

**NDF CLOSING REPORT**

<b>A. General Information</b>	
Project name:	Pakse Urban Environmental Improvement Project
Project number:	C5
Recipient country:	Lao PDR
Co-financing Partner:	Asian Development Bank
Co-financing type:	Joint
Implementing Agency:	Cities Development Initiative for Asia (CDIA)

<b>B. Key Dates</b>	
Board Approval:	8 September 2009
Grant Agreement signed:	N/A
Agreement with Co-financing Partner:	1.10.2009
First disbursement:	20.10.2009
Original Closing Date:	31.3.2010
Actual Closing Date:	31.3.2010

<b>C. Financial Details</b>	
Original financing commitment:	EUR 415,000
Disbursed amount:	EUR 415,000
Number of disbursements:	1
Refunded / cancelled amount:	EUR 116,900
Special account used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Special commitment used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Main contractors and contract amount	GHK International Ltd (UK) in association with Halcrow Group Ltd (UK) and Burapha group

<b>D. Nordic Interest</b>	
Any shortlisted Nordic firms?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Final share of Nordic services:	0% of the grant amount
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### E. Project Supervision

NDF participation in supervision missions (dates):	NDF did not participate in any missions.
Progress reports received?	<input type="checkbox"/> monthly <input type="checkbox"/> quarterly <input type="checkbox"/> semi-annually <input type="checkbox"/> annually <input checked="" type="checkbox"/> irregularly <input type="checkbox"/> never
Completion Report Received?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Comments on CR:	ADB has provided NDF with the final project reports developed by the consultants in April 2010. As the ADB project (RETA 6293) is not yet completed, NDF has not received a completion report of the overall prefeasibility study from ADB or CDIA.

### F. Contact Information

Co-Financing Partner:	Anthony Jude, Transport and Urban Development Division
Recipient:	<a href="#">Click here to enter text.</a>
Implementing Agency:	Nadir Ehsan, Senior Development Specialist, Cities Development Initiative for Asia

### G. Ratings Summary

Effectiveness:	Effective
Efficiency:	Efficient
Relevance:	Relevant
Impact:	Positive Impact
Sustainability:	Likely

## **I. Project Description**

Under the Cities Development Initiative for Asia, NDF financed a pre-feasibility study for the Pakse Municipality. The objective was to provide a bankable project document for future urban infrastructure development of Pakse.

The specific outputs were to:

- > Assist Pakse to undertake a green infrastructure assessment and based on this produce a prioritized urban environmental program for the town;
- > Prepare a study of the current water logging and drainage issues and recommend feasible solutions including associated capacity building;
- > Study and recommend feasible solutions for the current solid waste management system for the town with particular focus on recycling and composting processes;
- > Provide capacity building to provincial and municipal staff;
- > Provide linkage to potential investors for financing.

NDF was the sole financier of the pre-feasibility study.

## **II. Assessment of Outcomes**

### **Effectiveness**

After completion NDF received from ADB a CD containing the final reports produced by the consulting firm. The CD contained the following reports.

- Drainage and Sanitation Report
- Financial and Economic Assessment
- Medium-term Urban Environmental Infrastructure Programme
- Green Infrastructure Assessment
- Final Poverty and Social Impacts Assessment Report
- Solid Waste Management Report

The overall objective was to develop a bankable project. The reports provided by the consultants corresponded to the expected outputs of the project and provided the basis for ADB to, as planned, conduct a project preparatory technical assistance (PPTA) and develop a project suitable for ADB funding in terms of technical, financial, economic, institutional, sector policy, legal, and safeguard contexts. The PPTA led to the development of the Pakse Urban Environmental Improvement Project, which was approved by the ADB board in June 2012. Since the input from the pre-feasibility study served as a basis for the PPTA, which later led to the bankable project, NDF C5 project was effective in achieving its objectives, and thus can be considered as an effective project.

As there was no monitoring framework available for the project it is difficult to assess whether the capacity building activities were achieved effectively and successfully. ADB has not rated the effectiveness of the feasibility study as the ADB project is still ongoing.

## **Efficiency**

The cost estimate for the prefeasibility study at approval was EUR 415.000. At completion, EUR 116,900 was refunded, thus the total project cost in the end was EUR 298.100. The project was efficient as the expected reports were produced satisfactory, in a timely fashion and at a lower cost than expected.

## **Relevance**

The project relevance in terms of NDF's climate change mandate could have been higher. Sustainable urban development and planning is increasingly relevant as the migration to urban areas is increasing and the cities are growing rapidly. Therefore, the climate change content of the pre-feasibility study and follow-on investment could have been enhanced to increase the urban resilience to climate change. It should however be noted that this project was approved prior to the development of NDF's climate screening criteria.

The feasibility study was however relevant for Lao PDR as urban development was and continues to be in line with national development strategies and priorities. This was of course reviewed before the follow-up ADB project, which is ongoing, was approved in 2012.

## **Impact**

The expected impact of the feasibility study was achieved as the follow-up Pakse Urban Environmental Improvement Project was approved and is now ongoing. The aim of that project is to enhance the competitiveness of Pakse as a regional economic and tourism center of the southern Lao PDR. It responds to the local government's vision for Pakse to become a green city and for the greater Pakse urban area to gain official city status in the future by improving citywide environmental improvements in solid waste management, flood protection and drainage, and riverbank erosion protection along the Xedon River; supporting community-driven initiatives in urban environmental improvements; strengthening local capacity in urban planning and services; and strengthening local capacity in project management and implementation. The project contributes to the Government of the Lao PDR's long-term urbanization strategy and Pakse Urban Development Strategy, 2011–2030.

## **Sustainability**

Since this was a pre-feasibility study it is rather difficult to assess the long-term sustainability. However, the findings from the reports developed under the pre-feasibility study were utilised when designing the follow-on investment project, and thus useful and relevant in the short-term. As mentioned above, the pre-feasibility study could have had a stronger climate change focus to ensure greater resilience and sustainability of the interventions under the follow-up project. The sustainability of the follow-on investment remains to be seen as the project is still on-going.

### III. Lessons Learnt

This was one of the first projects approved under the climate change mandate. The terms of reference for the project was already developed by CDIA when the project was presented to NDF for funding, thus NDF has not much influence on the project design. NDF's Guidelines for Project Selection and Climate Screening were not yet developed at the time of the approval of the project and it is clear that if the project was considered for funding by NDF today, much more emphasis would be put on the climate change focus of the activities and/or NDF funding would not have been recommended. As a result of the PPTA, a sound urban environmental project was developed but the climate change merits remained small. NDF was requested to finance the follow-up investment project too but declined in the absence of a climate change component/focus which would satisfy NDF's screening criteria. In hindsight, NDF could possibly have played a role in increasing the climate change aspect of the follow-up investment. Seen in retrospect, the importance of including climate change aspects early in the project planning process can be confirmed to be of utmost importance. While it is difficult to assess, the question remains whether a stronger likelihood of sustainability could have been achieved, if climate considerations had been taken into account.

Even though all NDF projects now include monitoring frameworks, some of them do not reflect the NDF financed activities accurately enough. In order to easier monitor the project results of NDF's financing, if possible, a NDF specific monitoring log frame could be developed for the NDF financed projects or activities.

### IV. Additional Remarks

During the time of project approval already three firms had been shortlisted for the consultancy, two of them where Swedish (Sweco AB and Hifab International), but GHK International from the United Kingdom won the contract, which was procured using quality-based selection.

Signed:  Date: 9.1.2015

Approved:  Date: 12.1.2015

