

Transformational Investing

Impacting Economic Globalization Through Investment Decisions

A Framework for Faith-Based and Non-Denominational Investors

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DISCLAIMER: This report is meant to provide an overview of investment opportunities which support the transformation of global economics. It is not meant as a recommendation to invest in specific opportunities. Potential investors should research all opportunities themselves and refer to a financial professional for investment advice.

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I. Introduction

Which investment opportunities allow institutional and individual investors to contribute to a more equitable economic order?

This question, posed within the context of the 300th anniversary of the Evangelical Lutheran Church in Geneva and as reflected in a call by the Lutheran World Federation (LWF),^{1,2} was the impetus to research investment opportunities which support communities and the environment - and which consequently contribute to a transformation in economic globalization.

The call for a transformation stems from a growing sense of helplessness when confronted with the negative consequences of economic globalization. Being aware of the consequences of our decisions and actions allows us to become more active in the transformation process.

Many organizations – faith-based (FBO's) and non-denominational - are calling for a change in economic globalization. An umbrella strategy which addresses change from the investment perspective is essential as investing is a key economic driver.

Traditional investing serves the purpose of protecting the value of capital and creating new wealth through economic growth. However, this growth is based largely on unsustainable business practices.

Are there investment opportunities which are more sustainable in nature? Are there opportunities which allow investors to participate in transforming global economics? This reports outlines several areas, offering investors a framework to support more sustainable business development and to impact globalization. Concrete opportunities are included in the appendices.

Socially Responsible Investing/Ethical Investing – positive screening and best in class, negative screening, proxy voting. Returns are market-based.

Mission-Related Investing – An investment strategy in which an organization's capital is invested in a manner which supports its mission. The returns are market-based or below market.

Community Investing – An investment practice which supports community initiatives, including community lending, community real estate projects and social venture capital. Returns are often below market.

¹ Guiding Principles for Sustainable Development; Lutheran World Federation; 2000.

² A Call to Participate in Transforming Economic Globalization; Lutheran World Federation; LWF Tenth Assembly, Winnipeg, Canada, 21-23 July 2003.

Microfinance – The practice of bringing financial services to the poor, particularly in non-affluent countries. This includes microcredit, microsavings, microinsurance and microenterprise lending. Returns vary with the investment vehicle.

Fair Trade Investing – Fair Trade helps to assure that producers receive a fair price for their goods, allowing them to invest in their families, their communities and the environment. Investing in Fair Trade means investing in organizations which purchase from, and provide support to, small producers in non-affluent areas. Returns are market-based or below market.

Oikos Investing – A forward-looking investment framework based on Fair Trade investing criteria. Return is inflation-based.

Although it seems to be a daunting task for the individual, it is possible to contribute to the transformation of economic globalization. It is individual choice which drives expectations and demand. It is individual awareness and innovative capacity which can create a new kind of economic activity. This report provides the individual with the tools to turn a vision into reality – through investment decisions and a deeper understanding of how humans are impacting the world.

II. Transforming Economic Globalization

The Lutheran World Federation began as a means to aid Europeans suffering from the results of World War II. This evolved to address inequities suffered by people around the world, including human rights, social and economic justice, environmental justice, debt alleviation and the need for a new economic order.³ Globalization, per se, brings many benefits. However, under neo-liberal trade theory, several aspects of economic globalization are negatively affecting the less economically advantaged including:

- high mobility across borders, which strengthens the effect of speculative activity and decreases ability to protect the vulnerable;
- deregulation, which assumes that all have equal access to infrastructure to compete in this type of environment;
- homogenization, which spreads Western consumer culture around the world and decreases local cultural and economic diversity;
- universal application of economic plans and trade rules, which result in severe social costs.⁴

The Lutheran Church of Norway echoed these principles in its 2007 synod, explicitly stating that as a northern Church, they are part of a political and economic tradition which grossly exploits human beings and natural resources in the south. They acknowledged 'that the present global trade and finance institutions (the World Trade Organisation, the International Monetary Fund and the World Bank) do not sufficiently protect the needs and interests of the poorest.^{5,6} The Church states that there is the need to engage both through advocacy and direct action – including investing.

Both the LWF and the Lutheran Church of Norway also support the initiative of the World Council of Churches (WCC) to address inequities stemming from the globalization of trade and economic systems. This initiative is entitled Alternative Globalization Addressing People and Earth (AGAPE).^{7,8}

Several other faith-based organizations (FBO's) have programs which address global economic, social and environmental inequities. These include: the Ecumenical Advocacy Alliance (through

³ Guiding Principles for Sustainable Development, pp. 5-7; Lutheran World Federation; 2000.

⁴ A Call to Participate in Transforming Economic Globalization, p. 3; Lutheran World Federation; LWF Tenth Assembly, Winnipeg, Canada, 21-23 July 2003.

⁵ General Synod issue 10/2007 Economic globalisation as a challenge to churches; Church of Norway, General Synod; 2007.

⁶ <http://www.kirken.no/english/news.cfm?artid=162819> - accessed June 20, 2008.

⁷ Alternative Globalization Addressing Peoples and Earth (AGAPE); Justice, Peace and Creation Team, World Council of Churches; Geneva; 2005.

⁸ <http://www.wcc-coe.org/wcc/what/jpc/economy.html> - accessed June 20, 2008.

their Global Trade Campaign)⁹, the Episcopal Church in the USA^{10,11} (through Episcopal Relief and Development^{12,13}, focusing on the Millennium Development Goals), Christian Aid and the Catholic Association for Overseas Development (CAFOD).

These programs though give insufficient weight to the role which investments play in global economics. The investment industry is a key driver in this process. As such, the industry has a key role to play if economic globalization is to be transformed. Several FBO's address ethical investment practices, however the link between investing and transforming global economics is a point still to be addressed.¹⁴

⁹ <http://www.e-alliance.ch> – accessed June 29, 2008.

¹⁰ <http://ecusa.anglican.org> – the Episcopal Public Policy Network, accessed June 20, 2008.

¹¹ General Convention, *Journal of the General Convention of The Episcopal Church, Columbus, 2006* (New York: General Convention, 2007), pp. 522-524; (Establish the Millennium Development Goals as a Mission Priority, resolution number 2006-D022; *The Archives of the Episcopal Church*).

¹² http://www.er-d.org/Create_Economic_Opportunities – accessed June 20, 2008.

¹³ <http://www.er-d.org/MDGs> – accessed June 20, 2008.

¹⁴ These include the International Interfaith Investment Group, the Interfaith Center on Corporate Responsibility and The Ecumenical Council for Corporate Responsibility (see appendix A).

