

Type of Review: Annual Review

Project Title: SUPPORT TO THE CONSTRUCTION AND REAL ESTATE SECTOR GROWTH AND EMPLOYMENT IN STATES (GEMS) PROGRAMME - GEMS 2

Date started: April 1, 2010 Date review undertaken: July 9 - 27, 2012

Instructions to help complete this template:

Before commencing the annual review you should have to hand:

- *the Business Case or earlier project documentation.*
- *the Logframe*
- *the detailed guidance (How to Note)- Reviewing and Scoring Projects*
- *the most recent annual review (where appropriate) and other related monitoring reports*
- *key data from ARIES, including the risk rating*
- *the separate project scoring calculation sheet (pending access to ARIES)*

You should assess and rate the individual outputs using the following rating scale and description. ARIES and the separate project scoring calculation sheet will calculate the overall output score taking account of the weightings and individual outputs scores:

Description	Scale
Outputs substantially exceeded expectation	A++
Outputs moderately exceeded expectation	A+
Outputs met expectation	A
Outputs moderately did not meet expectation	B
Outputs substantially did not meet expectation	C

Introduction and Context

What support is the UK providing?

The Growth and Employment in the States (GEMS) Programme is a joint DFID and World Bank (WB) programme supporting Nigeria's Federal and State Governments' growth strategies as embodied in the

former President's 7-point agenda and the National Economic Empowerment and Development Strategy (NEEDS). GEMS is to contribute to Nigeria's growth and poverty reduction strategies which prioritize faster non-oil growth and job creation. The growth strategies have recognized the importance of the private sector for growth and poverty reduction. The Programme Support to the Construction and Real Estate sector is one of the Programme's seven components each with focus on a specific sector.

GEMS 2 is fully funded by DFID to strengthen the performance of market systems in the construction and real estate sector so that they function more effectively, sustainably and beneficially for people who rely on the sector for their livelihood. The project applies the M4P (markets for the poor) approach to create 20,000 jobs and income opportunities for people working in the building sector. Particular focus is on enhancing the opportunities for women to be engaged in the sector. The support of GEMS2 concentrates on capacity building of organisations and companies that in turn provide services and technology to the construction sector. If successful, other organisations and companies are expected to copy these new services and technologies.

The role of GEMS2 is to facilitate this process and accelerate the development and market uptake, without being a market player itself. Support is provided by the project in: products/services design, market testing of new products/services, marketing support, training of staff, management advice, quality assurance, and public-private dialogue.

The focal states of GEMS2 are Lagos (where it has its headquarters), Abuja, Kaduna and Kano.

The UK will provide GBP 13.6 million in core funding of which GBP 3.5 million has been allocated for a Construction Ideas or Challenge Fund (CIF), a grant funding managed by the project.

What are the expected results?

The outcome (result) of the project is to improve the performance and inclusiveness of the construction sector market systems that are important for poor people. The main indicators are: Number of formal companies/firms with increased sales in the construction/real estate sector (CRES); number of informal firms/self-employed artisans /workers with increased capacity (employment skills); increase in sales amongst targeted formal companies/firms in CRES; percentage of new/improved products, services or regulations, introduced through project facilitation, that are established (i.e. in the market 12 months after intervention support has ended); and number of construction workers (exposed to GEMS 2 supporting schemes) that meet specifications of work contracted by private users and construction companies.

The project's impact is to having increased growth, income and employment, especially for poor men and women, in construction markets in selected states. Main indicators here are: the number of people recording positive change in incomes (outreach), the aggregated change in cumulative income (the value), and change in employment (net FTE jobs).

What is the context in which UK support is provided?

Nigeria is typified by poverty that is both deep and widespread; around 64% of the population – more than 100 million people – live on less than GBP 1 a day. Inequality is also extreme and is amongst the highest in the world, while women are poorer than men throughout the country. Economic diversity is limited, with oil dominating, although some gains have been made in service industries such as ICT in recent years. Unemployment is also high, particularly amongst the nation's youth, where it is estimated at up to 60%.

Around 92% of the workforce is informally employed. Substantial nation-wide investment is needed, along with significant changes in the business enabling environment. Evidence on the constraints in the

business environment is plentiful, yet concerted action to overcome those constraints is limited. Those who are disengaged from the economy are especially disadvantaged and locked in a cycle of poverty. Policies and strategies to improve the investment and business environment are focused on the formal sector and, therefore, tend not to reach them.

The construction and real estate sector is characterised by a much segmented labour market composed of large scale employers, organized SMEs and a large informal sector. The construction sector is a significant employer and many people derive their income directly or indirectly from the sector. The majority of labourers work however in the informal sector on temporary or part-time contracts, with a high level of casualization. Despite a high demand for construction work, the sector performs poorly in terms of efficiency and competitiveness due to a poor business environment, overall weak coordination within the sector and limited capacity and capability (skills) of the local construction workforce (Nigeria needs to import qualified workers from neighbouring countries to make up for this lack of supply).

