

Ethical Investment – Key trends and Future Perspectives

Personal Background Paper for KAICIID Conference 10.-13. Nov 2025

Dr. Dietrich Werner, Berlin/Geneva

Content Survey

- I) Some key trends and figures illustrating the global relevance and challenges of ethical funding and investment
- II) Navigating the Development and the Humanitarian Funding Crisis: Ethical Implications and Strategic Responses
- III) Ethical investment as part of efforts to enhance assets utilization and impact investment processes of religious communities and CSOs
- IV) Keeping ethical investment, standardization of ethical principles, advocacy for justice in the international financial system and faith communities together – towards an integrated and comprehensive strategy
- V) Current challenges for the faith based global ethical investment movement – how to keep its transformative energies going and its potential for structural change alive?

Background

Globethics is an international non-governmental organisation, in consultative status with UN ECOSOC, dedicated to advancing ethical leadership worldwide. Building on 20 years of expertise and global trust, Globethics leverages its international network and strategic Geneva location to support civil society, international organisations, private and public sectors in enhancing values-driven governance and high ethical standards in areas including the use of modern technologies such as AI, peacebuilding, higher education, and business (including investment). We understand our work both in the headquarters office in Geneva as well as in several regional centres in Africa, Latin America, Asia and the MENA region as contributing particularly to SDG 16, which is to “Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.” Supporting inclusive institutions, i.e. responsible and ethical instruments and institutions means to translate individual charity into intentional structural change, motivated by the principle “put your funds where your moral values are”. This world on all levels desperately needs ethical orientation. It needs clear standards of accountability and measurable impact of investments which are beyond quantitative figures of returns and gain, but prove to have a real impact for planet and people. This in principle applies both in business ethics, in peace and military ethics, in ethics of good governance and leadership and higher education ethics. This also was a key conviction at our recent annual key event, the **Global Ethics Forum 2025**,¹ which was completed on 10th of October with 190 participants from 39 countries in the Varembe conference centre in Geneva and 320 registered online participants. How to build in purposefully designed and ethically based investment decisions into business leadership? How to transform a purely profit driven business model into deliberate efforts for building resilient economies with a long-term commitment to justice, equality, peace and sustainability? This was a key umbrella

¹ <https://globethics.net/news/reinventing-responsible-governance-across-sectors>

topic in the business track (one of three) of the Global Ethical Forum 2025, which was centering around moving from “doing no harm” to driving innovation for advancing human and planetary well-being. Introducing ethics into management and business leadership training in a situation of huge technological, environmental and social disruptions is not just an “option” or a “nice to have” or an added luxury value, but a “must” for all who are committed to do business responsibly within the given planetary boundaries and social conditions humanity finds itself in. This conviction has grown in the past 15 years as illustrated by the huge documentary work of progress illustrated for instance in the three volumes of the Global Survey of Business Ethics 2022-2024 which were published by Globethics in 2024.² Ethical investment or Socially Responsible Investment (SRI) moves beyond individual charity decisions, and tries to relate visionary anticipations about intended social and environmental impacts with decisions on clearly distinct and intentional investment policies.

I) Some key trends and figures illustrating the global relevance and challenges of ethical funding and investment

This paper does share in the conviction mentioned in the short introduction into this panel of the KAICIID conference program: “Ethical funding offers a tangible bridge between principles and practice: a means to turn commitments to social cohesion and climate justice into concrete, coordinated action. By directing resources toward initiatives that foster inclusion, interreligious and intercultural dialogue, and sustainable development, ethical funding can help ensure that solidarity is not merely a vision, but a measurable outcome.” But before ethical funding can become a tangible bridge between principles and practice we need to face, reflect and analyse some problematic key trends and challenges involved in some of our current contextual realities, particularly in the rapidly changing landscape of international development cooperation, which can hinder, curb and even suffocate well intentioned individual charity efforts for ethical funding as long as they are not properly seen as a structural challenge which needs to be addressed by policy and advocacy work. As I am coming from long years of work in collaboration with a Christian development agency some relevant trends mentioned here are coming from the rapidly changing scenarios of international development cooperation and the changing landscape of financial flows. These point to an underlying credibility and effectivity crisis of ethical investment in relation to real transformation towards justice, peace and sustainability which can aggravate as long as these structural factors are not taken seriously. The interest to put our money where our values are, needs to be translated from individual levels to the structural decision levels and related to issues of justice, participation and real transformation of economic realities if we want to maintain a tangible impact of our actions for more justice in the international financial system. This exercise is just meant to sharpen our reflection and guiding questions about whether and how ethical investments (of individuals as well as corporations) could really become an engine for powerful social and political transformation again and an effective incubator mechanism for major structural changes in the current world of business, finance and economy.

a) Credibility crisis of real transformation towards peace and sustainability I: Rising military expenditure over against shortage of funds for UN related humanitarian and development work