III. The Paradox of Traditional Investing

Caught in a System

Almost every person in affluent societies of working age or older shares a direct connection to the financial markets. This is due to pension plans, invested savings and bank accounts¹⁵. Everyone seeks a return which secures the value of their capital (offsetting the effect of inflation), and hopefully increases their wealth. Even non-working groups - children, housewives/housemen, social cases - are connected to the markets as government revenue used to support public services partially stems from bond issues.

The primary investors - institutional investors and banks - are constantly looking for competitive returns in order to satisfy their clients and their own expectations. Companies and governments, dependent on the financial markets, strive to meet investor expectations through strong performance. In this manner, investor expectations drive performance and, hence, economic growth.

For the primary investment community, investment metrics are focused on quantitative results. Non-quantitative factors which do not fit into the system are given little weight. This is a reason why non-quantitative environmental and social factors have difficulty finding place in traditional investment analysis.^{16,17} This, in turn, is a reason why companies give relatively small importance to non-quantitative results. It might be said that a company's activity is a reflection of market expectations.

The Dilemma

Many aspects of the current form of economic growth are detrimental to both society and the environment. Yet, economic growth is essential to protect the value of capital. This dilemma is compounded when looking at developments in the global financial markets and economy:

- It is unclear how pension and social systems will be financed in the future. An aging population is putting pressure on a smaller base of youth to finance their retirement and medical needs. Losses in the financial markets are restricting pension plans abilities to meet their financial obligations. Assets must appreciate greatly in value if these gaps are to be filled.
- Financial market crises are becoming more commonplace - from Bretton Woods in the 1970's, Latin America/US Savings and Loans in the 1980's, Asia/Russia/Brazil in 1998/1999 and the current global crisis triggered by US housing market excesses. Governments are finding themselves less able to react effectively to movements in the financial markets.

¹⁵ Accounts with ethical banks provide an alternative to the mainstream definition of return.

¹⁶ Several initiatives address this challenge: CERES (www.ceres.org), Principles for Responsible Investment (www.unpri.org), European Social Investment Forum (www.eurosif.org), Enhanced Analytics Initiative (www.enhancedanalytics.com), European Center for Corporate Engagement (www.corporate-engagement.com).

¹⁷ The impact of screening on returns is debated among investors. See <http://www.progressive-asset.com/why/performance.html> for a general overview; <http://www.sristudies.org/Key+Studies> provides a list of quantitative studies on SRI returns - accessed July 11, 2008.

- The growth in the economy is largely due to the ability of the consumer to take on debt. The USA debt capacity is at its limit - personal finances, State finances and Federal finances.¹⁸
- Global economic growth is based on consumption patterns which are unsustainable. This has been clearly stated by major organizations and public figures.¹⁹ Investments which support mainstream economic growth perpetuate these unsustainable consumption patterns.

An alternative means of investing is necessary which can safeguard the value of wealth without undermining socio-economic systems and the environment. Investors are caught in a self-destructive cycle. Are there viable options which satisfy their requirements and contribute to a global economic transformation?

¹⁸ David M. Walker, U.S. Comptroller; U.S. Government Accountability Office 'Fiscal Wake-Up Tour'; <http://www.gao.gov/special.pubs/longterm/wakeuptour.html> - accessed July 08, 2008.

¹⁹ For example: 'Our Common Future', World Commission on Environment and Development (WCED), 1987; Seoul Initiative on Environmentally Sustainable Economic Growth (Green Growth), 2005; Agenda 21 (Chapter 4), United Nations, 1992; 'Valuing The Earth', Daly, Herman E., 1993; 'UN Development Report 1998', UN Development Program, 1998; Sierra Club.

IV. Transformational Investing

There is no sustainable investment alternative which can meet all of the requirements of primary investors. There is a growing sense of awareness though that alternatives must be developed. These alternatives could be termed transformational investing – part of a change process.

When reflecting on the gaps highlighted in the previous section, transformational investing could be defined through the following criteria:

- Securing the value of capital against the effects of inflation;
- Addressing the inequities of global economics including speculation, cultural homogenization, non-equitable participation for the poor and the vulnerable;
- Contributing to sustainable consumption patterns and economic growth which support future socio-economic systems, break patterns of poverty and support the natural environment;
- Creating opportunities to generate wealth for all market participants;
- Providing communities the means to secure their livelihood and safeguard local systems;
- Finding a means to work in cooperation with the environment;
- Incorporating non-quantifiable social and environmental impacts into investment criteria.

Several new areas of investing are contributing to the transformation process. Collectively, these areas are slowly impacting the investment community and offering forerunner investors the opportunity to adopt transformational strategies.

V. Socially Responsible Investing (SRI) and Ethical Investing

Socially Responsible Investing and Ethical Investing are based on the instruments and strategies used for traditional investing, principally in stocks, bonds and hedging instruments. However, SRI and Ethical Investing go beyond quantifiable economic factors to include a review of an organization's social, environmental and ethical policies.

SRI – Positive Screening

The bases for SRI and Ethical Investing are screening, shareholder advocacy and community investment. Investors pursuing SRI typically create a list of 'positive' criteria to screen for companies which pursue certain social and environmental programs and may be 'best-in-class' in these areas compared to competitors. For example, a track record in supporting worker rights, preventing deforestation, or use of clean energy. The term SRI is also used interchangeably to denote investments in specific areas such as alternative energy or clean tech.

Ethical Investing – Positive and Negative Screening

Ethical Investing goes further to include a negative screen to sort out companies which conduct business activity counter to an investor's ethical values. This might include involvement with military sales, tobacco, alcohol, gambling or pornography. Ethical investing and SRI are sometimes used interchangeably. Although Ethical Investing has its roots in FBO's, it is now a term which is more widely used.

Shareholder Engagement and Community Investing

Both SRI and Ethical Investing incorporate shareholder engagement. This means exercising shareholder rights to engage companies over particular issues. This means dialoguing directly with company executives to discuss changing company practices or exercising voting rights at corporate meetings. Stock divestment is a means of engagement of the last resort.

More recently, community investing has become part of SRI and Ethical Investing practices. Community investing means committing funds to be used to support low-income communities, underserved by financial institutions. Community investing often accounts for 1-2% of an investment portfolio. Community investing is treated later in more detail.

Many large FBO's are applying ethical guidelines to their investment practices. The guidelines vary widely, even among organizations of the same faith. A representative listing of faith-based ethical funds, SRI fund listings, screening organizations and faith-based investment organizations may be found in appendix A.

Dilemma

The main difficulty with SRI and Ethical Investing is the focus on companies and bonds which are dependent on, and fuel, unsustainable economic growth. Even after screening investments, investors are still supporting the cycle of growth which is fed by unsustainable consumption. In the case of government bonds, investors are sometimes supporting countries with military programs which constitute a high proportion of government revenues.²⁰

Return

SRI and Ethical investing are typically based on market returns.