Section A: Detailed Output Scoring

Output 1: Employment contracting and procurement systems functioning more effectively

Output 1 score and performance description: A (Outputs met expectation)

The project managed to reach the target of artisans registered (650 instead of 165 as per target), the linkage with one service provider (ASBAN) established, and having 300 artisans taking up Business to Business (B2B) services.

Progress against expected results:

The project performed according to target and good progress has been made so far. The first data base of 650 artisans is to be managed by the Association of Building Artisans of Nigeria (ASBAN). The idea is that with the data base ASBAN can quickly and efficiently connect its members with employment opportunities. Unfortunately this is not happening as the data base is currently not being used by ASBAN citing lack of computers, internet connection, etc. In addition it became apparent that ASBAN lacks alignment with the M4P principles. Reviewers noted that ASBAN is not very dynamic, vague on its own strategy and operational plans, and sceptical on modern (vocational) training approaches. The project has recognized this, scaled down its support to ASBAN, changed strategy and decided to work more directly with two different trade organisations under ASBAN (plumbing and carpentry). This increase in the number of service providers reduces the project's dependency on ASBAN. The reviewers concur with this step taken and assume that separate data bases will be installed at the individual trade organisations, utilising where possible the work already done with ASBAN. Regarding 300 artisans taking up B2B services, 300 artisans received an introductory training in the use of contracts and invoices. Based on an interim results assessment in July 2012, the project reports that all artisans have been convinced to use contracts/invoices, as it helps them to meet the requirements/specifications of their employer, and in have acquired a better bargaining/negotiation power which eventually had a positive effect on their business. The result assessment showed, albeit still very modest and with a wide variation, that a total of 31% of the artisans surveyed reported an increase in their income of 5 to 50% due to the training

Recommendations:

Pursue the strategy of working more with the various trade organisations under ASBAN and continue to scale down the support to ASBAN. Set up data base systems at the individual trade associations with the possibility of inter-linkage between the systems or with the ability to combine them later on into

a central data base system. In view of its apparent success, pursue the training of artisans and otherwise promote better contracting and invoicing practices.

Impact Weighting (%): 15%

Revised since last Annual Review? *Y- impact rating has not been given yet by the time of the annual review last year*

Risk: Low

Revised since last Annual Review? *Y- Risk rating has not been given yet by the time of the annual review last year*

Output 2: Skills training system functioning more effectively

Output 2 score and performance description: A (Outputs met expectation)

To date, the number of trainees that completed skills training has been small (15) but according to the 2012 target. It concerned a pilot to provide specialized training for tiling at the Institute of Industrial Development (IIT) in Lagos. The project also managed to engage with one public and one private sector training provider. Besides IIT (private), specialized vocational training will also start this year by the Lagos State Technical and Vocational Educational Board or LASTVEB (semi-public). LASTVEB will initially start with the training of 500 artisans to increase to 2,000 annually as stated. LASTVEB has five training centres and intends to increase cooperation with other schools. Regarding the target of 58 construction firms employing trainees, this has not been reached in view of the limited number of artisans trained so far as per target (15).

Progress against expected results:

Progress has been steady and the reviewers noted the dynamism and high quality of the private sector training provider IIT in Lagos. The training centre is relatively small and specialized in electro mechanics. However, based on the results of the pilot training in tiling, management expressed its interest to continue the training in construction skills (tiling, brick laying, plumbing) and has submitted an application to the CIFO increase the centres capacity and to accommodate this (for them) new mode of training. Vocational training capacity of IIT would be 25 artisans per two months. In collaboration with GEMS 2, LASTVEBas developed the Modern Apprentices Training Programme (MATP) based on on-the-job training and class room instructions. In cooperation with LASTVEB, MATP was officially launched in April 2012 and formalised through a Memorandum of Understanding (MoU). GEMS 2 is also undertaking activities to scale up the MATP concept to other states (Kano). LASTVEB is a previously public institution and receives strong support from the Lagos State Governor in his endeavour to get the young unemployed off the Lagos streets. This is encouraging but also a concern in view of changing policies and priorities in Nigeria whenever a new governor is elected. Having a vocational training law set in motion and put in place would mitigate this risk of LASTVEB losing state support.

Recommendations:

Positively consider the application of IIT to obtain a grant from the GEMS2 CIFOthe reviewers understand that so far GEMS 2 has received a total of 18 concept notes from various Fund applicants, which is very encouraging).

As it would be the first time that LASTVEB applies the MATP, closely monitor its implementation and continue support in capacity development for the management and administration of the MATP. Ensure that the construction industry is aware and fully informed of the MATP carried out by LASTVEB through

regular promotion, visits to LASTVEB training centres, and so on, in order to increase the chances of employment of the trainees by the industry. Pursue the establishment of vocational training centres in Kano. The reviewers understand that the establishment of these centres in Kano is underway, that existing ones are being upgraded at present, and that use will be made of the project's CIF For the sake of sustainability of project efforts, consider the possibility of facilitating the establishment of a Lagos state law regarding financial support to vocational training centres (be it public or private). Another option, as part of the MATP/LASTVEB promotion efforts, is to encourage financial support from the private sector (as with IIT).

