Approved by the Felm Board on 10 April 2025

Policy on economic justice

Summary

The economy is one of the most central forms of interaction shaping the intrinsic relations between people, governments and natural resources. Therefore, the ways in which the economy is managed in different environments play a vital part in achieving the human rights and sustainable development goals that are important for Felm. Economic activity and entrepreneurship bring meaning to individuals' lives and create vital and vibrant communities. It is essential that the economic system and the institutional framework guiding it are constructed in a manner that is just and fair and involves marginalised groups. This demand must be met – especially now that the economy has been harnessed to serve the selfish geopolitical aspirations of different countries and groups with very little regard for the well-being of people and the planet.

The theological foundation for demanding economic justice is strong: it is the duty of all Christians to defend God's creation and the poor against greed, indifference, and disregard for their rights. Felm and its partners promote justice directly by strengthening the opportunities of minority groups to earn a livelihood, ensuring the responsibility of its procurements, and making investments that support sustainable development. At the same time, we are striving to advance fairness within the rules and institutions of the global economy with the aim of ensuring a right to development for all.

1. Purpose and objectives of the policy

This policy steers all of Felm's activities aimed at promoting economic justice. It addresses the changing role of the economy in shaping international relations, and sheds light on Felm's and its partners' efforts to strengthen economic systems that respect human rights and fit within the existing planetary boundaries.

In addition to outlining the theological scaffolding to this policy, it examines the rapid developments of economy, especially in relation to the achievement of Felm's international key goals pertaining to the climate, sustainable development and the status of women. The policy examines the targeting of the projects and advocacy work of Felm and its partners and the guiding principles of the work, but it also discusses the direct impacts generated by our investments and procurements.

2. Theological foundation

The need for justice and equal human dignity for all, and our duty to cherish the integrity of creation, are inalienable elements of the Christian faith. According to the Bible, all human beings have been created in the image of God. The gifts given to us by God should be distributed responsibly across social, geographical and generational boundaries to ensure that everyone may live a decent life. Human greed impoverishes both other people and the natural environment, and conflicts with the ethical ideal enshrined in the Christian faith. We are all called to do honest work that serves our communities. Each and every individual should have a place and a role in the society. The purpose of work is not merely about securing one's own livelihood. Instead, through work we can all be of service to our neighbours and contribute to building our society.

The golden rule taught by Jesus, urging us all to "do to others what you would have them do to you" (Matt. 7:12), is a strong and universal ethical principle and the foundation of Lutheran ethics. It urges us

to put ourselves in someone else's position, show solidarity to the weakest and most vulnerable, and live responsibly.

God's mission is realised in specific times and places. When the world is suffering, so is the Church: "Learn to do right; seek justice. Defend the oppressed. Take up the cause of the fatherless; plead the case of the widow." (Isa. 1:17). Jesus taught us that in the poor and the vulnerable we see Jesus. The early Church assumed the responsibility of handing out food and caring for the poor. We, too, are guided by the same ideal: we highlight the deep-rooted inequalities faced by the global Church, while following the demand for justice laid down in the Bible.

3. Operating environment

The lack of economic justice is reflected all over the world in growing inequality, conflicts and the climate crisis. The development problems in the Global South, especially in the least developed countries, have proven to be persistent, and absolute poverty has again started to rise due to the COVID-19 pandemic and Russia's war of aggression against Ukraine. The centralisation of wealth and the super-rich individuals' grasp of politics continue to gain stronger ground. Greenhouse gas emissions are increasing globally, and we have not been able to gain control over pollution and biodiversity loss (UN, 2024).

In the 2020s, it has become clear that the globalisation era's faith in a link between economic growth and strengthening democracies was misplaced. Economic growth alone is no longer considered an adequate prerequisite for the progress of human rights, as many of the fastest growing economies in the world are countries where the risk of human rights violations is high due to weak governance or unregulated markets. According to the International Labour Organisation (ILO), 27.6 million people in the world are subjected to forced labour, which equals to modern-day slavery (ILO, 2024a). Moreover, ILO (2024b) states that 160 million children are forced to work against their will. In addition, extractive business models continue to generate profits despite their adverse environmental impacts.

The political weight of the Global South is increasing rapidly as the economic value generation and manufacturing has shifted towards the East and the South. The reform of development and economic systems derived from the western capital cities has run its course, as the BRICS countries have become an organised geopolitical counterforce. Instead of promoting open trade and interdependencies, the global economy of the 2020s has become fragmented into a geoeconomic field where like-minded regions or country groups pursue their own interests (Government, 2024). Moreover, authoritarian forces also tearing at the unity of the West from within. At the same time, international companies and metropoles have emerged among the world's largest economies.

Economic interests and the right to exploit natural resources are even advanced with weapons, and the struggle for resources feeds social conflicts. Direct examples of the relationship between the economy and violence include mercenary armies such as the Wagner Group, which gain ownership over natural resources as a form of payment. Conflicts are also indirectly fuelled by unfair economic structures which, for example, enable aggressive tax planning and illicit transfer of financial profits to parties that might even benefit from the prolongation of the conflicts.

International and local efforts to reduce corruption have been unsuccessful (Transparency international, 2024), which undermines particularly the most vulnerable individuals' opportunities to access basic services, engage in livelihoods, own land, and live in a clean and safe environment.

Economic justice is intertwined with the attempts to resolve the planetary crises of our era. Our common vision for a more sustainable economy has been incorporated, for example, in the 2030 Agenda, the Paris Agreement on Climate Change, and the Kunming-Montreal Global Biodiversity

Framework. Implementing these efforts will require tens of thousands of billions of euros by 2030 (UN DESA, 2024). Without adequate funding, these agreements are nothing more than words on a paper.