²⁰ USA military spending in 2005, excluding the war with Iraq and Afghanistan, constituted 23% of federal government revenues (source IMF, Government Finance Statistics Yearbook 2007). Including estimates for war expenditures, this figure exceeds 35% - (http://en.wikipedia.org/wiki/United_States_federal_budget%2C_2007 – accessed July 13, 2008).

VI. Mission-Related Investing (MRI)^{21,22}

Mission-Related Investing is a term originally used by foundations in the United States to describe investments which are aligned with the foundation's principle mission.

A foundation's funds are often administered separately from its operations. The return on the funds is used to support the foundation's work. An investment committee which has the responsibility to care for a foundation's funds decides on an appropriate investment strategy. Quite often, the manner in which funds are invested in the market has little, if any, synergy with the main work performed by the foundation. In some cases, investments are even counterproductive.

Mission-Related Investing is a means to align investment strategy with an organization's work. For example, a foundation which supports economic development in low-income communities would pursue investments in social venture capital for low-income communities.

The type of investments pursued include social venture capital, community investing, and loan guarantees. Typically, MRI represents less than 2% of a foundation's total investment plan.

Another reason why foundations have started pursuing MRI is to recycle funds. Traditionally, foundations make one time grants or endowments. When appropriate though, investments allow for the return of capital, regardless the return on capital. This capital can then be re-used, or recycled, for future opportunities. Foundations have also found that providing loans and guarantees is a method to allow organizations to establish credit records for future borrowing.

One study is of particular importance for those interested in mission-related investing – 'Aggregating Impact: A Funder's Guide to Mission Investment Intermediaries' published by FSG Social Impact Advisors.²³ A complete database of intermediaries has been compiled to assist organizations in investing their money according to mission. The database includes direct investment opportunities, funds and services to develop specialized investment strategies.²⁴

MRI and Faith-Based Organizations

FBO's could pursue MRI by investigating investment strategies which complement the work of their relief and development organizations, if not the mission of the FBO itself. Given the structure of FBO's, relief and development staff often have limited opportunity to work together. They also

²¹ Compounding Impact: Mission Investing by US Foundations; Cooch, Sarah and Mark Kramer; FSG Social Impact Advisors; March 2007.

²² Expanding Philanthropy: Mission-Related Investing at the F.B. Heron Foundation; Swack, Michael, Jack Northrup and Janet Prince; Southern New Hampshire University, School of Community Economic Development; 2007.

²³ Aggregating Impact: A Funder's Guide to Mission Investment Intermediaries; Cooch, Sarah and Mark Kramer; FSG Social Impact Advisors; March 2007.

²⁴ Aggregating Impact: Mission Investment Intermediaries – Economic Development, Housing, Environment; Cooch, Sarah and Mark Kramer; FSG Social Impact Advisors; March 2007; <http://www.fsg-impact.org/app/content/ideas/item/545> – accessed June 23, 2008.

share different languages – with investment teams speaking in terms of the financial markets and relief and development speaking in terms of social work. The relief and development teams might be aware of investment opportunities though.

The difference between the two worlds is similar to the challenges faced by foundations. Yet, if there is a strategic interest to proceed, the two sides can find common ground.

Return

Investments to low-income communities are often explicitly made with the expectation of below market returns (although this varies according to investor criteria). However, social and environmental impact are measured and are important non-economic returns on investment. These non-economic returns are typically not measured in SRI and Ethical Investing.

VII. Community Investing^{25,26}

Community investing is the practice of providing funds to low-income communities. Typically, these communities have limited access to financial services and borrowing opportunities. Funding instruments include loans, guarantees and social venture capital. The funds are often used to support fair housing, enterprise development, gender equality programs, brownfield development and equitable trade. Microfinance is an integral part of community investing.

A number of effective investment models have been developed which include:

- community loan funds - providing affordable financing for housing and economic development projects, cooperatives, and community-based nonprofit organizations. These loan funds are not insured, although they use grant money and loss reserves to help protect individual investors.
- community development credit unions and community banks - fulfilling the role of the traditional bank, providing services which may be too expensive for commercial banks to offer.
- micro-enterprise development funds - providing loans and training to small businesses to support economic development and job creation.
- community development venture capital funds - providing start-up capital for entrepreneurs in low-income communities.
- Pooled Investment Portfolios - providing the opportunity to diversify community investments. Investments are made through one large facility, which spreads the money out within a pool of institutions that serve many low-income areas in a variety of ways. One example is the Calvert Foundation Community Investment Note (with investments by Catholic Health Initiatives, Trinity Health, Catholic Healthcare West).²⁷
- Mutual funds - Some mutual funds, including SRI and Ethical Investing funds, devote a percentage of their assets to community investing.

Community investing is also incorporated into the investment and community models of many profit-oriented organizations. For the finance industry this includes Mennonite Mutual Aid, Pax World Mutual Funds, ethical - or alternative - banks and some mainstream financial institutions (e.g. Axa Community Investment Program and Bank of America).

²⁵ Investing in Communities; Rysavy, Tracy Fernandez; Social Investment Forum and Co-op America; Fall 2002.

²⁶ Mission-Related Investing: A Workshop for Foundations with detailed examples from the field of Community Investing; Olsen, Sara and Woody Tasch; Investors' Circle Foundation; proceedings from a workshop held on October 31 - November 1, 2003.

²⁷ For underserved communities in the developed and developing world. Social returns for affordable housing, microcredit, small business development, community facilities, social innovations. http://www.calvertfoundation.org/invest/community_investment_notes/index.html

A listing of organizations and opportunities is given in appendix C. One central source for US-based opportunities is Social Funds, with a listing by sector (housing, microlending, community development, small business) and geographic area.²⁸

Impact Assessment

When looking for community investing opportunities, it is important that organizations provide impact assessment of their programs. Impact assessment is a means to clearly identify social and environmental goals, to track progress against those goals and to report on community impact. Without a formal impact assessment mechanism, it is difficult to determine common standards to assess activity, to assess whether results have been achieved which actually impact a community and to identify program changes which could bring greater impact.

Return

The return on community investing is similar to MRI, below market, with non-economic factors playing an important role in assessing total return.

²⁸ <http://www.socialfunds.com/ci/index.cgi> – accessed June 25, 2008.

VIII. Microfinance

Microfinance is serving the poor with financial services which are unmet by commercial institutions. Microfinance is often used to denote lending to the poor in non-affluent countries, but is also used for financial services in affluent countries.

Microfinance includes microcredit loans for individuals, microenterprise loans, microsavings and microinsurance. Microfinance institutions (MFI) are the intermediaries which provide services. There are many types of organizations working in microfinance including profit, non-profit and non-government organizations, MFI's, finance intermediaries (which raise money to support MFI's) and service organizations.

