



The Global Foundation
Together, we strive for the global common good



**The Assisi & Rome
Roundtable**
21, 22 & 23 May 2022

The Assisi Accord

**to Harness Finance to Address Climate Change,
in Pursuit of Global Peace and Equality**

***as agreed at and since the Assisi & Rome Roundtable of
the Global Foundation, held on 21,22, & 23 May, 2022***



***"What is it that stands higher
than words? Action."
~ St. Francis of Assisi.***



THE ASSISI ACCORD



The Assisi & Rome Roundtable

21, 22 & 23 May 2022



Stefano Picciotti
SINDACO DI ASSISI

Steve Howard
Secretary General, The Global Foundation

Chair, GLOBAL FOUNDATION

Ashley Howard

Steve Wall

Miriam We

Andrew Green

Alan

Chris

Yves

Sharon

Amber

Michael

John

Wendy

Marie

Monica

'We, the undersigned, draw upon the spirit of Assisi, as a global beacon of peace and integral ecology.

Through this Accord, we agree to support urgent action to prevent the devastating effects of climate change and loss of biodiversity on future generations, based on our personal and social commitment to care for the most vulnerable and to protect our common home.

We must act to secure the reform of the international financial architecture to bring about a transition plan for global finance, to preserve long term global peace and prosperity for all. The scope of our vision is inclusive of all faiths, traditions, cultures and nations and we pay special attention to the role of women, youth and indigenous peoples.

We collectively agree to call upon the G20, led by Indonesia in 2022, to mandate the G20 Sustainable Finance Working Group to conduct a collaborative review of the international financial architecture, to stress test and assess whether the current architecture serves peoples, the planet, and their current and future prosperity, and to make specific policy

recommendations to support greater consistency of the global financial system and its supervision and regulation with Article 2.1.c of the Paris Agreement.

We commit to seek to secure and thereafter support the work of the G20 in this matter and will incorporate this commitment into our own policy interactions and advocacy.

We encourage the Government of Indonesia to consider inviting Pope Francis as a special guest to address the G20 Leaders' meeting in Indonesia in November 2022. We accept the offer of the Mayor of Assisi, to continue to meet in Assisi, so that together we are able to assist the mobilisation of global finance in service of future global sustainability.

Italy is already an international leader in the application of the principles of sustainable societies. We offer to work with the Government of Italy, nationally and internationally, for the effective transmission and global adoption of these sustainable practices.'

ASSISI, ITALY, MAY 2022.

Ridwan Kamal
GOVERNOR OF WEST JAVA

Head of Lotengolo
Director, The Francis Project
Dinasafelito

D. N.

Summa
Enm...

Sulyken Djalal
Jeannette

F...

P. Ming
Sylar

M. ...
(KRB)

Summary

The world faces unprecedented challenges, in particular climate change and its impact on the sustainability of life on earth. The global financial sector is capable of rising to meet these challenges if it is focussed to do so through brave and systemic changes that its efforts on the areas where it is possible to have the most impact.

In order to secure a sustainable and peaceful future for all, including being able to ensure a liveable planet for future generations, we need to harness financial markets in the service of delivering the goals of the Paris Agreement and the UN Sustainable Development Goals. This can be achieved through the reform of the international financial architecture¹ to create and steward a global transition plan for finance.

“We must transition finance so that we finance the transition”

The Assisi Accord represents a commitment to action from members of the global financial sector to:

- Use their influence to secure the reform of the international financial architecture to bring about a transition plan for global finance, to preserve long term global peace, sustainability, and prosperity for all.
- Call upon the G20 to mandate the G20 Sustainable Finance Working Group (SFWG) to conduct a collaborative review of the international financial architecture.
- Make specific policy recommendations to support greater consistency of the global financial system and its supervision and regulation, with Article 2.1.c of the Paris Agreement.
- Support the work of the G20 SFWG in this matter and incorporate this commitment into policy interactions and advocacy wherever possible.
- Ensure that this commitment is inclusive of all faiths, traditions, cultures and nations.

