

2016 Churchwide Assembly  
**Background for Memorials Regarding “Peace Not Walls” Campaign<sup>1</sup>**

**Category C2: Justice for the Holy Land through Responsible Investment**

For more than a decade, attention has been drawn to the impact of the presence of foreign companies and corporations in the Occupied Palestinian Territories. There has been ongoing debate about whether their presence has been chiefly positive, i.e. of great benefit to the local Palestinian people and economy, or largely negative, ... having a detrimental effect or, even worse, contributing to Israeli violations of internationally-recognized human rights related to the Occupation. The ELCA social message on “The Israeli/Palestinian conflict” (1989) demonstrates this church’s long-standing and insistent call “for the cessation of human rights abuses against the Palestinians, because of the Israeli occupation.” (p.1)

The 2005 Churchwide Assembly of the Evangelical Lutheran Church in America affirmed the “Churchwide Strategy for Engagement in Israel and Palestine,” more popularly known as the “Peace Not Walls: Stand for Justice in the Holy Land” campaign. Part of that strategy included advocacy related to ‘Stewarding Economic Resources’. It committed the ELCA to explore economic initiatives, such as ...

- b. Promoting positive economic development in the region to help those most in need (e.g., support for Palestinian businesses, including the establishment of micro-loans) ...
- d. Making consumer decisions that favor support to those in greatest need (e.g., Palestinian providers as distinct from Israel settlers on Palestinian territory) [and]
- e. Managing collective or personal investments with concern for their impact on the lives of all Holy Land peoples who suffer from the ongoing conflict.

The 2007 Churchwide Assembly called

... upon the Evangelical Lutheran Church in America to underscore the call for economic initiatives by this church and its members in the “Peace, Not Walls” campaign. Such initiatives, in consultation with the Evangelical Lutheran Church in Jordan and the Holy Land, could include:

- purchasing of products from Palestinian providers and
- exploration of the feasibility of refusing to buy products produced in Israeli settlements. Also to be explored is the entire investment activity by this church. Examination of investments would exclude the option of divestiture. 12 From 2016 Pre-Assembly Report: Report of the Memorials Committee, 102-105.

The 2011 Churchwide Assembly voted

To encourage members, congregations, synods, and agencies of this church to:



1. seek ways to achieve a deeper understanding of the Israeli/Palestinian conflict, including the perspectives of other faith communities, and receive, read, and discuss the Kairos Palestine document as an “authentic word from our brothers and sisters in the Palestinian Christian community” that “warrants our respect and attentiveness”;

2. affirm this church’s commitment to non-violent responses to the Israeli- Palestinian conflict, including the Peace Not Walls campaign’s efforts toward strengthening accompaniment, awareness-building, and advocacy; and

3. consider making positive economic investments in those Palestinian projects and businesses that peacefully strengthen the economic and social fabric of Palestinian society;

To commend the policy “ELCA Economic Social Criteria Investment Screens” to the members, congregations, synods, and agencies of this church; and

To decline to undertake a review of the investment of funds managed within the ELCA but to commend these recommendations to the Office of the Treasurer, the Office of the Secretary, the Congregational and Synodical Mission unit, the Mission Advancement unit, and the ELCA Board of Pensions for consideration.

The 2013 Churchwide Assembly voted, among other things,

To reaffirm the 2011 Churchwide Assembly action [CA 11.04.27] “to commend the policy, ‘ELCA Economic Social Criteria Investment Screens,’ to the members, congregations, synods, and agencies of this church; and to decline to undertake a review of the investment of funds managed within the ELCA but to commend these recommendations to the Office of the Treasurer, the Office of the Secretary, the Congregational and Synodical Mission unit, the Mission Advancement unit, and the ELCA Board of Pensions for consideration;” [and]

To refer to the Global Mission unit, the Congregational and Synodical Mission unit, the Mission Advancement unit, the Office of the Secretary, the Office of the Treasurer, and Portico Benefit Services the matter of evaluating possibilities for investing in specific Palestinian economic endeavors and other projects that would promote peace and cooperation between Israelis and Palestinians; and to provide a report with recommendations to the April 2014 meeting of the Church Council.

<sup>1</sup> From 2016 Pre-Assembly Report: Report of the Memorials Committee, 102-105.

