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The Rhode Island Israel Collaborative (RIIC) strongly opposes the proposed "Human Rights Divestment Ordinance"

The proponents of the ordinance have publicly acknowledged that it is intended to "bring attention to Palestine" by using Providence's investment policies to advance a position on an international political issue. The ordinance therefore improperly converts the City's investment authority into a platform for political advocacy, rather than a tool to protect the financial interests of Providence residents. The City of Providence's responsibility is to govern effectively by providing essential public services that directly affect the daily lives of its residents, including public health and safety, education, infrastructure, community services, economic development and land-use planning. Its investment decisions should be guided solely by fiduciary principles – preserving public assets, earning prudent returns and meeting its obligations to pensioners, retirees, beneficiaries, and taxpayers – not by taking positions on complex international political controversies through municipal investment policy.

The ordinance also acknowledges a fundamental flaw: the City lacks authority to direct many of its investments. A substantial portion of City assets are invested through co-mingled accounts, state-managed funds, or other pooled investment vehicles over which Providence has no unilateral authority to direct investment decisions. Recognizing this limitation, the ordinance requires the City to "officially and publicly ask" investment managers to consider adopting the restrictions – an admission that the City cannot implement the proposed mandate in a meaningful or consistent way. As a result, the ordinance is purely symbolic and politically motivated, and will have little or no impact on investment decisions of professional investment managers or the targeted foreign countries or entities. The ordinance may even conflict with state law prohibiting the state from contracting with institutions boycotting Israel or other allies of the United States. What the proposed ordinance will do is impose real costs: additional and time-consuming review, screening, reporting, and compliance obligations that will burden City staff and the Treasurer's office, at taxpayer expense.

Finally, the ordinance is poorly drafted and lacks clear, enforceable standards. It fails to define the criteria by which investments are deemed "ethical," or "unethical," instead delegating those determinations to City staff based on vague references to "other reputable sources" and undefined fiduciary considerations. Ambiguous laws create real problems for those responsible for managing public assets: inconsistent application, unanticipated financial consequences, and exposure to unnecessary and costly legal challenges.

The stated purpose of this ordinance is not to improve the City's investment performance or strengthen its fiscal management. That objective is unrelated to the City's fiduciary responsibilities and confirms that the real intent is to use the City's investment authority as a vehicle for political advocacy, rather than to fulfill the City's fiduciary obligation to manage public assets prudently for City taxpayers, residents and beneficiaries.

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