The Problem – Climate Change and the sustainability and inequality crises as a threat to global peace, stability and prosperity.

Planetary Emergency

Climate change is acknowledged as a threat to global security.² Climate change is also one of the chief causes of our planetary emergency, alongside other sustainability and inequality crises including biodiversity loss, health pandemics, inequality, and global conflict. Everything is connected. Climate change and its interconnected impacts represent the biggest security threat currently facing the world.³ The physical impacts of climate change, including increasing areas with

¹ In this document, we will use the terms “international financial architecture”, and “regulatory and supervisory architecture” to refer to the global institutional governance arrangements that seek to uphold the effective functioning of the global monetary and financial systems, including but not limited to the Financial Stability Board, Basel Committee on Banking Supervision, International Association of Insurance Supervisors, Bank of International Settlements, International Organisation of Securities Commissions, International Organisation of Pension Supervisors, the International Accounting Standards Board, the Organisation for Economic Co-Operation and Development (OECD), the International Monetary Fund (IMF), and the World Bank.

² <https://www.washingtonpost.com/climate-solutions/2022/02/10/army-military-green-climate-strategy/>

³ <https://www.chathamhouse.org/2021/09/building-global-climate-security>

temperatures rising beyond the limits of human tolerance, rising seas that will redraw maps, floods, droughts, and increases in extreme weather events such as hurricanes and tropical storms, will all result in forced migration in huge numbers. This will exacerbate existing geopolitical tensions, social inequality, food scarcity, and insecurity of energy and supply chains. More than 40% of the world's population live in areas that are highly vulnerable to the physical effects of climate change⁴ and if we do not change course, up to 75% of human population could be exposed to periods of life-threatening climate conditions arising from impacts of extreme heat and humidity by the end of the century.⁵

Urgency of Immediate Action

As the increasingly severe physical effects of inevitable warming materialise, beyond that experienced today, action will be needed to adapt to and mitigate the effects of those impacts as well as the changes in migration patterns and global population distribution that will be required. These changes, unless addressed before they materialise, will lead to global unrest and disruption, and the geopolitics and security risks involved could easily amplify, rather than mitigate, an already harmful situation. These impacts will be many magnitudes worse without significant near-term action to halt rising emissions and decarbonise the global economy in line with a trajectory that the scientific consensus implies will give us the best chance of limiting the levels of warming and avoid the very worst effects of climate change.

In short, if we do not course correct, global conflict, even a third world war, could reshape the planet and its population even as the effects of climate change threaten to do so. Action is needed now to secure a sustainable, prosperous and equitable future for all, especially those most impacted by the physical effects of a warming planet, and to ensure a peaceful, secure, just and stable future for our children and children's children.

The Solution – Harnessing Finance to Deliver the Paris Agreement and the UN 2030 Agenda

The Role of Sustainable Finance

To alter the trajectory that the world is on, a shift in global finance, and the real economy that it invests in, lends to, and insures, is needed. Increasingly, policymakers and market participants are considering separate actions around climate finance and finance for sustainable development, but if the vision of Article 2.1.c of the Paris Agreement of “...making finance flows consistent with a pathway towards low greenhouse gas and climate-resilient development” is to be achieved, then all of finance needs to be sustainable, rather than focussing on creating a sub-set of “climate finance” or “sustainable finance”. The financial system must not just be labelled as sustainable but instead evolve towards a system state in

⁴ https://report.ipcc.ch/ar6wg2/pdf/IPCC_AR6_WGII_SummaryForPolicymakers.pdf

⁵ https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf

which the financial system supports a sustainable economy that “meets the needs of the present without compromising the ability of future generations to meet their own needs”.⁶ Finance therefore needs to strive for conditions in which it can be truly sustainable, with a focus on serving people and a just and more equal society, the planet, and present and future prosperity.

“We need a global transition plan for finance”

The Impact of Finance

The growth of international finance has seen dramatic increases in prosperity for many. In the past 200 years, global GDP has increased 20-fold,⁷ lifting millions out of poverty, despite the benefits of the increased wealth being far too unequally distributed, with 1% of households owning 43 % of global wealth.⁸ However, in the same period, global greenhouse gas emissions have increased by over 150 times.⁹ The impacts of that are now unequivocal – instead of nurturing the only planet that we have been given to call our home, we are financing humanity’s destruction and the sixth mass extinction.

