



## EDITO

After COP16 on biodiversity concluded without reaching an agreement to finance nature protection measures between the North and the South, COP29 on climate gets underway in Baku, Azerbaijan. Once again, the issue of financing for developing countries will be at the center of negotiations, with the aim of setting a new annual target to replace the \$100 billion commitment made in 2009.

The amount needed to cover the needs for mitigation, adaptation, and compensation for loss and damage is colossal, estimated as at least one billion dollars. However, the deterioration of the global political and budgetary context raises serious concerns about the willingness of countries to mobilize these funds.

Yet, the resources and tools exist. Reforming the international financial system is essential to support the radical transformation of energy production and consumption modes, as is freeing public finances from the budgetary constraints followed in many countries. Moreover, subsidies from polluting activities must be redirected towards sustainable solutions and must involve the wealthiest and private finance.

This will not be possible without creating de-risking mechanisms and other favorable conditions to mobilize private finance for climate. But it is crucial to avoid falling into a fool's game where private actors benefit from public mechanisms while still financing the most polluting practices.

The governments of developed countries can no longer avoid the need for regulations to frame private finance. This is all the more urgent as private financial actors continue to support industries that refuse to abandon fossil fuels. For example, the 20 largest European banks have financed companies developing new oil and gas fields and associated transport infrastructure nearly 1,000 times since 2021. Each transaction of this type compromises the chances of limiting global warming to a sustainable level and, instead, increases the risk of extreme climate events, both in the North and the South.

Ending support for oil and gas expansion must be a red line in the transition plans that financial institutions will soon have to adopt. This is not just a matter of consistency with their current climate commitments, but also an essential condition for restoring trust between developed countries and the Global South – a key element for the success of international negotiations.

**Lucie Pinson,**  
**Director of Reclaim Finance**

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### The Capital Markets Union is not a solution to fund the Green Deal

Supporters of the Capital Markets Union provide no evidence to show that its implementation would meet the funding needs of the transition.

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