As a result of the 2013 action, an ad hoc staff group was convened and prepared a report that was received by the Church Council at its November 2015 meeting. The report noted that consultations took place with Bishop Munib Younan of the Evangelical Lutheran Church in Jordan and the Holy Land (ELCJHL), Palestinian entrepreneurs and financial institutions, such as the Bank of Palestine, the named units as well as the Mission Investment Fund, and a review was made of the work of other denominations, specifically the Presbyterian Foundation and the Episcopal Church.

Determining possible parameters of “investment” was critical to the process and a continuum of investment options available to the ELCA were examined. The group looked at traditional (financial) investment practices as well as the possibilities for other forms of economic investment (such as microfinance and online commerce). It also examined social investment or philanthropy; that is investing in the lives of people and communities without expectation for a financial return. The entities which manage ELCA financial resources (including Portico Benefit Services) explained that they implement ELCA guidelines for social criteria investment screens along a continuum, while maintaining their fiduciary responsibility to be effective stewards of the funds entrusted to them.

The ELCA’s social criteria investment screens provide a guide for this church with regard to corporate social responsibility (CSR). They delineate areas in which the ELCA would like to invest or refrain from (future) investing and provide criteria to evaluate the scope of CSR work. The objective of social criteria investment screens is to identify the dimensions of a given problem area and, within those dimensions, to focus on egregious problems that are most critical to address. All social criteria investment screens have the overall objective of addressing the ELCA’s concern for the social, environmental, as well as economic sustainability of corporations.

Social criteria investment screens do not constitute binding mandates or provide, for example, specific lists of corporations. It is the responsibility of the ELCA and each ELCA-related organization and individual Lutherans to develop and manage a prudent and responsible investment portfolio. The ELCA social criteria investment screens offer a context for decision-making about socially responsible investments.

Divestment is the act of selling an asset for the purpose of implementing either financial, legal, or social goals. Historically, some investors have used this tool to protest a particular corporate policy such as Apartheid in Southern Africa. The ELCA policy related to divestment is limited to the 2007 action cited above. The intention of several of the synod memorials above is to change that policy with respect to U.S. businesses operating in the Occupied Palestinian Territories. It should also be noted that all separately incorporated entities of the ELCA including Portico, may choose to implement ELCA policy recommendations within their own guidelines and fiduciary duties.

In the context of the staff group report to the November 2015 Church Council meeting, Portico reported that it was initiating Social Impact First investing in order to strive for greater social impact. Portico noted that it had been collaborating with ecumenical partners to learn more about potential investments

in Palestine. However, it is uniquely challenging to uphold fiduciary responsibility while investing in Palestine. Given the volatility of the Middle East, the economic constraints inherent in the Occupation of Palestine, and the very low volume of options available, the financial return of investment in the region is well below market rate and considered high risk. Therefore, because of the fiduciary duty of the aforementioned entities, opportunities for financial investment in Palestine are rather limited. Similarly, economic investment, as understood in a free market, is significantly restrained under the Israeli occupation where freedom of movement of people and goods is restricted; where access to education, healthcare and employment opportunities are restricted; and where access to and development of land is restricted.

Staff of the churchwide organization also researched options in microfinance and online commerce, however, none of the microfinance options offered designated investing in Palestine; and the projects seeking funding in online commerce suit individual investors, not large scale investing.

The ELCA is dedicated to long-term social investment with long-standing financial commitments to our companion church, the ELCJHL, and related partners in Palestine. Therefore, the ELCA’s social investment return can be found in the ELCA’s engagement with the ELCJHL, The Lutheran World Federation (LWF) – Jerusalem, and other entities. From Fiscal Year 2012 to Fiscal Year 2014, the ELCA gave over \$2.2 million in grants to the ELCJHL, the LWF-operated Augusta Victoria Hospital, and to smaller initiatives like the Peace Center for the Blind. The Mission Investment Fund, reaching beyond its primarily domestic mission, loaned \$1.2 million to Dar Al-Kalima College (also a beneficiary of the Presbyterian Foundation) and \$1.5 million to the ELCJHL for the construction of the Baptismal Pilgrimage Site and Retreat Center at the Jordan River in Jordan.

In receiving the November 2015 report, the Church Council commended the ELCA’s current social investment commitments to the ELCJHL, the LWF and other companions in the region.