The Role of Finance

However, given the scale of the financial challenge posed by a smooth and just transition to net zero and a sustainable and fair global economy, the financial system that has bankrolled this perilous situation is an essential, and if reformed and repurposed arguably the key, part of the solution. Capitalism, and the financial system as a core pillar of it, is a key lever for positive change and can be harnessed as a force for good. In fact, even if there were not sufficient reason and moral imperative to protect current and future humanity from the physical and security impacts of climate change, finance has a self-interest in securing a peaceful and sustainable future. The physical impacts of climate change in particular threaten to collapse the global financial system as we know it as physical risks and impacts render areas and activities uninsurable, causing the interlinked banking and investment systems to fail like toppling dominos. We must transition finance so that we finance the transition.¹⁰

The change that is needed must be deep and must shift how the financial system as whole operates. We need a systematic solution to a systematic problem. To change the system outcomes, we need to change the goal of the system. Shifting actions amongst a few players, asset classes or segments is insufficient. The purpose of the system needs to be shifted to one that aligns with maintaining a liveable planet for all. The rules of the game and mindsets

⁶ <https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf>

⁷ <https://ourworldindata.org/grapher/world-gdp-over-the-last-two-millennia>

⁸ <https://www.credit-suisse.com/media/assets/corporate/docs/about-us/research/publications/global-wealthreport-2021-en.pdf>

⁹ <https://www.wri.org/insights/history-carbon-dioxide-emissions>

¹⁰ <https://unfccc.int/climate-action/marrakech-partnership/reporting-tracking/pathways/finance-climateaction-pathway>

of actors need to shift too and so drive changes in behaviour. In partnership with the City of Assisi, we draw from Franciscan heritage as a model for shifting deeply ingrained cultural, institutional and personal mindsets. As Francis did, we seek to secure reform by working respectfully and creatively within the systems we represent. Changing systems in this way requires work on multiple ‘leverage points’.¹¹ Our contention is that the rules and norms set by the International Financial Architecture are amongst the most important, and also the most neglected so far amidst the energy on sustainable finance.

The core problem is not lack of capital, but rather its misallocation as a result of market failures and misaligned incentives. The transition to a sustainable economy aligned with climate and development goals of the Paris Agreement will require trillions of dollars, but the global financial system already embeds assets of around \$500 trillion.¹² The core challenge is to shift how and why this capital is deployed by using the tools and practices of systems change.

Reform of the International Financial Architecture to Steward a Smooth and Just Transition

The financial system responds to signals, particularly from those who supervise and regulate it. To harness finance, we need to focus those signals to give clear messages to market participants that will direct their activities.

The Origins of the Current Architecture

The current international regulatory and supervisory financial architecture grew out of the Bretton Woods conference in 1944 that saw the creation of the International Monetary Fund and International Bank for Reconstruction and Development (now part of the World Bank). Participants were seeking to foster global financial cooperation and governance, and incentivise international trade to create a common interest and avoid the repercussions of the Versailles Treaty that led to World War 2. However, not only did this architecture lack a single architect with a coherent plan for how it would work together, none of the Bretton Woods institutions or their equivalents within the international financial architecture were designed with the current climate, biodiversity, and inequality crises in mind. Indeed, Henry Morgenthau, President Roosevelt’s Secretary of the Treasury and host of the Bretton Woods Conference said that the key to success at the Conference was to drive “*the usurious money lenders from the temple of international finance*” and make capital “*serve the general welfare*”.