² Bryan Robinson / Georges Enderle (Editor): Global Survey of Business Ethics 2022-2024, Vo. I-III, in: <https://globethics.net/publications/global-survey-business-ethics-2022-2024-1>

According to the SIPRI Institute, the Stockholm and Beijing based International Peace Research Institute we are experiencing a yet unseen dramatic global escalation of military spending. The SIPRI Institute speaks of 2,7 *trillion USD* (one trillion is one million a million, 1 with 12 times zero) *global expenditure for arms* in 2024. In 2024 the Institute noted the most rapid increase of around 10% in comparison to 2023 we ever had since the end of the Cold War.³ Global military spending is projected to reach \$6.6 trillion by 2035 if current trends persist. The massive diversion of resources into military expenditure poses a serious threat to humanity's future by not only undermining sustainable peace and development in general, but also reducing the basis, scope and outreach of ethical investments. A crucial report of the UN General Secretary has warned quite recently, that “global military spending is not only increasing in absolute terms, but its share of the global economy is rising as well. Since 2022, it has climbed from 2.2 per cent to 2.5 per cent of the world's Gross Domestic Product (GDP) and from 6.6 per cent to 7.1 per cent of government budgets. The shift is widespread, with more than 100 countries boosting their military spending in 2024 alone”.⁴ We have the paradoxical situation that on the average individual ethical funds have seen strong growth rates in many cases, outperforming traditional funds (this applies for funds focused on environmental, social, and governance (ESG) criteria)⁵ and many individual investors still believe that ethical investments in ESG related products still makes sense.⁶ But at the same time global investments in ethical funds are in the process of being reduced as there is a general shift of investments into AI enhanced military industries,⁷ leading also to critical questions whether one should enlarge the ESG set of criteria to an **ESGP set of criteria for ethical investment** in order to include peace⁸, although this can create also additional and new ethical controversies.⁹ There are important voices calling for urgently to expand the understanding of principles of responsible investment and to include the connection between investment, peace and security¹⁰ which for the time being has not been included in the ESG definition. Trade and investment policies can impact peace and stability between nations – that is a key conviction of WTO.¹¹ Expanding the PRI (Principles for Responsible Investment) to include principles for trade and investment that

³ Global military spending reached a new peak in 2024, totalling just over \$2.7 trillion (€2.38 trillion), 9.4% more than in 2023. Military spending has been rising steadily worldwide over the past 10 years, but 2024 saw the most rapid rise within a single year since the end of the Cold War. See: <https://www.dw.com/en/sipri-arms-defense-military-spending-increase-germany-bundeswehr-middle-east-v2/a-72356132>

⁴ See: UNDP Report 9 September 2025: <https://www.undp.org/press-releases/record-military-spending-threatens-global-peace-and-development-new-un-report-warns>

⁵ The average ethical fund has produced returns of 4.3% over the last year, compared with an average loss of 1.5% generated by their non-ethical rivals. In: Ethical investment funds outperform non-ethical rivals. Institute for Sustainability and Environmental Professionals, UK, <https://www.isepglobal.org/articles/ethical-investment-funds-outperform-non-ethical-rivals>

⁶ See: Institute for Sustainable Investing: Individual Investor Interest in Sustainable Investing Remains Strong, March 2025, in: <https://www.morganstanley.com/insights/articles/sustainable-investing-interest-2025>

⁷ See: European Parliamentary Research Service: Defence and artificial intelligence. April 2025: in: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/769580/EPRS_BRI\(2025\)769580_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/769580/EPRS_BRI(2025)769580_EN.pdf)

⁸ This suggestion recently was strongly supported by argumentation from the General Secretary of the UN Antonio Guterres, who presented a provocative report under the title “The Security we need: Rebalancing Military Spending for a Sustainable and Peaceful Future”(UN Press Release 9 Sept 2026), in: <https://www.un.org/en/peace-and-security/the-true-cost-of-peace>; UN Press Release 9 Sept 2025: <https://www.un.org/sustainabledevelopment/blog/2025/09/un-press-release-milx/#:~:text=%E2%80%9CBut%20we%20know%20that%20development,lower%2Dmiddle%2Dincome%20countries.>

⁹ There is a highly interesting list of pro and contra arguments concerning the question whether investing into arms can count as an example for sustainable investment or not: See: Interne AKI-Stellungnahme zu Rüstung 9/2025, in: https://www.aki-ekd.de/fileadmin/user_upload/aki-ekd.de/PDFs/R%C3%BCstung_25-final.pdf

¹⁰ See also: UNEP Finance Initiative:

https://www.realisag.de/fileadmin/mediapool/ueber_uns/Nachhaltigkeit/Downloads_EN/pribrochure2020_234138_eng.pdf

