including at least a quarter of all HIV and AIDS initiatives across Africa.<sup>12</sup> Yet, for some reason, this stakeholder role has been largely overlooked by both the religions and wider society.

Perhaps unsurprisingly, most people tend to focus on the faiths' spiritual role. This is, of course, hugely important, because it enables faith-based institutions to draw on millennia of experience guiding humanity through

profound crises. Now, humanity is facing two great existential crises: the destruction of the natural environment and the impact of climate change. These crises together comprise the biggest challenge to all life on earth; they threaten communities' very survival, and put nature's diversity and wonder at risk.

Because of their long experience, influence, and moral leadership with their followers, faith groups have an important role in addressing these crises. If we ignore their stakeholder role, we fail to see the whole picture. Considering that around 80 to 85 percent of all the people in the world belong to a major faith,<sup>13</sup> we need to accept that religious communities are as much a part of the problem as they can be the changemakers.

How did examining the faiths' role as stakeholders lead us to focus on their financial investments? Although public information on the amount of funds that various faiths hold is not readily available, it can be estimated that, collectively, the faiths are one of the largest investment groups in the world, with trillions of dollars on global stock markets and trillions more in assets such as buildings, land, and forests. Back in 2009, at ARC's Many Heavens One Earth Celebration, then UN Secretary-General Ban Ki-moon told the gathering that, together, faith groups comprised the third biggest category of investors on the global markets.<sup>14</sup>

ARC started looking at faiths and their finances in the early 2000s. Working with Citigroup, we undertook the first external survey of the level and nature of faith finances worldwide in 2002. The survey estimated that between 10 and 15 percent of the U.S. stock market (between 2.5 percent and 7.5 percent of the world markets) was owned by faiths.<sup>15</sup> Though Citibank never made the study public, other research carried out since then provides an idea of the size of faith finances. For example, a 2016 study of the economic value of religion to U.S. society estimated that faith-based organisations had annual revenues of USD 378 billion—more than the global annual revenues of tech giants Apple and Microsoft combined—and the equivalent of the world's fifteenth-largest national economy.<sup>16</sup>

Some information about global faith investments is publicly available. For example, the Church of England has an investment fund of GBP 10.1 billion<sup>17</sup> and a Church Pension Fund of more than GBP 3 billion.<sup>18</sup> The Vatican Bank manages EUR 5.2 billion in assets.<sup>19</sup> In the U.S., Wespeth Institutional Investments manages a fund of USD 28 billion for the United Methodist Church and affiliated organisations;<sup>20</sup> the Church Pension Fund manages a portfolio of USD 18.4 billion for the Episcopal Church;<sup>21</sup> and the Church of Jesus Christ of the Latter-Day Saints has stockpiled an investment fund of USD 100 billion.<sup>22</sup> But these portfolios

are all dwarfed by Islamic finance globally, which grew to USD 4 trillion in 2021 and is expected to reach USD 5.9 trillion in 2026, according to a report by Revinitiv and the Islamic Corporation for the Development of the Private Sector.<sup>23</sup>

## BEYOND A “NO” LIST

FaithInvest was founded in 2019 following a landmark Faith in Finance meeting in 2017 of religious investors, philanthropies, representatives of the UN Development Programme and the UN Environment Programme, national governments, and investment firms, organized by ARC in Zug, Switzerland. The meeting launched the Zug Guidelines, which outlined, for the first time, the investment priorities for dozens of traditions alongside the ethical rationale behind their investment decisions.<sup>24</sup> It also resulted in the unanimous conclusion by participants that a new organization was needed to spearhead faith-consistent investing among religious groups. Thus, FaithInvest was established to meet that growing need.

When I started working with faith organisations on their finances, most groups did not even have negative screening to ensure they were not investing in activities that contradicted their beliefs and values. Nowadays, many faiths have some sort of exclusion criteria for their investments, which is a great first step. However, faith-consistent investing is much more than what groups do not invest in. As FaithInvest says to faith groups, “we know what you’re *against*. The question is: what you are *for*?” Faith-consistent investing is about actively using your personal and institutional investments to bring about positive change in the world.

It is also about ensuring you are faithful from beginning to end, not just at the points at which you have the income from your investments to do good, but also concerning how that money is generated and where it is used. All too often, there is a disconnect between how funding is achieved and what is done with it. However, the inexorable logic is that your values should affect everything you do, including where you invest your money.

Growing numbers of faith groups are tackling this issue, but moving money is complicated and there are many obstacles. To start, most faiths have tiny teams managing their finances, and they hardly have any in-house investment expertise. In many cases, faiths outsource their investments to fund managers who simply report how well they are doing. Therefore, many faith groups may not even know where their investments are held, and they do not ask the right questions or set investment policy guidelines.

Moreover, faith governance structures are generally filled with senior faith leaders, almost none of whom have any financial experience and may never think about where their money is held or invested. Faith groups are busy organizations, with many activities from maintaining schools and hospitals, to providing social care, development, and refugee services. And of course, they are deeply focused on their spiritual worship and teachings.

Against such a backdrop, it is no wonder that moving investments is such a herculean and daunting task for faith groups, especially if they fear reducing the income they depend on to carry out their activities. Yet, the change *is* happening. We only have to look at the divestment movement, where faith groups are the biggest category of organizations pulling their funds out of fossil fuels.<sup>25</sup>

At the same time, there has been a huge shift in attitudes towards faiths in the secular world. Major global institutions such as the UN are realizing that religious organizations should be leaders of ethical, faith-based, and impact investing that not only contributes to environmental, social, and governance or socially responsible investing, but also supports the aims of the Sustainable Development Goals (SDGs).<sup>26</sup> Given that the SDGs are currently facing a funding gap of trillions of dollars, the UN and the World Bank are looking for more imaginative ways to fund development.<sup>27</sup>

## LESSONS LEARNED FROM VALUES-BASED INVESTING

I am heartened when I look back at how attitudes among faith groups toward the environment have changed following WWF's 1986 Assisi meeting. So, what can we learn from that success of a whole new way of being faithful? First, it takes time. Second, it starts relatively small. But when faiths move, the change lasts for generations, if not centuries. Take Daoism: it teaches that wealth should circulate fully to meet the essential needs of everyone. Daoism drew up this principle in 200 C.E. and introduced a ban on usury as a direct result, which can still be seen in Daoist beliefs, values, and teachings to this day.

Third, while religious leaders are useful sometimes, they are not the real drivers of change. They can uphold, encourage, or sanction change, but they do not know much about how their faith works on the ground. ARC always worked with the land managers, the directors of education, the building supervisors, and so on. These are the people whose involvement is essential for change to truly take place. Hence, FaithInvest works with the fund managers of different faiths, as well as with the leaders, the trainers, the educators, and the faith media.

Finally, the greatest engine for change within a faith community is its members, the laity. When members began to question what their faith traditions were doing about the environment, the pressure was on for the faith structures to respond. The same is true of faith-consistent investing. So, if you belong to a faith community, I encourage you to ask your faith leadership where their money is invested and why. Then, take a look at where your own money is held.

Prince Philip was very fond of a quotation from Proverbs 29.18: “Without a vision, the people perish.” We need that vision now. Given the magnitude of their assets and influence, I believe the faiths alone, through their investments, could make the crucial difference to the world’s efforts to redefine development, halt irreversible climate change, and reverse environmental destruction. This goal is within our grasp if only we can recognize it. *f*

#### ENDNOTES

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