Impact Weighting (%): 20%

Revised since last Annual Review? *Y Impact rating has not been given yet by the time of the annual review last year*

Risk: Low

Revised since last Annual Review? *Y Risk rating has not been given yet by the time of the annual review last year.*

Output 3: input supply systems functioning more effectively

Output 3 score and performance description: C (Outputs substantially did not meet expectations)

The targets have not been reached in terms of: 22 firms/organisations that practice/use newly developed supply chain methodologies; and 333 workers in the supply chain that are trained and use/practice new developed methodologies.

Progress against expected results:

No results so far as the intervention manager has been recently appointed (March 2012). The focus of GEMS 2 intervention would be on enhancing the quality of building materials, the recycling of the materials, transport and distribution (one stop building centres), and training in the use of new inputs (largely untapped). Improving the input supply system appears to have good potential for income growth and creating employment and the M4P approach would be very relevant. Currently, GEMS 2 is working in three different supply chains: concrete blocks (improve quality); recycling/reuse of construction and demolition waste (possible to be used for road construction), and the production of (fuel) briquettes from saw dust. The reviewers understand that the latter is considered by the project to be a very good entry for women in the construction business.

Recommendations: Speed up the delivery of outputs under this intervention, seen also the potential for poor and women. While maintaining the targets for 2014 and 2015, it might be considered to reset the targets for 2012 and 2013.

Impact Weighting (%): 20%

Revised since last Annual Review? *Y Impact rating has not been given yet by the time of the annual review last year*

Risk: Low

Revised since last Annual Review? *Y Risk rating has not been given yet by the time of the annual review last year.*

Output 4: Systems of representation and advocacy functioning more effectively

Output 4 score and performance description: B (Outputs moderately did not meet expectation)

The 2012 (single) target was partially reached: three distinct tools/membership services introduced and fully implemented by at least one Business Member Organisation (BMO). Four services were developed and introduced (vs three in the target) but they are not yet implemented. It concerns two types of interventions by GEMS2: 1) strengthening the performance of the BMOs; and 2) Development of a system of league (or alliance) of indigenous construction companies. The current underperformance of industry associations is addressed by the project through capacity building initiatives in the field of increasing institutional skills and advocacy technical know-how. Regarding activities in developing this system of the league, the objective is to contribute to increased quality (and value) in the construction sector and to improve skills, competence and standards across the entire value chain. The final aim is to increase the value of the BMOs for its members, which is to lead to increased membership fees, and improved business performance in terms of turnover, employment and income.

Progress against expected results:

So far, progress has been made with the introduction of four distinct tools at four BMOs (Federation of Urban Poor/Federation of Artisans or FEDUP/FEDART in Abuja, the Association of Consulting Engineers of Nigeria or ACEN in Lagos, Plumbers and Carpenters Associations and the League of Construction Companies in Lagos). These tools are to deal with the BMOs' membership fees, SMS services, fair participation, advocacy policy, and once implemented, are to benefit members and increase the financial sustainability of the BMOs. GEMS2 has had limited success with ASBAN where four distinct tools were developed, and no success at all with the Federation of Construction Industries (FOCI) in Lagos which did not result in any interventions as FOCI appeared not to be receptive to support from GEMS2.

Recommendations:

Implement the tools which have been introduced at the five BMO's as soon as possible (before the end of 2012) in order not to lose momentum. Pay particular attention to those tools (including monitoring) which contribute most to increase the value of the BMO for its members, leading to increased membership fees and eventually to financial sustainability of the organisation. As mentioned earlier, maintain the contact with ASBAN and appraise the possibilities/likelihood of implementing the four tools that have been developed by GEMS 2 at an earlier stage. Implementation of the tools by the BMOs is considered crucial for the representation and advocacy of the construction sector market actors. The project estimates that successful representation in favour of the industry, will result in a 2-5% increase in income of construction companies and hence higher growth and income. Interviews with the management of FEDUP/FEDART and ACEN, gave the overall impression that both are very receptive to GEMS 2 support, and see the merits of the interventions to strengthen their organisations.

Impact Weighting (%): 20%

Revised since last Annual Review? *Y Impact rating has not been given yet by the time of the annual review last year*

Risk: Medium

Revised since last Annual Review? *Y Risk rating has not been given yet by the time of the annual review last year.*

Output 5: Systems supporting the provision of business services functioning more effectively

Output 5 score and performance description: B (Outputs moderately did not meet expectation)

There were no specific targets set for 2012 in terms of: number of construction firms using business support services to enhance business performance; and the number of Business Development Services (BDS) providers that provide quality private sector business services for companies in CRES.