In the words of a member of HOPE International (a faith-based microenterprise development organization), microfinance meets development needs by:

- 1) providing more permanent solutions to poverty, not temporary hand-outs,
- 2) empowering individuals within their local contexts, not creating dependency and
- 3) significantly engaging the economy.²⁹

The microfinance spectrum is very wide and relatively complex. Returns vary for different instruments. The principle means for individuals and institutional investors to invest in microfinance is through intermediary funds which supply capital to MFI's. In the case of profit-oriented funds, the ethical question presents itself whether it is correct to earn a profit on microfinance and if so, how much. It is also important to note that not all organizations offer social or environmental impact assessment.

A small sample of microfinance organizations is included in appendix D.

A new concept has started which allows individual investors to support individual borrowers through online lending.

Kiva.org³⁰ – Kiva is a US-based internet platform which connects hundreds of microfinance borrowers from around the world directly with potential lenders. The model is based on peer-to-peer lending. In this model, potential borrowers, which have been pre-screened by MFI's, post a description of themselves and their financing needs. Potential lenders review the profiles and choose to whom, and the amount, they wish to lend. Kiva does not offer a return on capital, but capital may be withdrawn at the completion of a loan. The loan is administered by local MFI's which earn interest for their work. Besides profiles of borrowers, Kiva includes payback statistics of MFI's, to help lenders judge the screening capabilities of MFI's.

²⁹ <http://zondervan.typepad.com/npc/> - accessed June 29, 2008.

³⁰ <http://www.kiva.org> – accessed June 29, 2008.

MyC4.com³¹ – MyC4, a Danish online platform, is focused on lending to African businesses. It includes larger loans than Kiva, is based on an auction system and offers market-based returns. Potential loans are screened by local MFI's for financial viability before being posted to MyC4. A maximum interest rate is indicated by the borrower. Potential lenders 'bid' to participate on the loan. As the number of interested lenders increase, the interest rate decreases. The interest rate includes a service fee for loan disbursement, loan repayment, the work of the MFI and interest to the lender.

MyC4 offers high transparency on borrowers, screening agencies, interest rate structures and repayment schedules.

Return

Varies – dependent on the investment vehicle.

³¹ <http://www.myc4.com> – accessed June 29, 2008.

IX. Fair Trade Investing

The term Fair Trade originally expressed the interest to pay small farmers in non-affluent countries fair prices for their goods, allowing them to support themselves and the development of their communities.³² It has grown to include support for many types of producers in non-affluent areas. This report has focused on the largest portion of Fair Trade – farming, in particular coffee crops.

Fair Trade is a piece in the transformation process as it addresses a principle cause of inequity in the world – the global trading mechanism. Through the World Trade Organization, the World Bank and the International Monetary Fund, decisions are taken which affect trade around the world. Some of these decisions place burdens on non-affluent countries to compete on par with affluent countries. This is inequitable as the affluent countries have a greater infrastructure in place to support their trade, including financial instruments, easier access to markets and subsidy programs. The producers in non-affluent countries often have little choice in what they produce. Either knowledge is limited or financial resources are limited to change goods produced. Even if trade terms are unfavorable to them, they continue trade as they have practically no option.

An investment in Fair Trade organizations means support for small farmers to broaden their economic choices, including the ability to support their communities and the environment. Some organizations support Direct Trade³³ – providing a direct link to farms – or Local Trade³⁴ – buying direct from farms and supporting farmers ability to trade regionally.

There are principally two kinds of Fair Trade organizations – those which certify the goods and those which trade with the goods. The focus of transformation investments is on the trading organizations.

A differentiation can be made between Fair Trade organizations which only trade Fair Trade goods and those which are directly involved with local farms and cooperatives. Again, transformation investing is focused on organizations which take a direct interest in the local farms beyond the goods they have to sell, with a specific focus on small farms and cooperatives.³⁵ They often pursue programs which incorporate most, if not all, of the points mentioned below:

- paying 'fair prices' for goods. These prices act like a buffer to swings in global commodity prices (much like a minimum wage). A stable price structure allows poor farmers some latitude to plan ahead. It allows them to sell their goods at higher prices, which enables them to better care for their families (having money for food during the off-season, accessing healthcare, sending children to school);

³² <http://www.globalexchange.org/campaigns/fairtrade/coffee/coffeeFAQ.html> – accessed June 25, 2008.

³³ See Invalsa Coffee and Intelligentsia Coffee & Tea, Ltd. in appendix E.

³⁴ Just Change, <http://www.justchangeuk.org> and AMS, <http://www.adingasi.net> – July 11, 2008.

³⁵ 'Is Fair Trade Becoming 'Fair Trade Lite''?; Business Week, Online edition June 18, 2008; Gogoi, Pallavi.

- cutting through middlemen, to adopt a closer relationship with farmers and to be able to pay better prices;
- providing financing for the off-season, allowing farmers the time to sell their crop for a better price;
- supporting gender equality and community services, including health and schooling. Through gender equality, women may develop a stronger platform to participate in managing cooperative and communal affairs. Community services allow for regular schooling of both boys and girls, as well as access to basic health services and sanitary infrastructure.
- supporting traditional, sustainable or organic farming practices. This helps to increase productivity, increase quality and raise the price for goods. It also helps to reduce the cost of using imported chemicals and purchased seed, reduces dependency on oil-based products and positively impacts the environment;
- supporting shade-grown coffee. Shade-grown is the traditional method for growing coffee. Modern methods use sun-grown plants which have higher yields. However, fields are often developed at the expense of forest-land, destroying diversity and reducing tree cover for migrating birds. Sun-grown coffee also requires more pesticides than shade-grown, as birds do not feed on insects as they do with shade-grown plants. Shade-grown consequently improves soil quality, water quality and reduces soil erosion.
- promoting the growth of alternative crops, which reduces dependence on selling a single crop to the world market. Alternative crops help to promote agriculture for local markets and acts as a protection against losses due to poor weather;
- developing local value-added opportunities for farms such as local coffee processing. This creates value for their goods and reduces dependence on processing in affluent countries. Local processing often includes the use of environmentally-friendly techniques, an additional benefit;
- advocating for equitable trade. Some Fair Trade organizations actively advocate reforming trade rules and the mechanisms to adopt trade rules among governments;
- maintaining long-term relationships;
- providing access to, and knowledge of, markets. This allows farmers to gain experience with markets in order to learn how to protect, and develop, their business.
- performing impact assessments to monitor whether the results of efforts are having the intended effect.

Fair Trade and Faith-Based Organizations

Fair Trade is strongly anchored in faith-based organizations. Beyond serving Fair Trade coffee after Sunday services, several FBO's actively support fair trade organizations and some even invest in Fair Trade companies.