In addition to ongoing research to identify positive investment opportunities to promote peace in the Holy Land, there are other aspects of Portico’s social purpose investing approach to keep in mind. For example, Portico does not have a practice of divestment, nor does it recommend divestment, but rather implements a screening process consistent with ELCA social criteria screens. If an ELCA investment screen addressing companies connected with preventing peace in the Holy Land were to be developed, Portico would participate and consider the screen for implementation in the social purpose portfolios taking into account its fiduciary responsibility to its plan members. From Portico’s perspective, the advantage of a screening approach is it offers flexibility and context for ongoing decision making without being tied to a specific list of companies up front which can become outdated. Portico believes screening, as opposed to specific company divestment lists, provides more flexibility and a framework to address the changing situations in the world of business where some of the named companies have recently announced restructuring directly related to the issues raised in memorials.

For example, HP announced it was spinning off HP Enterprise, the segment of HP that created and supported the finger print and facial recognition system named in the memorial. HP Enterprise will now become part of Computer Sciences Corp. which is not named in the memorial.

Turning to the matter of Lutheran-Jewish relations, the ELCA inherited significant work in Jewish relations from its predecessor bodies and the Lutheran World Federation. In 1994, acting under the mandate of the Churchwide Assembly, the ELCA Church Council adopted the “Declaration of the Evangelical Lutheran Church in America to the Jewish Community,” rejecting Luther’s later anti-Judaic writings, acknowledging their tragic effects throughout history, and reaching out in reconciliation and relationship to the Jewish Community. Anti-Semitism is denounced as “a contradiction and an affront to the Gospel, a violation of our hope and calling.” Over the past two decades, the ELCA has lived out the commitments contained in this declaration through various forms of dialogue and cooperation, and through a variety of educational initiatives. One role the ELCA has played is to serve as a place where the concerns of Palestinian Lutherans and the concerns of American Jews have been in conversation. For example, some Jewish leaders have interceded with the U.S. government, some directly with the government of Israel, and some with both on issues of concern for the ELCA and the ELCJHL, including the recognition of the ELCJHL, and the critical funding for the ministries of Augusta Victoria Hospital.

Some ELCA ecumenical partners have considered or adopted policies of divestment in recent years, resulting in tensions or breaks in Jewish-Christian relations at various levels. For some within the American Jewish community, divestment is interpreted as anti-Jewish. Therefore, divestment must be considered alongside the continuation of dialogue and partnership with the American Jewish community at all levels with respect to a lasting peace in Israel and Palestine.

While the above actions have been undertaken within this church, the memorials addressed to the 2016 CWA assess the situation of human rights abuse as dire enough to justify the dramatic response of divestment from U.S. based corporations, in particular those identified in the memorials. The memorials argue that a stronger institutional response by the ELCA is needed because these particular corporations profit from and contribute to human rights abuses in the Occupied Palestinian Territories.

### **Rationale from the Memorials Committee**

While the memorials submitted by a number of synod assemblies requested divestment, the Memorials Committee is recommending the development of a social criteria investment screen. Using a social criteria investment screen guides this church in evaluating the types of investments it wishes to hold. It is an application of the church’s existing social teachings. Since we have an established Corporate Social Responsibility mechanism, the Memorials Committee recommends a screen as the best way to address human rights abuses in Israel and Palestine as well as throughout the world. A social criteria investment screen on human rights will provide Portico with ongoing guidance and an important framework to make decisions that provides for fiduciary responsibility. In

addition, screens allow investors to still participate with a corporation in addressing the problems whereas a divestment approach does not allow for such engagement.

## **2016 Churchwide Assembly Action Regarding “Peace Not Walls” Campaign**

Assembly Action: CA 16.06.27

Vote by Card

To receive with gratitude the memorials from the Sierra Pacific, Southwest California, Metropolitan New York and the Delaware-Maryland synods regarding Justice for the Holy Land through Responsible Investment;

To reaffirm the actions of the 2005, 2007, 2011 and 2013 Churchwide Assemblies regarding responsible investment in Israel-Palestine;

To direct the ELCA’s Corporate Social Responsibility review team to develop a human rights social criteria investment screen based on the social teachings of this church and, in the case of Israel and Palestine, specifically based on the concerns raised in the ELCA Middle East Strategy;

To encourage ELCA members, congregations, synods, agencies and institutions to increase positive investment in Palestine and other under-resourced areas where human rights abuses materially impact the well-being of all people; and

To encourage ELCA members, congregations, synods, agencies and institutions to engage in shareholder advocacy in support of human rights, exercising the right of a shareholder to submit resolutions at a corporation’s annual meeting.

*Note: The ELCA Churchwide Assembly voted by a large majority to adopt the action above. The vote was cast by green and red cards (rather than electronic voting) and so there is no official number. Many observers suggest it was 90+% in favor.*