Progress against expected results:

No progress made so far hence no results that would lead to reaching the 2013 target of 50 construction firms and 4 BDS. The reviewers were informed that the intervention manager, responsible for this output, was not up to the task and was relieved in March 2012, albeit after almost two years of service. GEMS 2 management stated that, with the use of a short term consultant as interim solution, a concept/strategy paper was developed for interventions in this output stream of business support services - using M4P principles targeting indigenous construction firms - and will be rolled out soon. The project estimates that the intervention will start in August 2012, with the appointment of a new intervention manager, and expressed confidence of reaching the 2015 targets of 150 construction firms using business support services, and 10 BDS providers. The reviewers understand that the project is still in the process of recruiting the intervention manager however.

Recommendations:

Recruit the intervention manager without any further delay and make sure that the candidate fully meets the required profile to carry out the tasks under this output with emphasis on skill training and M4P knowledge (this was apparently a problem with the former intervention manager). GEMS 2 must make sure that there is a very clear description of tasks in line with the activities to produce this output. The activities must start full scale by September this year in order to be able to meet the set targets for the coming years (50 construction firms and 4 BDS already in 2013).

Impact Weighting (%): 10%

Revised since last Annual Review? *Y Impact rating has not been given yet by the time of the annual review last year*

Risk: Medium

Revised since last Annual Review? *Y Risk rating has not been given yet by the time of the annual review last year.*

Output 6: Key stakeholders (outside the target states) pursue more systematic approaches to economic development

Output 6 score and performance description: B (Outputs moderately did not meet expectation)

No activities have been carried out to reach the 2012 target of: two key stakeholders (BMOs, Federal and State agencies, and other projects) who are aware of and implement systematic approaches to economic development. It concerns key stakeholders who are outside the project's four focal states (Lagos, Kano, Abuja and Kaduna).

Progress against expected results:

No progress made. The project expects that the crowding in from other states is expected not earlier than 2013.

Recommendations:

Reset the targets for the coming years in the project's logframe to more realistic levels. First priority is to get interventions well started in the four target states. For the sake of efficiency in terms of human and financial resources, the project should use its website to promote and inform key stakeholders outside the target states about the benefits and merits of its interventions in the construction and real estate sector.

Impact Weighting (%): 15%

Revised since last Annual Review? *Y Impact rating has not been given yet by the time of the annual review last year*

Risk: Medium

Revised since last Annual Review? *Y Risk rating has not been given yet by the time of the annual review last year.*

Section B: Results and Value for Money.

1. Progress and results

1.1 Has the logframe been updated since last review? Y

After several events, e.g. workshops in March 2011 and November 2011 with other GEMS teams and an IMEP M&E review in March 2012, the current logframe of GEMS 2 now has a clear intervention logic (proper link with outputs, outcome and impact), complete with indicators and targets (quantified). As targets are set annually for the entire duration of GEMS2, it is considered very useful to measure progress made, a good tool for programme operationalization and to determine Value for Money (VfM, more about this in chapter 5).

1.2 Overall Output Score and Description: B

Of the total of six outputs, output 4, 5 and 6 moderately did not meet the expectations (B).. Output 3 'input supply systems functioning more effectively' substantially did not meet expectations (C).. Outputs 1 and 2 scored well by meeting expectations (A). 'employment contracting and procurement systems functioning more effectively' and 'skills training systems working more effectively'.

1.3 Direct feedback from beneficiaries

Through field interviews, direct feedback has been collected from the project's beneficiaries. Almost all beneficiaries interviewed expressed great interest in and appreciation of GEMS2 interventions in the construction and real estate sector and have great expectations (FEDUP/FEDART, ACEN, IIT and LASTVEB). The odd duck within the group is ASBAN which is very sceptical on the modern vocational training approaches introduced by the project and soon to be implemented by LASTVEB; lacks alignment with the M4P principles, has yet to use the four distinct tools that were introduced to them by GEM 2, and expects more financial support from the project in the form of grant money. As mentioned earlier, the reviewers are impressed with the professionalism of the (private) training institute IIT and their clear understanding of what GEMS2 is all about. The same applies for the management of ACEN, FEDUP/FEDART and LASTVEB. The latter is very aware of the need for change in technical training in view of the needs and wants of the construction industry (labour force requirements), and to make it more attractive for young job seekers to pursue a career in the construction and real estate business by offering special (and shorter) vocational training programmes such as the Modern Apprenticeship Programme or MATP. Unfortunately no feedback was received from the two other GEMS 2 partners: the Lagos Home Ownership Mortgage Scheme (appointment cancelled by them), and the League of Construction Companies also in Lagos (cancelled by the reviewers due to severe time restrictions).