Appendix E includes a list of FBO's and Fair Trade organizations which support small-scale farm cooperatives. The focus for this report is principally on Fair Trade coffee as this is the world's second most valuable commodity (after oil). Some organizations also support Fair Trade cocoa, tea, sugar and fresh fruits.

Return

The return on investment varies according to the opportunity. Market-based returns may be the exception, however inflation-based returns may be expected.

X. Oikos Investing

Oikos Investing, loosely translated, means managing the basic units of society for future benefit. Oikos Investing takes transformation investing a step farther. The criteria for Fair Trade investing provide the foundation for the framework described below. This framework creates an investing standard which addresses unsustainable consumption and growth. It is a standard difficult to achieve. However, striving to work within this framework will assure investors to take a large step forward in the transformation process.

Organizations - indicators for target organizations:

- Cooperatives - worker run and owned. This form of company has the greatest vested interest in the local community in which it operates. Investing in cooperatives requires the same eye towards governance structures as with other legal forms.
- Organizations which incorporate social criteria into daily work practice, e.g.:
 - Living wage
 - High standard working conditions
 - Health care access
 - Gender equality
 - Schooling support for employees and families
 - Community development / local culture and knowledge systems supported
- Low amount of capital and low infrastructure required for operations. This decreases capital needs and dependence on third parties and facilitates expansion or establishment of additional ventures.
- Size – small to medium sized operations, those with the greatest difficulty to access financing.³⁶

Products/Projects – products and projects should enhance sustainable consumption patterns:

- Product consumption constitutes a necessity and does not contribute to the consumer culture.
- Products for local trade only - local, regional, national and transnational trade, but not global. Supporting local autonomy in business and trade.
- Tailored to local social and cultural needs, safeguarding local socio-economic systems, ecosystems and culture.
- Limited dependence on technology, although they may incorporate newest tech and knowledge.
- Raw materials sourced, and processed, locally, to the greatest extent possible.

Impact Assessment

All projects should have clearly defined goals for impacting the community and/or the environment. Assessment should be confirmed by third party. Certification not mandatory if financially unreasonable.

³⁶ FAST (<http://www.fastinternational.org>) is an initiative working towards bringing financing to this market segment in non-affluent countries.

Financing – the type of financing used, and the method of investment, should reduce dependency on traditional bank structures³⁷ and the use of speculative instruments.

- Loans, credit lines or guarantees allow:
 - direct investment opportunities,
 - over a definable time frame,
 - for specific projects,
 - with a high degree of transparency,
 - reducing the need for new bank lending (and less expansion of the money supply),
 - reducing speculation, which is inherent in equity participation,
 - increasing level of relationship and knowledge of partner.
- Transaction costs reduced by:
 - cutting out middlemen;
 - use of internet to facilitate transactions;
 - simple fee structure for transactions.
- Return - inflation-indexed. Lower rates may apply if accepted by investor. This reduces the tendency to target higher rates which lead to speculation.
- Currency risk strategy – use of non-speculative instruments e.g. netting.

Environment - Working in cooperation with the local environment rather than 'using' resources.

This concept should be embodied in the organization's strategy:

- striving for positive environmental impact through business activity, not only from environmental projects conducted outside operations.
- respecting the time nature needs to re-generate resources;
- respecting biodiversity, e.g. avoiding monoculture farming or planting;
- preserving water resources;
- support for organic farming/minimized chemical use and the use of local seeds. Pursuit of best practice to maximize yield while maintaining indigenous farming practice and local knowledge. Reduced dependence on fossil fuels.
- Zero waste concept - The operational process assumes that all waste caused by production will be re-used and returned to the environment for immediate use. Products, at the end of their useful life, will be re-used as well.
- Energy use minimized; maximum use of local, renewable energy.

In summary, by pursuing investment opportunities which use the aforementioned framework, investors contribute to sustainable economic activity and the development of a new kind of economic growth. Additionally, they protect the value of their capital while supporting a definition of wealth which is more encompassing in nature.

³⁷ Bank credit is the principle means of increasing money supply – a principle driver of economic activity. The creation of credit is used to increase profit opportunity, regardless how credit is applied (for speculative or unsustainable economic activity). The use of investor funds as a credit vehicle allows credit to be channeled to achieve specific goals. Credit used for sustainable concepts would drive sustainable economic activity. The most direct method for investors to apply this idea would be through the use of peer-to-peer lending networks, such as MyC4.com.

XI. Conclusion

Although the seeds of this report stem from the initiatives of faith-based organizations, the outcome is non-denominational in nature.

Faith-based organizations, among others, are calling for action to redress the inequities stemming from economic globalization and the structure of global socio-economic systems. In order to be effective, a principle factor behind economic globalization, investing, must be addressed.

Investing is critical to the functioning of the global economy and socio-economic systems. However, investing is a contributor to the deterioration in mankind's basis for life. Is it possible for humanity to pursue investing in a manner which allows it to serve the need for value and wealth creation without disrupting its basis for life?

There is no one investment instrument which meets this challenge. A closer look though, reveals that various investment strategies are being pursued which contribute to a change in global economics – and create wealth for a much wider target group than is currently the norm. These strategies, taken together, provide an approach for investors to secure the value of their capital while making change in the world. This may be termed Transformational Investing:

Socially Responsible Investing and Ethical Investing

Mission-Related Investing

Community Investing

Microfinance

Fair Trade Investing

Oikos Investing Framework

Global economic systems are based on unsustainable consumption patterns. These patterns must be changed if humanity is to solve its growing global crises. Investments, a key economic driver, must look beyond money to include a return on Fundamental Capital – humans and the environment. It is imaginable that such a focus would not only protect, but enhance humanity's basis for life and lead the way for a more sustainable type of economic growth.

The instruments are available. They only need to be applied.

Appendix A – Socially Responsible and Ethical Investing

Faith-Based Ethical Funds

LKMC Aquinas Catholic Funds	http://www.aquinasfunds.com/
Amana Mutual Funds Trust	http://www.amanafunds.com
Ave Maria Catholic Value Funds	http://www.avemariafund.com
Christian Brothers Investment Services, Inc.	http://www.cbisonline.com
Dow Jones Dharma Indexes Dow Jones Islamic Market Indexes	http://www.djindexes.com
Friends Provident	http://www.friendsprovident.com
KLD Catholic Values 400 Index	http://www.kldindexes.com
Mennonite Mutual Aid	http://www.mmapraxis.com
New Covenant Mutual Funds	http://www.newcovenantfunds.com
Pax Christi	http://www.paxchristi.org.uk
Thrivent	http://www.thrivent.com
Timothy Plan	http://www.timothyplan.com/

Ethical and Social Fund Listings

Social Funds ³⁸	http://www.socialfunds.com
Social Investment Forum	http://www.socialinvest.org

