

From Christian commerce to impact investment

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The idea that commerce could serve a moral purpose, which the Basel Mission Trading Company embodied, has a modern successor in the movement for impact investment and responsible business. Impact investors seek to generate measurable social and environmental benefits alongside financial returns. To that end they invest in enterprises that provide employment, education, health or access to essential services in developing countries. Microfinance institutions, which lend small amounts to entrepreneurs without access to traditional banking, fair trade organisations, which pay producers prices above the market, and social enterprises, which pursue social purposes through commercial activities, are among the forms that this movement has taken.¹

Switzerland has become one of the centres of impact investment. Several asset managers specialised in microfinance and impact investment are based in Geneva and Zurich, while Swiss banks offer impact investment products to their clients. The Swiss federal government supports development finance through the Swiss Investment Fund for Emerging Markets, SIFEM, which invests in small and medium-sized enterprises in developing countries.²

The comparison between the Basel Mission Trading Company and modern impact investment reveals both continuities and differences. The continuity lies in the conviction that commerce can serve human development, and in the combination of commercial discipline with a moral purpose. The difference lies in the framework: the trading company operated within a religious mission and a colonial order that shaped its purposes and its relationships with the local population, while modern impact investment operates within a secular framework of human rights and sustainable development goals, with an emphasis on the ownership and agency of local entrepreneurs. The criticism of paternalism that has been directed at the mission can also be directed at some forms of modern

development finance. The history of the Basel Mission is a reminder of the importance of listening to those whom one claims to serve.

The Basel Mission Trading Company also refused, as noted above, to deal in spirits and firearms. This policy is an early form of what modern investors call negative screening or exclusion: the refusal to invest in or trade with certain sectors regarded as harmful. Modern ethical investment funds exclude weapons, tobacco, gambling, coal and other sectors. The Swiss law on war material, for its part, prohibits the financing of prohibited weapons such as cluster munitions, anti-personnel mines and nuclear, biological and chemical weapons.³ The exclusion policy of the Basel Mission Trading Company in the 1860s is thus an early precedent of a practice that has become standard in sustainable finance.

1 Notes

1. On impact investing and its forms (microfinance, fair trade, social enterprises), see the publications of the Global Impact Investing Network (GIIN) and Swiss Sustainable Finance. To be verified. ↩
2. On SIFEM (Swiss Investment Fund for Emerging Markets), the development finance institution of the Swiss Confederation, and Swiss impact investment asset managers, see the publications of SIFEM and Swiss Sustainable Finance. To be verified. ↩
3. Art. 8b and 8c of the War Material Act of 13 December 1996 (WMA, SR 514.51) on the prohibition of the direct and indirect financing of prohibited war material. To be verified. ↩

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