¹¹ See WTO goals number 9: 9 The WTO can ... contribute to peace and stability ;

[https://www.wto.org/english/thewto_e/whatis_e/10thi_e/10thi09_e.htm#:~:text=9%20The%20WTO%20can%20..., \(WTO\)%20emerged%20in%201995.](https://www.wto.org/english/thewto_e/whatis_e/10thi_e/10thi09_e.htm#:~:text=9%20The%20WTO%20can%20..., (WTO)%20emerged%20in%201995.)

support peace is crucial for understanding and shaping these dynamics.¹² Shifting our focus on to peace implications of responsible investment is a crucial antidote to counter the current massive flow of capital investments into the industrial-military complex in combination with AI supported drone industries which provide much higher returns with the current trends towards militarization.¹³ And “global military spending is not only increasing in absolute terms, but its share of the global economy is rising as well. Since 2022, it has climbed from 2.2 per cent to 2.5 per cent of the world’s Gross Domestic Product (GDP) and from 6.6 per cent to 7.1 per cent of government budgets. The shift is widespread, with more than 100 countries boosting their military spending in 2024 alone.”¹⁴ Additionally, development financing has not kept pace with rising military spending. Official development assistance (ODA) has reduced even as the development financing gap widens, the UN report warns. At the same time experts are noting a complementary negative general trend which has unfavourable consequences also for ESG related products, which is a dramatic decrease in the overall financial funds available for humanitarian aid and relief work. 500 million USD reduction are predicted for development and humanitarian spending of UN organizations for 2026.¹⁵ The OECD projects face a 9 to 17% drop in global official development assistance (ODA) in 2025. This comes on top of a 9% drop in 2024. The outlook beyond 2025 remains highly uncertain. The eleven remaining providers of ODA have announced cuts accounting for between 62% (for WHO) and 87% (for WFP) of funding to key multilateral health and humanitarian agencies.¹⁶ Thus, the ethical contradictions between public funds available and the purposes public funds are used for, plus the neglect of sustainable investments for common development needs of people and planet seem to be growing with unknown speed and acceleration. Integrating peace and security into the core investment processes,¹⁷ providing support for the **Investment for Peace Initiative (I4P Initiative)** of the German Government and other actors as well as providing support for the UN initiative for “The Security we need – Rebalancing Military Spending for a Sustainable and Peaceful Future ” are therefore imperatives which are absolutely crucial.¹⁸

b) Credibility crisis of real transformation towards peace and sustainability II: Investment into fossil fuels over against investment into renewables and the danger of greenwashing

While since the Corona pandemic investment into renewable energies have grown globally large multi-national banks maintained and even increased investments in fossil fuels at an average of about USD 750 billion a year.¹⁹ Investment in fossil fuels has grown, or at least has not ceased, despite the energy transition due to ongoing

¹² <https://www.unpri.org/news-and-press/principles-for-responsible-investment-releases-new-guidance-on-investors-approach-to-voting-on-shareholder-resolutions/7327.article>

¹³ See: https://www.marketsandmarkets.com/Market-Reports/military-drone-market-221577711.html?gad_source=1&gad_campaignid=272040196&gbraid=0AAAAADxY7Swmq6m3ZxdjA3hQJdRkP6lME&gclid=CjwKCAjw6vHHBhBwEiwAq4zvA-z7MNzEKakhWMAHfp7x_2oVRQpYbsqzo1blevKpTxSgBYuvufEmBoC2J8QAvD_BwE

¹⁴ UN Press Release 9 Sept 2025: <https://www.un.org/sustainabledevelopment/blog/2025/09/un-press-release-milex/#:~:text=%E2%80%9CBut%20we%20know%20that%20development,lower%2Dmiddle%2Dincome%20countries.>

¹⁵ <https://www.theguardian.com/world/2025/sep/18/united-nations-un-2026-budget-job-losses-us-funding-cuts>

¹⁶ https://www.oecd.org/en/publications/cuts-in-official-development-assistance_8c530629-en/full-report.html#:~:text=The%20OECD%20projects%20a%209,poorest%20countries%20and%20vital%20services.

¹⁷ See WTO on the interrelation between, trade, investment, peace and stability: https://www.wto.org/english/res_e/booksp_e/pathways_sustainable_tfp_ch16_e.pdf

¹⁸ See: <https://investingforpeace.org/>.