1.4 Summary of overall progress

GEMS2 has made good progress on two of the six expected outputs. Progress was made on output 4, 5 and 6 which however did not fully meet expectations. No or very little progress has been made yet on outputs 3. Hence, the project is notably behind implementation schedule, much of this can be traced to changes in project core staff (the passing away of the team leader, resignation/departure/ sickness of key project staff), the difficulties and delays in recruiting professional staff (intervention managers) and the change in direction after the Inception Period in 2010 towards M4P. The 2011 Annual Review was critical on the progress made ('disappointing speed of delivery'). After that visible progress has been made, but not yet enough to make up for the slow start-up.

1.5 Key challenges

A challenge of GEMS2 is having an increasing number of BMOs in all the four target states to acquire sufficient critical mass of operations (construction is a big sector) and to start installing and implementing the distinct tools/member services as soon as possible (output 4), applying the M4P principles. A challenge is also to fully start up the input supply system (output 3), with again applying M4P principles, before the end of this year by the (new) intervention manager. Another challenge is to have an intervention manager in place by August this year and to set in motion the provision of business services system before the end of this year (output 5). A major challenge is to start up the vocational trainings in Kano as training centres are few, with little state support, whereas the region (Kano and Kaduna) suffers from ongoing civil unrest.

1.6 Annual Outcome Assessment

The outcome of GEMS2 is “to improve the performance and inclusiveness of the construction sector market system that are important for poor people”. Main indicators, with 2013 targets in brackets as all 2012 targets are set at zero, are the following: 1) Number of formal companies /firms with increased sales in the construction/real estate sector – or CRES (40); 2) Number of informal firms/self-employed artisans /workers with increased capacity in terms of employment and skills (3,200); 3) Increase in sales amongst targeted formal companies/firms in CRES (GBP 100 million); 4) percentage of new or improved inputs introduced (10%); 5) number of construction workers - GEMS 2 beneficiaries - that meet specifications of works contracted by private users and construction companies (3,240).

The above 2013 target figures look daunting as much depend on how much project progress is made or is going to be made the coming period mainly in training unemployed youth and artisans (to increase skills and hence employment); and in getting the BMOs on steam fast to improve member services with the tools delivered by GEMS 2 (to increase business sales, employment and income of the members). To date, just 15 trainees have been delivered (by using IIT) and BMOs are not yet ready to improve member services as the tools to do this have yet to be implemented. However, with the technical vocational training starting in August this year by LASTVEB, and later on by IIT, a first important advance will be made by GEMS2 in the number of artisans and unemployed youth by 2013, roughly estimated at between 500 and 700 or at about 25% of the 2013 target. With the application of the tools BMOs would be able to improve its member services but whether or not this will result in increased sales of GBP 100 million by 2013 is felt to be very ambitious and highly unlikely.

Regarding the use of M4P principles, GEMS2 central idea is two-fold: increased income for construction workers; and construction companies creating additional jobs. In line with the above project's outcome (and indicators), the following main instruments are used by the project: 1) capacity building of organisations and companies, and 2) the provision of new technologies to the construction sector. The reviewers consider this to be an overall good approach of M4P in the construction and real estate sector, but GEMS2 will need to broker a win-win approach by ensuring a close linkage between construction workers (trained) and companies (improved business management).

2. Costs and timescale

2.1 Is the project on-track against financial forecasts: Y

As reported by GEMS2, total expenditure was almost GBP 2.5 million for the period May 2010 – April 2012. Expenditures during the Inception period (May 2010-November 2010) was GBP 863,241 and

was very close to budget forecast (some under expenditure in fees, GBP 37,000, as not all funds for the short terms expert pool was used). Expenditures during the Implementation period (December 2010-April 2012) was GBP 1,589,836 and on track against financial forecasts.

2.2 Key cost driver

The key cost driver of GEMS 2 are the long- and short term fee costs accounting for 74% of the total expenditures for the period May 2010 – April 2012. The next highest cost, albeit not considered a key cost driver, is general expenses at 25% for the period. The use of the ICF(GBP 3.5 million) has been very low at about GBP 19,000 during the Inception Period, none during the Implementation period, but expenditures from the Grant are expected to increase substantially during the second half of 2012 as GEMS 2 has so far received 18 concept notes from Grant applicants.

2.3 Is the project on-track against original timescale: N

Based on the 5-year project timetable (inception report), GEMS2 is behind schedule in terms of reaching its targets as per logframe for a number of outputs as mentioned earlier. It should be mentioned that the original timetable did not specify the planning of each of the project's six outputs, as the logframe was revised afterwards. The current work plan (in the annual report) now shows the (updated) time planning per output.

3. Evidence and Evaluation

3.1 Assess any changes in evidence and implications for the project

In the project's logframe, most of the assumptions remain valid as of now. Hence, no major implications are foreseen on the overall design of the project so far. A main assumption is that the security in the target areas does not deteriorate. As it did in two of the four target areas of the project (Kano and Kaduna), this may have implications for the project especially in terms of achieving output 4 (skills training system functioning more effectively). As mentioned in point 1.5, GEMS 2 intends to support skill training programmes in Kano and may have to delay or in the worst case scenario defer its interventions if civil unrest continues in the area.