Developed countries are committed to responding to the financing needs by, for example, earmarking 0.7% of their GNI for development cooperation, giving up environmentally harmful subsidies, and taking the efforts to curb climate change under 1.5 degrees into account in the steering of all their financial flows. However, implementation is falling short. Development cooperation alone is not expected to solve global development problems. Instead, the problem-solving efforts are also linked to the private sector and the development of the taxation capacity of the countries of the Global South. Merely combating the climate crisis is estimated to cost between six to eight trillion USD per year in the 2030s (CPI, 2023).

In addition to mobilising funding, both the institutions and rules of the global economy as well as the discriminatory structures in local economies should be reformed, so that democracy, human rights and equality can be truly realised (UNGA, 2024). The risk is, however, that the positive visions of the clean transition, support for the least developed countries, and the digitalisation of societies will strengthen the extractive business models that do not support the role of women, persons with disabilities, indigenous peoples, and many other groups targeted by economic discrimination.

The deepening debt crisis in poor countries will further reduce their opportunities to build a sustainable future. Therefore, there is increasing pressure to reform the global financial architecture to enable a just transition (Gwaindepi & Karimu, 2024). Moreover, the need to this reform has raised the question of whether the 1992 division between developing and industrialised countries still serves its purpose. Many currently prosperous countries, such as Saudi Arabia and China, are by definition developing countries, and they use this position to avoid taking full responsibility for common climate objectives.

4. Felm as a promoter of economic justice

Our long-standing presence in the Global South provides us with a comprehensive understanding of the economic structures that prevent the implementation of the human rights of the vulnerable individuals. To achieve economic justice, we need a more equal distribution of power, resources and opportunities. As an actor of the global church, Felm's mission is to highlight economic and social disparities and oppressive structures, and to demand that decision-makers take responsibility for the situation. We deem important that public funding is allocated to the reparation of historical damages. We support solutions that are based on compensatory justice, such as on the cornerstone of environmental policy, the *Polluter Pays Principle*.

We can integrate local development challenges into cross-border economic processes and promote evidence-based solutions to them through advocacy work. At the same time, we strive to strengthen the opportunities of individuals to fulfil their calling through work and entrepreneurship. Unfortunately, not having equal opportunities to engage in economic activity is the reality for many minorities and other population groups facing discrimination.

It is Felm's view, opportunities for becoming an entrepreneur and employment lie at the heart of economic justice. Everyone should have the opportunity to support themselves through their work and to create opportunities for development for their community and society. We promote both the traditional and new livelihoods in rural and urban areas. Enhancing opportunities for indigenous peoples, women, persons with disabilities, and other minorities to run their own businesses plays an important role in our work. We support initiatives to provide them with national and international funding under more flexible and fairer terms.

Institutional financing includes various responsibilities, obligations and dependencies. Financing in itself involves different values, motives, attitudes, and attempts to exert influence. The introduction of a more just financing models has been slowed down by the power disparities in institutional finances,

the supremacy of Global Nort funding models and agendas, cultural and institutional inequalities, and the legacy of colonialism. Therefore, Felm supports efforts to reform the global financial architecture.

Anti-corruption measures and reinforcement of good governance are an essential part of Felm's work advancing a just society. Corruption means abuse of power for the benefit of an individual or a group, and it may stem from greed, need, opportunity, impunity, lack of monitoring, group pressure, or established practices. We help our partners to strengthen their administrative structures and to comply with the principles of good governance.

As the global significance of corporate responsibility grows, it is no longer acceptable for responsibility to be based on mere voluntary actions. Businesses must take responsibility for the impacts of their activities on the communities whose resources they utilise. Work that is dishonest by nature or harms communities and creation does not help individuals to fulfil their calling. Our goal is to ensure that the environmental and human rights obligations for companies are binding both nationally and internationally. We engage in active and long-term cooperation with companies to promote economic justice. We believe that Felm's knowledge of local issues and human rights can help companies generate positive development impacts and innovations with us.

At Felm, we are committed to determining the origin of the funding we apply for and ensuring that the background, business and values of the funding provider are in line with our own mission and values. We are actively involved in the discussion on increasing the direct funding of local actors co-living the development challenges. We support the diversifying and increasing of our partners' revenue sources to ensure their economic sustainability and capabilities to expand the scope of the work.

Responsibility with regard to the payment of taxes and the related reporting is central to economic justice. Effective and transparent taxation mechanisms ensure that tax revenues are duly channelled to the correct recipients. The global tax system has failed to keep pace with the developments of the global economy: for example, the country-specific monitoring of the value generation of global platform economy giants is insufficient, and companies are benefitting from directing their profits to countries with a low tax rate. Similarly, sectors linked to primary or secondary production, such as the extractive sector, continue to make profits through aggressive tax planning, which means that the host countries in both the Global South and the North are left without the tax income to which they would be entitled to. If tax revenues are to generate benefits also for the world's poorest population groups, we must enhance international tax regulation and raise the voice of developing countries. Felm supports the development of international tax policies, institutions and regulations under the UN.

In our procurement practices, we choose ethically operating service providers and comply with our principles of corporate cooperation. In our work, we pay increasing attention to environmental sustainability issues in accordance with the requirements of the Church's environment diploma.

In line with the principles of corporate cooperation, Felm strives to produce positive development impacts through its investments and to promote the achievement of a carbon-neutrality in Felm.

Sources

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