¹⁹ IRENA (International Renewable Energy Agency), Renewable energy vs. fossil fuel annual investment, 2023: in: https://www.irena.org/-/media/Files/IRENA/Agency/Presentations/Financing-projects/2023/Mar/GLREF-2023_Slide-deck_30-March_Webinar.pdf

global energy demand, the continued dominance of fossil fuels in the energy mix, and geopolitical factors. While renewable energy investment is at a record high, the pace of growth in some areas has slowed and many new energy sources currently supplement, rather than replace, fossil fuels. Approximately 80% of the world's energy still comes from fossil fuels, which remain essential for powering economies, vehicles, and homes. Geopolitical events like the 2022 Russian invasion of Ukraine led to a slow down of transition to renewables, as many countries were faced with energy price spikes and a scramble for new supplies, causing governments to subsidize and invest in fossil fuels to ensure immediate energy security. Thus, there is a massive credibility gap in the ethical commitments for a rapid transition to renewable energy supplies and many (including the UN General Secretary) now argue that the 1,5 C climate warming goal scenario is in danger of collapsing soon as a joint commitment by UN member states.²⁰ In addition there is a threat that the partial successes in ethical funding for sustainable energy sources will be eaten up and made irrelevant by significant states and actors which completely reverse (deregulate) environmental and climate protection legislation and increase pollution and CO2 emissions to degrees which were thought to have been dismissed and overcome once and for all.²¹ While regulatory demands for instances in the EU Taxonomy for Financial Investments have been enlarged in 2024²² to include more dimensions and criteria, the number of actors which completely disregard any regulation and signal opposition to any binding goal of curbing greenhouse emissions has also increased. The common public moral basis for ethical investments policies seems to be waning in a situation where many individual countries feel pushed into a survival mode for protecting their own energy and security interests.

c) Credibility crisis of real transformation towards peace and sustainability III: Complexities of different ESG reporting standards and two-dimensional measurement of disruptive changes via divestments/investment ratio

The figure to start with here is 50.000, a figure which - seen in the bigger European context - is neither huge nor insignificant. This is the number of corporations which are currently reached within the EU by the CSRD-Guideline (Corporate Sustainability Reporting Directive) which is a key regulatory instrument within the EU for motivating business corporations for comprehensive sustainability reporting which since 2024 is done by a detailed and standardized, transparent assessment of sustainability-data according to the European Sustainability Reporting Standards (ESRS). Therefore, the figure of 50.000 could be seen as an indication of success. Reporting on compliance with Environmental, Social and Governance Quality standards of investment and business decisions started as a voluntary movement between few activists and advanced corporations in the 90ies. But since 2024, Environmental, Social, and Governance (ESG) reporting has become a critical aspect of corporate transparency, evolving from a voluntary practice to a business imperative. With increasing pressure from stakeholders—including investors, regulators, consumers, and employees—companies are meanwhile expected to disclose their impact on the environment, society, and governance structures. Investors today incorporate ESG performance into risk assessments and strategies, while governments introduce stricter

²⁰ <https://www.deutschetageszeitung.de/en/Politics/705055-un-chief-warns-15c-warming-goal-at-risk-of-collapsing.html>

²¹ <https://www.epa.gov/newsreleases/epa-launches-biggest-deregulatory-action-us-history>

²² https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en; 2024 marked the first reporting year where financial market participants (FMPs) had to disclose data for all six environmental goals (climate change mitigation and adaptation, water, circular economy, pollution, and biodiversity). This led to updated requirements for key performance indicators like the Green Asset Ratio (GAR); in: https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en#:~:text=Amendments%20to%20add%20economic%20activities,Regulation%20in%20the%20Official%20Journal.

regulations demanding detailed and accurate disclosures. Failure to meet these expectations can result in financial, reputational, and legal risks. While this in principle is a success story of ethical investment there are also challenges around as the different standards and accountability practises sometimes make it difficult for corporations to know which standards they should practice. Harmonization of standards of ESG evaluation and assessment therefore is a major global issue.²³ With its leadership in ESG regulation, the EU launched the ESRS (European Sustainability Reporting Standards) through the CSRD (Corporate Sustainability Reporting Directive). The standards apply to over 50,000 EU-active businesses, and entities connected to EU businesses, through extensive double materiality-based reporting requirements.²⁴ While there are no global data on how many corporations are accepting ESG reporting there are clear figures that the vast majority of G250 corporations, i.e. the largest corporations, are meanwhile all accepting ESG standards and have made them compulsory for all their work. Nearly all of the largest 250 companies (G250) regularly report on sustainability. In 2022, the reporting rate was 96%.²⁵ Also recent analysis found that 77% of the 1,400 leading companies analysed use GRI Standards²⁶ (Global Reporting Initiative Reporting Standards). However a growing concern is at the same time the quality of reported ESG information as an OECD report reveals that 31% of companies globally have obtained an external verification or assurance over their reporting to avoid greenwashing.²⁷ A common conviction has also emerged that ESG standards is more than ticking boxes of reporting questionnaires, but involves active and purposeful leadership bringing together commitments for social, ecological and planetary sustainability goals which we have in common with the SDG Agenda. There is the additional concern that often one-sided attention is given to positive achievements in reporting, i.e. on alliances to positive ESG goals, but less attention is devoted to the negative counterpart of investment, which is about *divestment* from harmful and non-sustainable industries and practises. There are estimates from a Global Fuel Divestment Commitments Database²⁸ from 2022 which mentions about \$39 trillion USD planned for full or partial divestment from fossil fuel industries, and a total number of 1,500 institutions are said to planning to divest from funds in fossil fuels.²⁹ But it is not clear how regular and reliable monitoring can be made on divestment decisions from other harmful industries like the military industrial complex or harmful products in alcohol and tobacco industries and in which countries this would be possible. The systematic understanding of different levels of ethical investment