A New Role

To avoid future global conflict and financial collapse predicated on the increase of environmental, health, social, and conflict related crises, then reform, repurposing, and

¹¹ Meadows (1999) <https://donellameadows.org/archives/leverage-points-places-to-intervene-in-a-system/>

¹² <https://www.mckinsey.com/industries/financial-services/our-insights/the-rise-and-rise-of-the-global-balance-sheet-how-productively-are-we-using-our-wealth>

augmentation of these institutions is needed. To place a commitment to net zero and a transition plan for achievement of it in their supervision and regulation of finance at its heart, should provide them with a formal mandate to create and work together to steward a global financial transition plan for a sustainable net zero future and making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.¹³

A Plan for Reform

In order to secure reform of the international financial architecture and the changes that would be required, a plan is required. The G7 and G20 are the key gatekeepers to the mandates of these institutions, although the institutions must also serve the interests of emerging markets and developing countries. The Brazilian G20 Presidency in 2024, building on foundations that should be laid by the Indonesian and Indian Presidencies in 2022 and 2023, would be an appropriate focus for the creation of a mandate for this reform. The Earth Summit in 1992 in Rio that led to creation of the UNFCCC has its 30th anniversary this year with the majority of the aims of the Rio Declaration still to be achieved.

For these reforms to be brought to fruition by 2024, then steps must be taken now to secure the path between where we are and where we would need to be. The most important step along that path is that the G20 should leverage its Sustainable Finance Working Group and the Roadmap issued by that Group in 2021 to undertake a comprehensive review of the international regulatory and supervisory financial architecture. This would involve considering the mandate of each institution, its work on climate change to date, and the extent to which its existing mandate and governance constrain its climate agenda. The review would make policy recommendations for reform and aim to create an inclusive reformed system, avoid unintended consequences, and include focus on those under-served by the current system and its incentives, particularly in developing countries. Any barriers or gaps identified and reforms or additions proposed, including how the elements of the architecture could better coordinate climate action and create and oversee a global transition plan for finance, would also be included. A comprehensive study of this kind, that would necessarily involve the input of groupings of global financial institutions such as GFANZ, would need time. This would likely include a mandate secured at the G20 summit in Indonesia in 2022, an interim report and recommendations to be considered by the Indian G20 Presidency in 2023, and proposals revised in time for final recommendations to be approved in 2024. Crucially, such a plan would still provide some time for these changes to have their effects within this crucial decade of delivery for tackling climate change and securing the 2030 SDG Agenda.

Alignment with the Papal vision – heeding the cry of the earth and the cry of the poor

In his letter to the Catholic Church of Scotland ahead of COP26, Pope Francis emphasised the

¹³As anticipated by Article 2.1.c of the Paris Agreement (https://unfccc.int/sites/default/files/english_paris_agreement.pdf).

need “...to address one of the great moral issues of our time: the preservation of God’s creation, given to us as a garden to be cultivated and as a common home for our human family.” This call is consistent with the emphasis in the 2015 Papal encyclical *Laudato Si’*, on “Care for Our Common Home” which makes clear the imperative of achieving sustainable development while also responding to the suffering of those who are poor and vulnerable. The call is to address some of the most important environmental, societal and governance challenges of our societies. In *Laudato Si’*, Pope Francis urgently appealed “for a new dialogue about how we are shaping the future of our planet”, adding that “we need a conversation which includes everyone, since the environmental challenge we are undergoing, and its human roots, concern and affect us all.” *Laudato Si’* emphasises that “everything is connected”. The power of the financial system stems from the way in which it provides capital and risk management to businesses helping them to grow. This can either support a sustainable and equitable economy or one that prioritises profit over purpose and discounts the impact of economic activity on people and the planet.

As Pope Francis notes, “the market cannot guarantee integral human development and social inclusion”. This view is echoed in “*Oeconomicae et pecuniariae quaestiones*”, in which the Holy See states that “in order to function well, the market needs anthropological and ethical prerequisites that it is neither capable of giving for itself, nor producing on its own.”

“We need to hold Adam Smith’s “unseen hand” through a reformed regulatory and supervisory architecture”

To secure the role of markets in serving their purpose of allocation of capital in a manner that supports a thriving and sustainable society, we need to hold Adam Smith’s “unseen hand” through a reformed regulatory and supervisory architecture, as well as creating a policy environment to secure the integrity of markets and their freedom from the market failures and systemic risks that climate change and the SDGs represent.