Third parties which develop screens and funds

AltruShare Securities	http://www.altrushare.com
Christian Brothers Investment Services, Inc.	http://www.cbisonline.com
Ethical Investment Research Services	http://www.eiris.org
F&C Asset Management	http://www.fandc.com
Innovest Strategic Value Advisors	http://www.innovestgroup.com
Insight Investment	http://www.insightinvestment.com
KLD Research and Analytics	http://www.kld.com
Trillium Asset Management	http://www.trilliuminvest.com
Underdog Ventures	http://www.underdogventures.com

Faith-Based Organizations

Alliance of Religions and Conservation	http://www.arcworld.org
Church Investors Group	http://www.churchinvestorsgroup.org.uk
The Ecumenical Council for Corporate Responsibility	http://www.eccr.org.uk
Interfaith Center on Corporate Responsibility	http://www.iccr.org
International Interfaith Investment Group	http://www.3ignet.org
United Methodist Church Pension Board	http://www.gbophb.org

³⁸ <http://www.socialfunds.com/funds/mfc.cgi> – accessed June 25, 2008. Website contains a listing of faith-based mutual funds. Look under SRI Fund Charts and select 'Religious-based'.

Appendix B – Mission-Related Investing

Faith-Based MRI

As MRI and Program-Related Investing is only recently receiving greater attention, there is little related to MRI and FBO's. Two organizations explicitly support MRI:

Interfaith Center on Corporate Responsibility (<http://www.iccr.org>)

Presbyterian Church USA (<http://www.pcusa.org/mrti>) – Mission Responsibility through Investing

Other MRI and Program-Related Investing Sources

Blended Value (<http://www.blendedvalue.org>)

F. B. Heron Foundation (<http://www.fbheron.org>)

FSG Social Impact Advisors (<http://www.fsg-impact.org>)

PRI Makers Network (<http://www.primakers.net>)

Literature

The bibliography lists literature providing detailed information.

Appendix C - Community Investing

USA and Canada

As there are numerous possibilities to support community investments in the USA. Several organizations are shown which provide CDFI listings or direct investment opportunities. Many of the organizations have a scope beyond community investments and some are international in scope:

AltruShare Securities	http://www.altrushare.com
Calvert Foundation (see details below)	http://www.calvertfoundation.org
Canadian Community Investment Network Co-op	http://www.communityinvestment.ca
CDFI Coalition ³⁹	http://www.cdfi.org
Community Capital Management	http://www.ccmfixedincome.com
Community Development Venture Capital Alliance	http://www.cdvca.org
Community Investing Center ⁴⁰	http://www.communityinvest.org
Community Reinvestment Fund	http://www.crfusa.com
Co-op America	http://www.coopamerica.org
Enterprise Community Loan Fund	http://www.enterprisecommunity.com
FSG Social Impact Advisors	http://www.fsg-impact.org
Local Initiatives Support Corporation	http://www.lisc.org
National Community Investment Fund	http://www.ncif.org
National Community Reinvestment Coalition	http://www.ncrc.org
National Federation of Community Development Credit Unions	http://www.cdcu.coop
New Profit Inc.	http://www.newprofit.com
Opportunity Finance Network	http://www.opportunityfinance.net
Partners for the Common Good	http://www.pcgloanfund.org
Rural Community Assistance Corporation	http://www.rcac.org
Social Funds	http://www.socialfunds.com
Social Investment Forum ⁴¹	http://www.socialinvest.org
Wainwright Bank	http://www.wainwrightbank.com

Europe

Community investment opportunities are less well established in Europe than in the USA. Several associations are listed below which provide further information on credit unions, credit cooperatives and direct investment opportunities:

Aspire Micro Finance	http://www.aspire-loans.com
Aston Reinvestment Trust	http://www.reinvest.co.uk
Charity Bank	http://www.charitybank.org
Community Development Finance Association	http://www.cdfa.org.uk
The Ethical Property Company	http://www.ethicalproperty.co.uk
European Foundation Center	http://www.efc.be
Social Economy Europe	http://www.socialeconomy.eu.org
Triodos Bank	http://www.triodos.com
UK Social Investment Forum ⁴²	http://www.uksif.org

Faith-Based Organizations with at least 1% of assets earmarked for community investing:

Episcopal Investments	http://www.episcopalinvestments.org/eti/index.html
Evangelical Lutheran Church in America	http://www.elcabop.org
Jewish Funds for Justice	http://www.jewishjustice.org
United Methodist Church	http://www.gbophb.org
Unitarian Universalist Association	http://www.uua.org

³⁹ Community Development Finance Institutions: FY 2005 Report; CDFI Data Project; 2006.

⁴⁰ Hosts roundtable on Faith-Based Investors and Community Investing.

⁴¹ Increasing Investment in Communities: A Community Investment Guide for Investment Professionals and Institutions; Mitlo, Cindy and David Berge; Social Investment Forum; 2000.

⁴² Community Development Finance Institutions: A new financial instrument for social, economic and physical renewal; UK Social Investment Forum; London; 2002.

Faith-Based Community Investing

Episcopal Network for Economic Justice	http://www.enej.org
Evangelical Christian Credit Union	http://www.eccu.org
Oikocredit	http://www.oikocredit.org
Steyler Bank	http://steyler-bank-gmbh.online.de

Calvert One World Community Investment Program⁴³

This program is administered in conjunction with Calvert Foundation, MicroVest Capital Management, Mennonite Mutual Aid MMA and Mennonite Economic Development Associates MED.

It includes:

- mPower (Community Investment Note), devoted to eliminating poverty through international microfinance;
- nSpire, supporting faith-based community development projects across the USA.

⁴³ http://www.calvertfoundation.org/invest/community_investment_notes/target_your_investment/oneworld.html – accessed July 08, 2008.

Appendix D - Microfinance

Microfinance Platforms and Funds

Calvert Foundation, One World Program	http://www.calvertfoundation.org
Consultative Group to Assist the Poor (CGAP)	http://www.cgap.org
European Microfinance Platform	http://www.microfinance-platform.eu
Microcapital	http://www.microcapital.org – Funds Universe
Microcredit Enterprises ⁴⁴	http://www.mcenterprises.org
The Microfinance Gateway	http://www.microfinancegateway.org
Planet Finance	http://www.planetfinance.org
Triodos	http://www.triodos.com

Faith-based Microfinance

Accion International	http://www.accion.org
Ecumenical Microfinance for Human Development	http://www.eclof.org
Five Talents	http://www.fivetalents.org.uk
Hope International	http://www.hopeinternational.org
Oikocredit	http://www.oikocredit.org
Opportunity International Network	http://www.opportunity.net/

⁴⁴ Mission Investing in Microfinance: A Program Related Investment (PRI) Primer and Toolkit; Lewis, Jonathan and Robert A. Wexler; Microcredit Enterprises; July, 2007.