²³ A range of global frameworks and standards now guide companies in their ESG reporting efforts. The Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) have long been the benchmarks for ESG reporting. More recently, the International Sustainability Standards Board (ISSB) emerged to provide a unified global standard, bringing greater consistency and comparability to sustainability reporting. Alongside these frameworks, government-backed initiatives like the EU's Corporate Sustainability Reporting Directive (CSRD) and the U.S. Securities and Exchange Commission (SEC) climate disclosure proposals have introduced more stringent reporting requirements. These frameworks provide detailed guidelines for companies to report their environmental impact, social responsibility, and governance practices, ensuring greater transparency for investors and stakeholders. Recent updates from these regulatory bodies reflect the growing importance of harmonizing ESG standards on a global scale., in: <https://ecoactivetech.com/esg-reporting-trends-in-2024-global-insights-for-forward-thinking-companies/>

²⁴ <https://inrate.com/blogs/who-regulates-esg-global-standards/>

²⁵ <https://kpmg.com/vn/en/home/insights/2022/10/survey-of-sustainability-reporting-2022/global-trends.html#:~:text=Global%20sustainability%20reporting%20rate%20increases,disclosure%20among%20world's%20largest%20companies.&text=Our%20survey%20shows%20that%20the,percent%2C%20the%20same%20as%202020.>

²⁶ <https://www.globalreporting.org/news/news-center/gri-global-adoption-by-top-companies-continues-to-grow/#:~:text=Cristina%20Gil%20White%2C%20Interim%20CEO,compliance%20and%20127%20recommending%20adoption.>

²⁷ https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/02/behind-esg-ratings_4591b8bb/3f055f0c-en.pdf

²⁸ <https://divestmentdatabase.org/>

²⁹ [https://yaleclimateconnections.org/2022/01/big-numbers-dollars-and-institutions-behind-divestments-from-fossil-fuels/#:~:text=About%20\\$39%20trillion%20%E2%80%93%20that's%20trillion,and%20educational%20institutions%2C%20and%20others.](https://yaleclimateconnections.org/2022/01/big-numbers-dollars-and-institutions-behind-divestments-from-fossil-fuels/#:~:text=About%20$39%20trillion%20%E2%80%93%20that's%20trillion,and%20educational%20institutions%2C%20and%20others.)

has been differentiated in the 5th edition of the German national guidelines for ethical investment³⁰, so as to consist of

- a. promoting (positive selection, integration)
- b. Preventing (exclusions; negative selection)
- c. Shaping (active and intentional dialogue with companies, exercise of voting rights)

Thus, ethical investment cannot stop by selecting those companies or products which could be positively assessed and publicly promoted. It implies a deliberate public engagement for both negative divestment decisions and intentional dialogue with the leadership of companies about directions of their investment decisions.

II. Navigating the Development and the Humanitarian Funding Crisis: Ethical Implications and Strategic Responses

How to be an ethical and responsible investor? How to remain a receiver of funds at all? How to find additional funds? How to avoid receiving no funds any more at all? How to avoid receiving unethical funds? The key questions we have to deal with might vary according to our political-social situation. We need to clarify: What is our specific situation? We have alluded to the major crisis in which many development actors including several UN agencies find themselves in since about one year due to changes in US policies and major geopolitical upheavals. Arigatou International and Globethics in March 2025 together hold a major in-house discussion on structural changes in financial relations³¹ with representatives from civil society organisations (CSOs), UN agencies, diplomats, and humanitarian experts and addressed some of the ethical challenges posed by shrinking budgets and shifting donor priorities. As briefly mentioned before major donors, including Germany, Switzerland, the UK, and multiple EU member states, have significantly reduced their contributions to aid, human rights, and development programmes. The situation has been further aggravated by the elimination of 83 per cent of all U.S. foreign assistance, including the complete dissolution of USAID, and its withdrawal from multilateral organisations in early 2025. These financial constraints have had devastating consequences, disrupting essential education, health, refugee aid, and child protection initiatives worldwide.³² Development actors were and are challenged to answer fundamental ethical dilemmas and respond to challenges some of which are far from being easy: There are serious questions on the table such as:

1. Reflecting whether accepting funding from new or non-traditional or ethically questionable Donors would be acceptable
2. Balancing Donor-driven agendas vs. actual humanitarian needs.
3. Prioritising whom to serve with limited resources.
4. Balancing short-term relief and long-term development.
5. How to cope with competition between UN agencies and CSOs for limited funding.