In July 2012, with over a year delay, a baseline survey was contracted (to NOI Polls, a Nigerian social research company) and due to be completed by October 2012. GEMS 2 intends to use the data to further refine its intervention strategies to increase employment and income opportunities, and to better understand the effects of different market systems on the poor and women in particular and how the M4P principles could best be applied. It should be recognized that the project already has a clear understanding of the structure and dynamics of the sector as, since its inception, it has carried out several sector assessments, socio-economic assessments, and labour force surveys. A political-economic analysis was also carried out covering Lagos State and the Federal Capital Territory (Abuja), which has guided the project in the overall choice and formulation of its interventions, expected outcome and impact. Hence, it is not expected that the results of the baseline survey would significantly change GEMS 2 strategy. Rather, to test the key assumptions made, to update and refine indicators, and provide data for the project's M&E system.

3.2 Where an evaluation is planned what progress has been made?

N.A.

4. Risk

4.1 Output Risk Rating: Low

The output risks scores are as indicated in the logframe of GEMS2. The risk scores reflect the risks that threaten the successful delivery of the project result as measured by the project's six outputs. Based on progress made so far by the project and taking into account the observations made by the reviewer in the previous chapters, an update is made of the risk rating of each output.

Output 1 (Employment contracting and procurement systems): High. No change as affordable housing remains largely unexplored with long lead times and hence impact on job creation

Output 2 (Skills training systems): Medium. No change as better training and being in the BMOs data base is no guarantee for better paid jobs and employment (also depend on outputs 4 and 5).

Output 3 (Input supply systems): Low. No change given the high potential for growth and its innovative nature

Output 4 (Representation and advocacy systems): Medium. No change as much depends on the capability and capacity of the associations and BMOs for these systems being successful for its members.

Output 5 (Provision of Business Services System): Medium. No change as construction companies may not sufficiently value business management services offered.

Output 6 (Key stakeholders – outside the target states - pursue approaches to economic development): Low. Change to High as much depends on the results of project interventions in the four target states.

Based on the above risk rating, the number of high risks has increased from one to two. There is no change in risks for the other outputs.

4.2 Assessment of the risk level

Except for output 6 where the risk level has been increased from Low to High as already explained, risk levels of project interventions/activities to attain the other five project outputs, remain the same as indicated in the project's (new) logframe. The levels are considered realistic, well described and based on the results of analytical work done on the structure and dynamics of the sector during the period 2010-2011. The possible effect of insecurity in the two target states (Kano and Kaduna) is not considered enough to bring overall risk level to high in view of the much larger construction sector market in Lagos and Abuja. As already mentioned, the overall approach of M4P used by GEMS 2 in the construction and real estate sector, is considered as good by the reviewers. Hence, the risk of overall project interventions not being M4P compliant is deemed to be low.

4.3 Risk of funds not being used as intended

There are no indications of funds not being used as intended. As already mentioned in chapter 2, almost 75% of the budget is used to cover fees of personnel with clear tasks and responsibilities within the overall project structure.

4.4 Climate and Environment Risk

There are no indications of climate and environment risks caused by the project interventions. In fact, with the starting up of interventions covering output 3 (Input supply systems), GEMS 2 will contribute to reducing the environmental impact of the construction sector by promoting the recycling/reuse of construction and demolition waste.

5. Value for Money

5.1 Performance on VfM measures

Total project expenditure for the period May 2010- April 2012, covering the 8-month Inception Period and 17 months of the Implementation period, was GBP 2,453,097. It concerns GBP 1,818,121 or 74% in personnel fees and GBP 615,860 or 25% in reimbursable costs. GBP 19,094 concerned moneys drawn from the Fund Grant.

Economy: As already mentioned in chapter 2, these expenditures are in line and very slightly below the (approved) budget forecast for the period. As the major part of the costs are personnel fees a good practice of GEMS2 is to employ a high proportion of Nigerian staff, and to use good procurement practices (hotels, flights, vehicles, computers, local service providers, and so on) to reduce operational costs. Hence, the measures taken by GEMS2 to economize and keep costs low (and according to budget), are considered as satisfactory.

When it comes to measures taken to maintain high project cost efficiency and effectiveness, the project attributes its direct costs (personnel and reimbursables) according to the six outputs using timesheets which are broken down in specific interventions per output. The system used is quite precise and less prone to errors in case of interventions contributing to more than one output. However, in the annual reports, GEMS2 has refrained from presenting a breakdown of direct costs per output which however was provided at the request of the reviewers during their visit to the project.

