



Photo: Jørgen Schytte/Danida

## Strengthening adaptive capacity in Mozambique coastal cities

**NDF is financing its first climate change project in Mozambique. With a grant of EUR 3.8 million, NDF is co-financing a coastal cities climate change project with the World Bank.**

Mozambique has 2470 km of coastline on the Indian Ocean. The country's major economic assets, such as ports, roads, railways and manufacturing industries, are concentrated along the coast. More than 3.5 million people live in Mozambique's ten coastal cities and about 70% of these live in the three regional port cities: Maputo, Beira and Nacala. Mozambique's coastal cities play a critical role in the country's development as they provide

essential transport and support services to the agriculture, tourism and extractive sectors. These sectors are the country's main sources of income. According to the World Bank, severe weather events are currently on average annually reducing Mozambique's GDP by 1.1%. A significant part of these costs is caused by flooding in the main coastal cities.

The World Bank is implementing a Cities and Climate Change project that aims to strengthen selected cities' resilience to climate-related impacts. The project is aligned with the Strategic Program for Climate Resilience; a multi-donor long-term invest-

ment program that will play a catalytic role in promoting climate-resilient growth strategies in Mozambique. NDF will contribute with additional financing for climate change capacity development, institutional strengthening and technical studies.

The World Bank project has two components: strengthening the municipal sector and enhancing resilience of strategic coastal cities. NDF will primarily support the latter component, but will, as much as possible, work across the project to ensure that climate change is taken into account in the institutional capacity-building activities and in the work on the ground. "The combination

of both institutional and physical investments will enhance the project's sustainability and will provide an adaptation model for other vulnerable cities," says **Aage Jørgensen**, Country Program Manager at NDF. NDF support will be focused on increasing adaptive capacity in erosion and flood control at both national and municipal level. More specifically; institutions dealing with sanitation in Nacala and Beira will be strengthened to manage and plan erosion and flood control. The project has a poverty reduction focus since the majority of the direct beneficiaries will be low-income households located in informal settlements.

# Resilient cities in the Greater Mekong Sub-region



Urban growth in the Greater Mekong Subregion (GMS) will, in the next few decades, primarily be in small- and medium-sized cities, and in peri-urban areas along existing and new growth corridors that connect cities across the region. Mainstreaming climate change considerations into economic planning and investments in urban areas is essential for sustainable long-term growth.

The Asian Development Bank, together with NDF, is implementing a project that aims to assist GMS

cities to develop tools and processes that will enhance their ability to adapt to climate change in an efficient and equitable manner. A handbook will be produced to serve as a guide and toolkit to orient policy makers and urban practitioners towards effective city-based climate change adaptation measures. Along with the handbook, a series of high-level policy dialogue events, such as seminars and workshops, will be conducted between national and local governments

and the private sector. The purpose of these events will be to discuss national policy responses, allocation of responsibilities and mobilisation of financial resources.

Ultimately, the project will help to improve the cities' institutional capacity, so that they can address the impacts of climate change and take efficient and equitable adaptation actions. The total project cost is EUR 790,000 of which NDF is contributing EUR 500,000.

## Anti-corruption work at NDF

NDF's new climate change mandate has allowed NDF the opportunity to review and update several of its policies and work processes. Not only have mandate-related policies been introduced, but also general policies and procedures have been updated in order to further enhance NDF's functional framework. NDF has now begun reviewing its anti-corruption policy and is planning to present a revised framework for its work on integrity matters in 2012. In recent years, the multilateral development banks, lead agencies in most projects financed by NDF, have intensified their cooperation and agreed on a framework for preventing and combating fraud and corruption. Through its revised anti-corruption framework, NDF intends to adhere to the principles developed by this international cooperation. In addition, NDF will strengthen its cooperation with its lead agencies to facilitate collaboration on integrity matters, both in regards to proactive work in the preparation and implementation of projects as well as in handling allegations of fraud and corruption.

As a part of the revision process, NDF will also be focusing on raising awareness and training staff. In January, Lead Specialist Anders Agerskov from the World Bank's Integrity Vice Presidency provided concrete ideas on how to proactively identify and mitigate integrity risk in a seminar arranged by NDF. The next step is to focus on integrity issues specifically in climate change related projects, a topic that will be addressed later this year.



The bridge Paso de Caballos in Nicaragua was financed by NDF and connects the road between Chinandega and the Pacific port of Corinto.

## Support to the Nicaraguan Road Sector

The road network in Nicaragua is increasingly affected by climate change. The economic impacts, especially from severe rainfall events, are often substantial, mainly through loss of access due to damage to roads, culverts, and bridges.