³⁰ https://www.aki-ekd.de/fileadmin/user_upload/aki-ekd.de/Leitfaden/ekd-texte-113-en-2025.pdf

³¹ <https://ethicseducationforchildren.org/2025/03/06/arigatou-international-and-globethics-lead-roundtable-on-navigating-the-development-and-humanitarian-funding-crisis/>; <https://mailchi.mp/pressclub/navigating-the-development-and-humanitarian-funding-crisis?e=ac1453f57a>

³² Report: Navigating the development and humanitarian funding crisis : ethical implications and strategic responses: Globethics May 2025, in: <https://creativecommons.org/licenses/by-nc-nd/4.0/>.

How to find new and additional funding while remaining steadfast and trustworthy in defending the same standards of ethical integrity and continuity under new circumstances is probably the most important question for many of us.

The resume presented in the report from that March 2025 meeting sounds quite sober, frank and challenging at the same time: “As budget priorities increasingly shift toward national security, migration control, and domestic economic stability, organisations in the humanitarian and development sectors are navigating complex ethical dilemmas and profound moral responsibilities. They are often compelled to align with donor-driven agendas or seek alternative funding sources that may compromise their independence, transparency, and commitment to protecting the most vulnerable. This includes the difficult choices of accepting funding from non-traditional or ethically questionable donors, reshaping narratives to meet funding requirements, abandoning life-saving programs, and making painful decisions about whom to prioritise when resources are scarce.”³³

III. Ethical investment as part of efforts to enhance assets utilization and impact investments processes of religious communities and CSOs

Faith-based organizations control an estimated 8% of the Earth's habitable land and 5% of commercial forests, which could be used for ethical investments. This amounts to a substantial asset base, as one report estimates the total assets managed by four major faith groups to be around \$5 trillion. Apart from non-financial assets there are financial assets available as many religious organizations hold pension funds available as social security for people they have employed. The ways in which these retirement funds are invested needs to be seriously reflected. All these religious organizations have a significant potential for impact investment, as their large holdings in both forms of assets can be directed towards sustainable development and environmentally sound practices. But traditionally, their investment strategies have been limited to the basic avoidance of certain industries that conflict with their core beliefs, such as weapons production, adult entertainment and tobacco.

Only 3% of these funds are considered socially responsible or impact investments—terms for investments actively seeking positive social and/or environmental returns to help address the call for action.

Why does this discrepancy exist and, crucially, what are the compelling reasons for faith communities to embrace more impactful investment strategies?³⁴ What would happen if faith based organizations would focus less on funds and resources to be received from external resources and from outside the African (Asian) continent but from within and by mobilizing their own resources due to better stewardship and investment managing rules which would focus on available assets in the regions and their potential to be used for meaningful investments and impact orientated project planning? This was one of the key questions behind the ACAP (African Church Assets Program) program which was originated in 2015 in collaboration with AACC, Bread for the World, Globethics and other regional partners.

³³ Report: Navigating the Development and Humanitarian Funding Crisis, Globethics, May 2025, page 8

³⁴ <https://tribeimpactcapital.com/impact-hub/impact-investing-for-faith-charities/#:~:text=The%20four%20major%20faith%20groups,embrace%20more%20impactful%20investment%20strategies?>

Probably there are three principle options in a structural crisis of funding for development and humanitarian work globally:

- a) We need to strengthen and enhance **mobilizing sources and additional income from within** the faith communities (from tangible and non-tangible assets);
- b) We need to diversify **income from donors beyond the known spectrum** and move to quite new and adventurous new funding alliances beyond our comfort zones in order to broaden our understanding of interdenominational funding;
- c) We need to **move beyond limited denominational funding (one Lutheran church supporting another Lutheran church) and enter into the area not only of joint ecumenical funding, but interfaith funding**, so that only members of interfaith alliances could be receiver of major funds in order to express common togetherness of people from all and none faith traditions;

The first and the second option have had attractiveness already in many regional churches, the third option is realized in Germany only in few outstanding and highly specialized projects (“House for One” – Joint Religious Centre for a Christian, Muslim and Jewish Faith Community in Berlin), but not as a general policy as this would not work with the current institutional landscapes of accountability procedures and institutional belongings of budgets: The common conviction had grown, however, that with funds from traditional cooperation and funding partners becoming increasingly scarce, institutions definitely are coming under increasing pressure to diversify their funding sources and strengthen their own capacities from within. Churches and Church-Related Organisations (CCROs) are among the institutions that recognise the need to manage their assets well and to invest ethically.³⁵ In their 2024 – 2028 strategy AACC recognized the key role of Globethics in working towards proper ethical assets management systems for African churches: Following 10 years of the African Church Assets Programme (ACAP), the All Africa Conference of Churches (AACC) Strategy 2024-2028 recommends in section 2.2 on Ecclesial Leadership Development to: “Collaborate with relevant organisations like Globethics to enhance the capacity of churches for ethical investments and resource management”.