Table 1 Expenditures for the Implementation period December 2010- April 2012 (in GBP)

Description	Direct Costs	%
Project management	272,660	17.2
Administration	527,511	33.2
Monitoring and evaluation	133,411	8.4
Women Economic Empowerment (WEE)	45,602	2.9
Communication/Knowledge management	15,470	1
Challenge Fund	41,512	2.6
Sub-total: (project management and administration)	1,036,166	65.3
Output 1 (Employment contracting and procurement systems)	153,977	9.7
Output 2 (Skills training system)	193,776	12.2
Output 3 (Input supply system)	62,705	4
Output 4 (Representation and advocacy systems)	143,172	9
Output 5 (Provision of business services systems)	0	0
Output 6 (Key stakeholder pursue approaches to economic development)	0	0
Sub total: (Outputs)	553,630	34.9
Total:	1,589,836	100

Source: GEMS 2 (July 2012)

The next table presents the value generated by each output for the period December 2010-April 2012 and was produced by project management during the visit of the reviewers.

Table 2: VFM per output for the period December 2010-April 2012 (source: GEMS2 management, July 18, 2012)

Output	Direct costs (Dec. 2010-April 2012)	Value generated (till April 2012)	Value generated (anticipated in 2013/14)
Output 1 (Employment contracting and procurement systems)	153,977	54,000	3,650,000

Output 2 (Skills training system)	193,776	2,376	680,000
Output 3 (Input supply system)	62,705	0	550,000
Output 4 (Representation and advocacy systems)	143,172	0	192,000
Output 5 (Provision of business services systems)	0	0	0
Output 6 (Key stakeholder pursue approaches to economic development)	0	0	0
Total:	553,630	56,376	5,072,000

The value generated for output 1 is based on an estimate that each artisan benefits from being in the ASBAN database in terms of an increase in income of 200 Naira for an average of 50 days per year. With 650 artisans in the database this would be GBP 26,000 annually. However, the reviewers contest this figure as the ASBAN data base is not in use as yet. Those artisans who received training in contracting procedures (under output 1) will benefit with an increase in income of 100 Naira per day, which for 300 artisans trained would be GBP 28,000 annually. Regarding output 2, with the training by IIT, it is estimated that the increased market value of the 15 artisans trained is on average 10%, i.e. 180 Naira per day or GBP 2,376 in total per year.

GEMS2 anticipates significant increases in value generated when the technical vocational trainings are carried out by LASTVEB and IIT in the second half of 2012 and in 2013. It is estimated that this will generate GBP 680,000 annually through increased income by the participants (Output 2). Management also anticipates significant value generated for output 1 in terms of increased employment with the foreseen implementation of the first pilot of the affordable housing scheme in Lagos: 6,000 houses providing an equivalent of 2,000 full time jobs with an estimated average annual income of GBP 1,825 per construction worker or a total of GBP 3.7 million. Regarding output 3, it is anticipated that GEMS 2 interventions will create 80 full time jobs for four input supply chains each, which translated into a total of increased income of GBP 550,000 annually. For output 4, it is foreseen that with the improved services provided by the four BMOs (using the tools provided by GEMS 2), the members will benefit in terms of increased income estimated at a total annual of GBP 192,000. Hence, total anticipated value generated in 2013/14 would be in the order of GBP 5 million with the output 1 being the main driver (about 85%).

5.2 Commercial Improvement and Value for Money

GEMS2 cooperates and collaborates with various other projects, private and state initiatives and private sector partners. For the affordable housing intervention, GEMS 2 is working with GEMS 3, Lagos state and the private sector. Work with the industry associations and other BMOs is carried out in a joint effort with the DFID ENABLE project. The project is also engaged with the DFID SPARC project on improving procurement conditions and processes at state level. With its support to LASTVEB, the project is closely working with state government to reposition technical and vocational education in the Lagos State with the aim to increase youth employability of the youth within the construction and real estate sector.

5.3 Role of project partners

DFID contracted management of the project to Coffey International Development (CID) and GEMS2 is fully driven by the contractor. Other consortium partners are: Arup and Partners (Arup Nigeria); New Nigeria Foundation (NNF); and the (University) Salford Centre for Research and Innovation in the UK. Coffey has worked very closely with them during the inception phase. Their role during project implementation is mainly in terms of carrying out research studies and providing advisory support, when called for.

5.4 Does the project still represent Value for Money : N

The project does not yet represent good Value for Money. Project management anticipates that project interventions for outputs 1 to 4 will generate a value of some GBP 5 million. However, it is very much

dependent on whether or not the affordable housing scheme in Lagos will take off. If not, value generated as anticipated would be more in the order of GBP 1.5 million, to be very much driven by Output 2 (skills training) and output 3 (input supply system).

It was noted that GEMS2 did not include costs made between April and December 2010 in the calculations, i.e, costs of the Inception Period are fully written off. Also overhead costs were not incorporated in the analysis for the value for money per output.

5.5 If not, what action will you take?

Actions to be taken relate mainly to getting the project on speed and to start producing the expected outputs and targets as already indicated in Section A. Important is the appointment of an intervention manager by August 2012 to set in motion the provision of business services system before the end of this year (output 5).

6. Conditionality

6.1 Update on specific conditions

N.A.

