Headline: We must unlock climate finance at COP26

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As the saying goes, money makes the world go round, and that is certainly true when it comes to adapting to and mitigating the impacts of climate change.

While there has been significant investment in climate finance, the international community was not able to fully deliver on its pledge to mobilize $100 billion per year by 2020 to address the needs of developing countries.

Compounding the problem, funding is coming in as loans rather than as grants, miring these vulnerable countries and their governments in more debt. They are caught in a vicious cycle that prevents them from withstanding the economic shocks foisted upon them by climate change.

During the deliberations in Glasgow for the long-awaited UN Climate Change Conference, known as COP26, heads of state from countries most vulnerable to this vicious cycle will continue to seek a boost in climate finance but with a renewed emphasis on grant-based finance accessible in the immediate to short-term time horizon.

Resilience, adaptation, mitigation: These all need to happen in concert. But at the moment, very few resources—about 25 percent—have gone to adaptation and resilience. The lion’s share has been focused on mitigation, with the international community throwing money at technological solutions.

To be sure, there are interesting technologies to mitigate climate impacts; for example, carbon capture for coal-fired power installations. But these do not get to the root problem of reducing emissions at the source.

The Organization for Economic Co-operation and Development countries must make good on a recent pledge to halt all financial support to coal-fired power plants that do not have carbon capture technology, while incentivizing developing nations to reduce coal in their own power generation plans altogether.

In the United States, bigger and more frequent hurricanes are causing billions of dollars in damage to infrastructure, but much of the losses are covered by insurance.

That is not the case in most countries where people’s livelihoods are torn apart with little to no social safety net, meaning they must start from zero (or worse, lose their lives).

Adaptation and resilience are, therefore, paramount. Vulnerable nations must be able to adapt and overcome setbacks when it comes to devastating monsoons, droughts, and other impacts of climate change, which have been impacting communities more and more over the past 20-plus years.

It’s happening insidiously. Communities in the Mekong River Delta, for example, are increasingly being impacted by droughts and floods, with sea level rise and associated saltwater intrusion impacting millions of livelihoods in Vietnam alone.

The private sector is an important actor and source of financing. While finance is key, if there isn't a robust pipeline of businesses for the money to flow into, the impact will remain low. We need projects like the USAID Green Invest Asia and the UK Foreign, Commonwealth, and Development Office's Partnerships for Forests that tackle both sides of the coin. They support agriculture and forestry businesses to be more sustainable and therefore more attractive to multilateral banks' green/climate finance and investors looking to shore up their environmental, social, and governance (ESG) portfolios.

The USAID Green Invest Asia project also works with national bank associations to strengthen their own ESG safeguards so they in turn can on-lend multilateral financing in their domestic market.

Carbon offsets are a burgeoning mechanism to crowd-in financing for climate mitigation solutions, nature-based or otherwise. However, there have been growing concerns that many of the carbon offset projects out there are mere greenwashing opportunities that are either duplicative or ephemeral.

There is an immediate need to inject greater confidence in and oversight of the carbon offset market if it is to have impact at scale. In this way, we can develop a more sustainable and robust pipeline of credible carbon offset projects that are additional and permanent in terms of their contribution to reduced greenhouse gas emissions.

Wherever the money is coming from, we are going to need a lot more of it if we are going to reach the goals agreed upon at COP26, and previously in Paris at COP21.

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