What we should ask at this moment and this extraordinary occasion is the following: Do we need more deliberate efforts to continue programs for assets development and responsible stewardship for utilization of precious resources like land, forests and buildings of religious communities also across interfaith boundaries? Is the future of ethical investment in todays context to be sought and shaped mainly in interfaith alliances? We might have different answers to this as the contexts vary greatly between minority and majority churches and faith communities.

Less controversial is the conviction that we should establish more mechanisms for mutual learning about ecumenical and interfaith investment in this regard. In order to enhance the second major type of ethical investment, this time not based on financial assets which faith communities have already, but on non-financial assets which belong to our property as institutions, as land owners and owner of buildings or sacred places, we need to experiment with new forms of investment transcending traditional lines of religious belonging where possible and in harmony with the religious identity of communities. As long as available material assets within our own context are not properly utilized in responsible ways and effective formats yielding significant income we should be careful to mainly ask others to come up with funds and financial support for us. How can the strategic dialogue between Globethics and Faith Invest from the UK, which in 2020 had found expression in the major conference on “FaithInvest - Impactful Cooperation” be continued and widened for other faith partners

³⁵ See: <https://globethics.net/acap>

in a reasonable manner in the future period?³⁶ Here dialogue with Martin Palmer, Founding Director of Faith Invest, will help us further.

IV) Keeping ethical investment, standardization of ethical principles for investment, identification of new donors for projects enhancing ethical values, advocacy for justice in the international financial system and faith communities together – towards an integrated and comprehensive strategy for sustainable and ethical investment

Ethical investment is not at all a new theme. Historical traits can be found in early reformation period which has clear indications for how important it was for urban Christians at that early time, particularly the young evangelical and socially reform-oriented churches in New England and America, to develop a sense of responsibility how they dealt with their money and fortunes. The first divestment for instance was decided in 1768 at the annual meeting of the Quakers in Philadelphia³⁷: The members withdrew from the highly lucrative slave trade. And the first list of exclusion criteria was presented by John Wesley in a sermon on Lk 16 : 9 (The Use of Money), published in 1760. In this sermon, he stated what, in principle, still applies to most exclusion criteria today: making a profit is imperative as a basis for economic sustainability, yet

- not at the expense of life and health (our own and that of our neighbours’);
- not if the laws of God or the land are transgressed in the process;
- not at the expense of our neighbours and their livelihoods, e. g. through prohibitively high interest rates;
- not if the business necessary for it requires lying and cheating or other practices that are incompatible with our conscience.

At the same time it holds true, that in the course of the extended debates on ethical investment much has happened and meanwhile there is a history of at least 30 years of intense reflections on churches, finances and economy embedded in the reflections of Globethics (as well as WCC and ACT Alliance) on ethical investments, starting with a programmatic article of Christoph Stüpfelberger on “Churches and Ethical Investments. From Declarations to Transparent and Sustainable Investment”³⁸ and several subsequent articles and publications.³⁹

A key feature of past efforts was the deliberate proposal to move beyond just individual examples of good stewardship and charity, so that proper ethical standards and value propositions for dealing with assets would be reflected only at the level of individual witness, but to move beyond charity and towards structural commitment to a theology and practise of justice. This would entail to engage in steps for a transparent and common standardization of ethical principles and procedures by which ethical funding or ethical investment can become operational in larger institutional and in interfaith settings. In this process which was clearly reflected also in the history of Globethics draft versions of national guidelines and principles for ethical investment were

³⁶ <https://globethics.net/publications/faithinvest-impactful-cooperation-report-international-conference-geneva-2020>

³⁷ On the history of ethical investment see a historical overview in the comprehensive EKD Study on; in “6.1.4 Ethical and Sustainable Investment”, page 171ff, in: Auf dem Wege zu einem nachhaltigen und gerechten Finanzsystem. Eine evangelische Orientierung für Reformschritte zur sozial-ökologischen Transformation, Hannover 2021, english version: Towards a Sustainable and Just Financial System. An Evangelical Perspective to Guide Reform Steps towards a Social and Ecological Transformation of the Financial Economy, EKD Hannover 2021, in: https://www.ekd.de/ekd_en/ds_doc/ekd_texte_138_EN_2021.pdf

³⁸ See: Christoph Stüpfelberger: Churches and Ethical Investments. From Declarations to Transparent and Sustainable Investments. Lecture on the Seminar “Investing in Transparency.” Seminar by Oikocredit, Soesterberg NL 12-13 Dec. 2005, in: <https://repository.globethics.net/handle/20.500.12424/194624>