The Ministry of Transport and Infrastructure (MTI) is the agency responsible for the road planning system in Nicaragua. A national road maintenance fund was estab-

lished in 2005 to support the maintenance of the road network. However, the ongoing efforts are not adequate and the knowledge base in the Ministry is insufficient. "These issues increase the climate vulnerability of the existing roads and the situation has led to an adaptation deficit in the road sector that will continue to grow unless an adaptation programme is put in place," says **Aage Jørgensen**, Country Program Man-

ager at NDF.

The Inter-American Development Bank has together with MTI prepared a Road Sector Support Program. NDF will, with EUR 4.4 million, co-finance an adaptation component of the programme. The adaptation component's objective is to develop adaptive capacity in key institutions and furthermore, integrate climate change aspects into the maintenance, planning and design

of the road infrastructure. "The present programme is focused on maintenance and rehabilitation, which is the best approach to cope with the existing climate. NDF's participation will provide tools and knowledge that will make the road network more robust and capable of handling various climate conditions," continues Mr. Jørgensen.

## Training in Geothermal Drilling in Kenya

Due to unstable electricity generation of hydro-power plants, Kenya experiences power shortages and has to rely on expensive emergency generation using fossil fuels. In recognition of the potential and reliability of geothermal power, the Kenyan government has embarked on an am-

bitious generation expansion plan to increase the installed geothermal capacity from existing 200 to 5,000 megawatts by 2030. Geothermal energy is an environmentally-friendly renewable energy source that emits insignificant emissions. The Geothermal Development Company (GDC) has been mandated to accelerate the country's geothermal development.

Drilling of geothermal wells is a highly risky business since investment and operation costs are high. Access to skilled, permanent staff is important for cost-effective

drilling operations.

At the moment, GDC is mainly using foreign drilling services. To ensure long-term sustainability, it is crucial to develop the country's own human resources. In order to execute the mandate and meet the objective, GDC has to deploy at least twelve drilling rigs with qualified drilling personnel. Inadequate access to trained labour in operation and maintenance of the drilling rigs has slowed down Kenya's exploration activities. To overcome these capacity constraints, NDF is financing an extensive geo-

thermal drilling training programme under the World Bank's Electricity Expansion Project. The programme will consist of two parts: a training needs assessment and training in drilling operations. The total cost of the project is estimated at EUR 2.7 million, of which NDF's share is EUR 1.5 million.

"From a climate perspective, the proposed activity is important as it fosters investments in clean geothermal energy" says **Hannu Eerola**, Country Program Manager at NDF.

# Urban flood prevention in Senegal

Climate change is likely to cause more frequent and severe extreme weather events, sea level rise and stronger storm surges, which all increase flood risks. Flooding incidents in urban Senegal have significant social and economic impacts. Over the past 30 years, flooding has affected over 900,000 people in Senegal and has caused significant damage to infrastructure along with economic losses. Lately, suburban Dakar, where 80% of the country's economic activities are concentrated, has been hardest hit.

The World Bank plans to support a storm water management and climate change adaptation project called PROGEP in Senegal. The objective of PROGEP

is to improve storm water drainage and flood prevention in peri-urban Dakar for the benefit of local residents. NDF is contributing EUR 3 million to activities that aim to strengthen the climate change adaptation aspects of the PROGEP project. The activities financed by NDF will design and integrate flood risk reduction and adaptation measures into communal action plans. Furthermore, NDF activities will support climate resilience related capacity-building, public awareness-raising, knowledge dissemination as well as prepare the ground for extending climate change adaptation initiatives to other cities in Senegal.



Photo: Jørgen Schytte/Danida



Photo: Gora Ndiaye

## NCF 3<sup>rd</sup> call: 30 proposals shortlisted

The third call for proposals for the Nordic Climate Facility (NCF) closed in January after attracting 128 applications. After screening the applications, the NCF team has shortlisted 30 applicants to submit full proposals. NCF will evaluate and score the final applications based on NCF's guidelines.

The third call for proposals for NCF had the theme: innovative low-cost climate solutions with a focus on

local business development. "The theme may have been challenging as, compared to the two previous calls, fewer applications were received," says **Martina Jägerhorn**, Country Program Manager at NDF. The first two calls generated 138 and 176 applications, respectively.

NCF is funded by NDF and jointly administered with the Nordic Environment Finance Corporation (NEFCO).

## FINANCING FOR CLIMATE CHANGE PROJECTS IN LOW-INCOME COUNTRIES

The Nordic Development Fund (NDF) provides financing for climate change interventions in low-income developing countries. NDF is the joint development finance institution of the Nordic countries—Denmark, Finland, Iceland, Norway and Sweden—and finances projects in cooperation with other development institutions.



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