Appendix E - Fair Trade Investing

Fair Trade Organizations

The listing below includes organizations which fulfill some, or all, of the criteria listed in the Fair Trade section. These organizations work closely with producers and communities, as well as contribute to more equitable global trade models. For this report, the focus is primarily on Fair Trade coffee. Financial participation may not be possible in all organizations listed. **Bold listings** indicate an investment opportunity.

Café Campesino (<http://www.cafecampesino.com>)– importer and roaster of Fair Trade, organic, shade grown coffee. Directly supports small-scale farmers in Latin America. Founder of Cooperative Coffees.

Cafédirect (<http://www.cafedirect.co.uk>) - Publicly listed company which sources Fair Trade and organic coffee, tea and cocoa directly from smallholder farms.

Calvert Foundation (<http://www.calvertfoundation.org>) - Through the fund Calvert Community Investment Notes, the Calvert Foundation, together with Starbuck's, is supporting independent coffee farmers for Fair Trade and shade-grown coffee⁴⁵.

Cooperative Coffees (<http://coopcoffees.com>) – is a green bean buying collective of roasters in the USA and Canada. They purchase coffee beans directly from small-scale farmers, grown under organic and shade-grown conditions. Institutional investment is used to support trade finance – purchasing crops at the beginning of the season rather than upon delivery. Investors include Calvert Foundation, Solidaridad (Netherlands) and National Cooperative Development Bank (USA).

Elan Organic Coffees (<http://elanorganic.com>) - Elan Organic Coffees is a San Diego based coffee developer and importer which offers a line of certified organically shade grown coffees which it has developed through partnerships with village co-ops in coffee production countries in Central America, South America, Ethiopia and Papua New Guinea. Elan is a pioneer in the field of supporting farmers to adopt organic coffee standards.

Equal Exchange (<http://www.equalexchange.com>) – Offers several opportunities for investment including Class B Preferred shares and several types of loans, for small investors or institutional investors.^{46,47} Rates range depending on investment. The target return on Class B Preferred shares is 5%. Loan investing is open to US residents or US organizations.

⁴⁵http://www.calvertfoundation.org/invest/community_investment_notes/target_your_investment/international_and_microcredit.html – accessed June 25, 2008.

⁴⁶ <http://www.equalexchange.com/investing-in-fair-trade> – accessed June 27, 2008.

⁴⁷ <http://eeinvest.wordpress.com/investing/the-equal-exchange-cd/> - accessed June 27, 2008.

Finance Alliance for Sustainable Trade (FAST -<http://www.fastinternational.org>) – Launched in May 2007, FAST brings together a diverse group of stakeholders working collectively to improve the operational efficiency and effectiveness of sustainable small to medium enterprise (SSME) finance.

FAST represents financial institutions committed to sustainable production and the trade of sustainable goods. Members include socially oriented and alternative lending institutions, SME producer organisations, development institutions and other stakeholders in the agricultural commodities supply chain. FAST's objectives center on ensuring the continued growth of sustainable production and trade by increasing the number of producers in developing nations who obtain access quality trade finance.

ForesTrade (<http://www.forestrade.com>) - ForesTrade is a leading international supplier of organic and sustainable tropical spices, vanilla, essential oils, and Fair Trade coffee. They directly source products from over 5,000 small-scale, indigenous farmers in Indonesia and Guatemala. ForesTrade seeks to create innovative alliances with investors and financial institutions.

Intelligentsia Coffee, Inc. (<http://www.intelligentsiacoffee.com>) – One of the few coffee companies that supports Direct Trade. Choosing farms with proven socially and environmentally sound practices and purchasing directly at prices often 25% above Fair Trade prices. Through their Direct Trade method, they cut out middlemen so that they can pay the premium to the farmers directly.

Invalsa (<http://www.invalsa.com>) – Vertically integrated in all aspects of smallholder Bolivian organic, shade grown coffee farming. Practice direct trade. Unique purchasing method motivates farmers to produce higher quality beans.

La Siembra Co-operative (<http://www.lasiembra.com>) – La Siembra is a pioneer of Fair Trade organic cocoa and sugar products in North America. It is Canada's fastest growing, for-profit Fair Trade co-operative. Sourcing from smallholder farms, the cooperative distributes organic chocolate, cocoa and sugar products.⁴⁸ Investment possibility in Preference A shares with a target dividend of 5%.

People Tree Ltd. (<http://www.peopletree.co.uk>) – People Tree is a clothing company. The garments are sourced and manufactured in a manner which deeply supports communities and the environment, incorporating Fair Trade, organic fabrics and ecologically sound production methods.

⁴⁸ <http://www.lasiembra.com/en/pdf/invest.pdf>

Rabobank Sustainable Agriculture Guarantee Fund (<http://www.rabobank.com>) - Rabo Sustainable Agriculture Guarantee Fund aims to enhance access of agricultural cooperatives to local financial services. This enables them to purchase, process and trade agricultural commodities in the international market on commercial and sustainable terms.

The Fund issues (partial) credit guarantees and provide other financial products as a risk mitigating instrument in favor of financial intermediaries, allowing them to offer commercial finance for the production and export of agricultural produce at better pricing and conditions than would be possible without the Guarantee Fund.

Shared Interest (<http://www.shared-interest.com>) - This is a cooperative lending society that works primarily with Fair Trade producers. They provide up front finance to buy raw materials, tools and other goods on a timely basis (a critical aspect of helping people out of poverty). They also offer long-term finance and other credit facilities to support the development of Fair Trade Business.

Shared Interest currently has over 8,500 members and has invested over £22 million. Membership is open to UK residents only. Investment size is £100 to £20,000 and pays up to 2% interest.

Sustainable Harvest Coffee Company (<http://www.sustainableharvest.com>) - Founded in 1997, Sustainable Harvest Coffee Importers is a Portland, Oregon-based green coffee broker providing top roasters in North America and Europe with the highest quality certified organic and Fair Trade specialty coffee. The company is dedicated to improving coffee supply chain practices by pioneering a new paradigm for global trade called Relationship Coffee and reinventing the purpose and actions of the middleman by building systems for transparency and traceability. The company commercializes a large percentage of all Fair Trade and organic coffee sold in the world, while continuing to invest nearly half of its operating income back into farmer training and supplier-related activities.

Third World Information Network (TWIN) (<http://www.twin.org.uk>) - TWIN is a producer-owned membership organization dedicated to developing the Fair Trade supply chain for coffee, nuts, cocoa, sugar and fruit farmers. TWIN helped launched Agrofair UK, bringing Fair Trade fruit to the UK. TWIN also advocates fairer trading systems and works closely with a range of Fair Trade and developmental organisations in the UK and Europe.