³⁹ Essay on ethical investments, in: <https://www.christophstueckelberger.ch/wp-content/uploads/2017/07/ethicalinvestments.pdf>

formulated and shared with other groups, cultures and continents as provocative positive examples. Thus, there are certain examples for national guidelines for financial ethical investment which were developed and published for instance with Kenya and with Ethiopia, although it is not known what happened to them in longer perspective.⁴⁰ And within Germany and in several of its partners regions, like in the UK and in Austria, regularly an updated version of the official “Guidelines for Ethically-Sustainable Investment in the German Protestant Church” was published, prepared and regularly revised by an official committee of almost 50 experts (AKI) on standards for ethical investment which combined negative exclusion criteria with positive inclusion criteria. These Guidelines for Ethically Sustainable Investment became a model for many actors in Germany, much beyond even of the protestant church communities.⁴¹ Thus, the German Protestant Church's guideline for ethically-sustainable investment which for the first time was published in 2011 and then regularly revised,⁴² emphasizes not only the famous traditional "Magic Triangle" of security, profitability, and liquidity for investments, but also supplemented this by innovative material criteria on ethics and sustainability which now has become part of many interfaith initiatives as well. It was firmly anchored in these guidelines that investments must be socially compatible, ecological, and promote intergenerational justice, aligning with Christian values like respecting human dignity and rights while at the same time avoiding harm. The church also actively excluded investments in sectors that profit from sinful activities (tobacco, alcohol, arms) and seeks companies with good stewardship of resources, including fair labour practices and financial management.⁴³

The culmination and deliberate integration of standardization efforts for responsible investment with political advocacy efforts was brought to the forefront by the famous general EKD study on the global financial system from 2021⁴⁴ (*“Towards a sustainable and just financial system. An Evangelical perspective to guide reform steps towards a social and ecological transformation of the financial economy”*) in which the author together with Karin Bassler from AKI played a major role. Together with the Roman Catholic programmatic paper on *“Mensuram Bonum. Faith-Based Measures for Catholic Investors: A Starting Point and Call to Action”*⁴⁵ from 2022 these two voices from the Protestant Churches in Germany and from the Roman Catholic Church represent milestones for a contextualized and modern understanding of ethical investment in the teaching tradition of these two mainline churches in Germany. Political advocacy and exemplary engagement for innovative practises in ethical investment, guidelines for national criteria on ethical investments and practical approaches for structural reform of the financial system were walking hand in hand here and were seen as complementary.

V) Current challenges for the faith based global ethical investment movement – how to keep its transformative energies going and its potential for structural change alive?

While ethical investment seems to be firmly established in many regional markets in the world⁴⁶ and programs and consultative services abound to assist in adapting ESG related or other types of ethical investment to the

⁴⁰ <https://globethics.net/news/championing-ethical-investment-africa>

⁴¹ See: Guideline for Ethically-Sustainable Investment in the German Protestant Church, 5th edition, EKD Hannover 2024

⁴² See: <https://repository.globethics.net/handle/20.500.12424/3863508?show=full>

⁴³ See: https://www.aki-ekd.de/fileadmin/user_upload/aki-ekd.de/Leitfaden/EKD_113-2024_EN_Web.pdf

⁴⁴ Towards a sustainable and just financial system. An Evangelical perspective to guide reform steps towards a social and ecological transformation of the financial economy, in: <https://www.ekd.de/en/towards-a-sustainable-and-just-financial-system-1527.htm>

⁴⁵ https://www.pass.va/en/publications/other-publications/mensuram_bonam_de.html

⁴⁶ See on the different types of ethical investment: <https://www.imd.org/blog/sustainability/ethical-investing/>

needs and interests of a given actor on the financial market the macro trends on global economy, particularly the trend towards militarization and investment in arms and AI industries suggest that in the current context we need to discuss three major learning objectives in the global ethical investment movement

- A) to **strengthen the distinct profile of ethical funding** and investment both in what it objects to (negative dimension) and what it wants to see achieved and supported as impact of investment (positive dimension) in order to protect its USP over against trends to water it down or to use it only for greenwashing arbitrary and loose investment objectives;
- B) to **connect critical movements of ethical investors to form alliances for reaching larger goals** and tangible effects in a context which lacks funds in many innovative, urgent and necessary areas (AI for Peace; Women for Peace; Ethics for an Inclusive Economy; Scholarships for Young Critical Ethicists);
- C) to build up an **International Ethical Investment Policy Advisory Group** at the UN Level with an official mandate to produce a common standard and clear objectives for how ethical investments can be used to mobilize more funds for a **Social Innovation for Peace and Inclusion Fund** by which younger talented activists and students could be supported in projects contributing to the key goals of the SDG Agenda.