The Assisi Accord as a multi-faith vision for the protection of the planet for this and future generations

Assisi itself represents a special place not only to the Catholic faith, but as a place of peace and pilgrimage for those of different faiths and none. The inspiration of St Francis’ dedication to nature and the plight of the most vulnerable and neglected resonates with the social and environmental ethics of all humanity.

In 1986, the Assisi Declarations¹⁴ set out messages on humanity and nature from different faiths to celebrate the 25th Anniversary of the World Wildlife Fund. These declarations show

¹⁴ <http://www.arcworld.org/downloads/THE%20ASSISI%20DECLARATIONS.pdf>



the consistent message from all faiths and those of none that we are merely custodians of the planet and owe a responsibility to care for the Earth and all its inhabitants. A responsibility to humans and nature as well as to future generations to protect and conserve what we have been given. This common thread runs through religious and secular teachings and exhorts us to act now, before it really is too late.

The Buddhist Declaration on Nature includes a quotation from the Dalai Lama, *“If peace does not become a reality in the world and if the destruction of the environment continues as it does today, there is no doubt that future generations will inherit a dead world...we know today that without understanding and care [the resources of the Earth] are not inexhaustible. It is not difficult to understand and bear the exploitation done in the past out of ignorance, but now that we are aware of the dangerous factors, it is very important that we examine our responsibilities and our commitment to values, and think of the kind of world we are to bequeath to future generations... There is a great danger that future generations will not know the natural habitat of animals; they may not know the forests and the animals which we of this generation know to be in danger of extinction. We are the generation with the awareness of a great danger. We are the ones with the responsibility and the ability to take steps of concrete action, before it is too late.”*

The Christian Declaration includes: *‘Christians call upon all men and women to pursue: -- A synthesis between culture and faith; -- Ecumenical dialogue on the goals of scientific research and on the environmental consequences of the use of its findings; -- The priority of moral values over technological advances;-- Truth, justice and the peaceful coexistence of all peoples.’*

In the Hindu Declaration it is set out that, *“What is needed today is to remind ourselves that nature cannot be destroyed without mankind ultimately being destroyed itself... Centuries of rapacious exploitation of the environment have finally caught up with us and a radically changed attitude towards nature is now not a question of spiritual merit or condescension, but of sheer survival... This earth, so touchingly looked upon in the Hindu view as the Universal Mother, has nurtured mankind up from the slime of the primeval ocean for billions of years. Let us declare our determination to halt the present slide towards destruction, to rediscover the ancient tradition of reverence for all life and, even at this late hour, to reverse the suicidal course upon which we have embarked.”*

Within the Muslim Declaration is the explanation that the word *“Islam”* has the dual meaning of submission and peace, and that in submitting to God’s will do we find peace. For Muslims, mankind’s role on earth is as *“khalifa”* or trustee of God, *“We are God's stewards and agents on Earth. We are not masters of this Earth; it does not belong to us to do what we wish. It belongs to God, and He has entrusted us with its safekeeping.”*

A metaphor of a rowing boat is central to the Jewish Declaration. *“Two men were out on the water in a rowboat. Suddenly one of them started to saw under his feet. He maintained that it*

was his right to do whatever he wished with the place which belonged to him. The other answered him that they were in the rowboat together; the hole that he was making would sink both of them.(Vayikra Rabbah 4:6)”.

In common with the Assisi Declarations, the 1996 Windsor Statements on faith and the environment also highlight the connections between faith and our responsibility to the planet and each other.

¹⁵

The Assisi Accord seeks to continue this rich tradition, of drawing on and learning from the sense of place and spirituality, that is experienced in Assisi itself. We are inspired to respond, in the spirit of St Francis, who showed us ‘just how inseparable the bond is between concern for nature, justice for the poor, commitment to society and inner peace.’

We are encouraged to act boldly and with a sense of urgency, to save our precious planet.

¹⁵ The Windsor Statements were published together in Faith in Conservation by Martin Palmer and Victoria Finlay
<https://openknowledge.worldbank.org/handle/10986/15083>