Triodos Bank (<http://www.triodos.com>) - Part of Triodos Bank's mission is to enable individuals, institutions and businesses to use money more consciously in ways that benefit people and the environment, and promote sustainable development. Triodos offers a Sustainable Trade Fund that offers trade finance loans to assist organic and Fair Trade producers in accessing the US and European markets.

Triodos Sustainable Trade Fund offers a commercial interest rate. The interest rate is fixed for the loan period and calculated on a declining balance. In addition, an administration fee is charged.

Faith-Based Organizations

Agrofair (<http://www.agrofair.nl>) – is the leading European importer and distributor of Fair Trade tropical fresh fruit and the European partner of Oké USA. Agrofair is half owned by the fruit producers and half by European NGO's. One of these NGO's is the Interchurch Organisation for Development Co-operation (ICCO), supported by Dutch faith-based development organizations.

Catholic Relief Services (www.crsfairtrade.org) – sells Fair Trade products through their website.

Equal Exchange (<http://www.equalexchange.com>) – has been sourcing Fair Trade and organic products from small-scale farm cooperatives for US import since 1986. A loan from the Adrian Dominican Sisters was pivotal for the organization's early growth. In conjunction with Lutheran World Relief in 1996, it developed the Interfaith Fair Trade Program which now supplies over 10,000 congregations across the USA with Fair Trade coffee. Principle participants in the Program also include the Mennonite Central Committee, Presbyterian Church USA, United Church of Christ, United Methodist Committee on Relief and Catholic Relief Services Fair Trade Program.

Episcopal Relief and Development (<http://www.er-d.org>) – offers a private label coffee which is organic and shade-grown and ensures the payment of living wages and access to affordable credit for small-scale farmers.

Fair Trade Federation (<http://www.fairtradefederation.org>) – is an association of organizations which support one another to promote Fair Trade practices. The Federation works in conjunction with Catholic Relief Services and United Methodist Committee on Relief. The Federation is committed to small scale farmers.

Fairtrade Foundation (<http://www.fairtrade.org.uk>) – is a major organization which awards Fair Trade certification. It was established in 1992 by organizations including the Catholic Agency for Overseas Development (CAFOD) and Christian Aid. Members now include the Methodist Relief and Development Fund and the United Reformed Church.

Interchurch Organization for Development and Cooperation (<http://www.icco.nl>) - ICCO gives financial support and advice to local organisations and networks across the globe that are committed to providing access to basic social services, bringing about fair economic development and promoting peace and democracy.

Lutheran World Relief (<http://www.lwr.org>) – the Evangelical Lutheran Church of America supports Equal Exchange, a Fair Trade sourcing organization, to distribute Fair Trade goods throughout the USA. Lutheran World Relief, the relief and development organization of the Church, has even invested USD 280,000 into the Ghana cooperative Divine Chocolate to support their work.

Oikocredit (<http://www.oikocredit.org>) – is a private cooperative bank based in the Netherlands which is focused on development lending and microcredit. The bank has established a Fair Trade and Fair Finance program, lends to over 45 Fair Trade Cooperatives⁴⁹ and provides support for the Ghana Divine Chocolate cooperative.

Presbyterian Church USA (<http://www.pcusa.org>) – through the Presbyterian Hunger Program, PC USA is providing funding to small-farmer projects in coffee-growing regions.⁵⁰

Traidcraft (<http://www.traidcraft.co.uk>) – Established in 1979 as a Christian response to poverty, Traidcraft combines a trading company and a development charity. Traidcraft's mission is to fight poverty through trade, practicing and promoting approaches to trade that help poor people in developing countries transform their lives.

⁴⁹ <http://www.fairtraderesource.org/link-up/events-calendar/?id=638®ion=> - accessed June 26, 2008.

⁵⁰ 'Church Groups Espouse Fair Trade'; Business Week; Gogoi, Pallavi; Online edition, June 18, 2008.

Appendix F - Other Investing Opportunities

Several other opportunities provide an indication of additional investment possibilities which contribute to a transformation in economic globalization. **Bold listings** indicate an investment opportunity:

E-Fair Trade (<http://www.efairtrade.net>) - The Farmers Development Union (FADU), an NGO, is a rural development Organization, formed, owned, directed, governed and financed by about 500,000 small farmers, who are its members. ICL West Africa Limited have an agreement with FADU to operate online commodity exchanges for FADU members to collectively sell their products and import their agricultural requirement inputs.

A delivery partnership has been established with the City of Bradford in the UK to facilitate Bradford Enterprises in a Fair Trade Buying network in the UK which will supply Fair Trade wholesale buyers and outlets across the UK and other regions which and will be supplied by the 500,000 FADU farmers as a part of the operations of the company. This is being piloted with Bradford, but will be extended to other Fair Trade Buying networks.

FMO (Netherlands Development Finance Company - <http://www.fmo.nl>) – FMO’s mission is to stimulate sustainable economic growth and optimize development impact in emerging markets. FMO creates access to long-term capital and knowledge. FMO reaches out to private enterprises directly and indirectly through local financial institutions and invest in infrastructure in order to build enabling environments for entrepreneurship.

KickStart (<http://www.kickstart.org>) – KickStart develops technologies to help entrepreneurs develop small businesses which take them out of poverty and create employment opportunities. KickStart’s technologies are widely applied throughout Africa to support programs in agriculture, shelter, water, sanitation, health and relief.

Global Solidarity Forest Fund (fully subscribed) – The Global Solidarity Forest Fund is a private equity, ethical investment opportunity in sub-Saharan Africa. The size of the Fund is \$100 million and the expected Internal Rate of Return is 13% per year real. The Fund develops forest-based investments with high potential returns and a strong ethical, environmental and socio-economical profile, including community development and FSC-certification.

The Fund consists of three established investments in Mozambique and Angola, as well as a discretionary amount for future investment opportunities of similar character in the same region.

The Fund is managed by Global Solidarity Fund International (GSFI), an international asset management company owned by the Diocese of Västerås, Lutheran Church of Sweden and the Norwegian Lutheran Church Endowment (Opplysningsvesenets fond, OVF). ABP, Europe’s largest pension fund, is a co-investor in the fund.

Q-Drum (<http://www.qdrum.co.za>) – The Q-Drum is a low-cost rollable water container for developing countries. This container reduces the burden of fetching large quantities of water over long distances. Even a child can pull 50 litres of water over flat terrain for several kilometers without undue strain, and could shift the burden of water collection away from adult women to children.

Root Capital (formerly EcoLogic Finance - <http://www.rootcapital.org>) - Root Capital invests in grassroots businesses that transform rural communities and conserve natural resources and vital ecosystems in the world's poorest, most environmentally threatened places. Their vision is to create vibrant rural economies, where smallholder producers with access to markets and financial services lift themselves out of poverty while improving the health of the planet.

Root Capital's loan fund provides credit to small and growing businesses in rural areas.

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