7. Conclusions and actions

GEMS 2 interventions in the construction and real estate sector are considered relevant on overall with its approach of ensuring high ownership by the private sector and the use of M4P principles: increased income for construction workers; and the creation of jobs by the construction companies. But to be successful in this, GEMS2 will need to broker a win-win approach by ensuring a close linkage between construction workers (trained) and companies (improved business management).

To date, the project has little to show on Value for Money (VfM) with expenditures of over GBP 2.5 million and a (claimed) value generated of just GBP 56,000. Anticipated returns on project investment as set at a rather higher end by project management at some GBP 5 million in 2013/14. The reviewers consider this projection to be too optimistic because it depends on too many external factors (the affordable housing scheme, performance of LASTVEB, BMO's improving their services, etc.), and consider GBP 1.5 million to be more realistic.

The project has had its share of problems with staffing during the two years with as consequence of the project getting behind the original implementation schedule. Subsequently, no or very little progress have been made on one of the six expected outputs, while progress made on three more outputs did not fully meet expectations. The project did however make good progress on two outputs, considered key to increase employment and income of artisans and the young unemployed in the construction industry. Set against the VfM and what has been produced so far in outputs, overall efficiency of operations is rated as low to medium. No overall rating can be given on effectiveness of operations, meaning progress made towards achieving the project outcome as main outcome indicator targets were set at zero for 2012. The targets as set in the logframe for 2013 are considered rather daunting and ambitious in view of project progress made so far and what still needs to be done (reviewers hope to be proven wrong in this).

The following actions are recommended: 1) maintain focus on outputs 1 and 2 considered the core business of the project; 2) As the potential is considered good for creating employment and income, and a very good entry for women in the construction/recycling business, get interventions started up as soon as possible to produce output 3; 3) implement the tools which have been introduced at the five BMOs as soon as possible, in order not to lose momentum, and focus here on the actual 'advocacy' tools; 4) Recruit the intervention manager for output 5 without any further delay and make sure that the

expert fully meets the required profile; and 5) use the project website to promote and inform key stakeholders outside the target states about GEMS 2 interventions in the construction and real estate sector.

8. Review Process

The review was undertaken during the period July 9-27, 2012 by Rudy Ooijen and Emmanuel Oladipo Akogun. The team visited Lagos and Abuja. Meetings and interviews were conducted with the GEMS 2 staff in Lagos and Kano. Representatives were interviewed from LASTVEB, IIT, ACEN, ASBAN in Lagos, and from FEDUP/FEDART in Abuja.

During the review the team also consulted with Mr. Anirban Bhowmik, M4P specialist in Bangladesh, by telephone.

The review set off with a briefing session at DFID Nigeria, including Esther Forgan, Robert Hale and Richard Sandall. The mission was concluded with a debriefing in Abuja on July 27 for DFID staff and the GEMS2 management staff (the latter on the speaker phone as the team could not be present in Abuja).

Annual Review (reviewed July 2011)

ARIES Project Code

ARIES Project

Description

A1: Goal, Purpose, Risk

Goal

Goal statement

Indicator 1

Milestone for this review (if any)

What progress has been made in the period covered by this review?

If Indicator 2 is to be reported against, click on the '+' sign to

Indicator 2

Milestone for this review (if any)

What progress has been made in the period covered by this review?

If Indicator 3 is to be reported against, click on the '+' sign to

What evidence is there of progress made in the period covered by this review towards the Goal-level Target(s)?

Goal

Recommendation 1

Goal Action Point 1

If more Recommendations or Action Points need to be identi

Purpose

Project Purpose

Indicator 1

Milestone for this
review (if any)

What progress has
been made in the

If Indicator 2 is to be reported against, click on the '+' sign to
Indicator 2

Milestone for this
review (if any)

What progress has
been made in the
period covered by this
review?

If Indicator 3 is to be reported against, click on the '+' sign to
Indicator 3

Milestone for this
review (if any)

What progress has
been made in the
period covered by this

If Indicator 4 is to be reported against, click on the '+' sign to
Indicator 4

Milestone for this
review (if any)

What progress has
been made in the
period covered by this
review?

If Indicator 5 is to be reported against, click on the '+' sign to

If Indicator 6 is to be reported against, click on the '+' sign to

Are Purpose Assumptions being realised? If so, to what degree, and what has been the effect on the project?

What evidence is there that achieving the Purpose is contributing to the realisation of the Goal? If it is doing so, to what degree?

What is the evidence that the likely achievement of the Purpose can be

Purpose

Recommendation 1

Purpose Action Point

1

If more Recommendations or Action Points need to be identi

Project Purpose Score

Purpose Justification

Risk

Project Risk Rating or
latest **Overall Risk**
Score.

Based on the review,
does the **Project Risk**
Rating need revision?

If Yes, why is this?

If new risks have emerged, click the '+' box on the left-hand s

Risk

Recommendation 1

Risk Action Point 1

If more Recommendations or Action Points need to be identi

Risk

Recommendation 2

Risk

Recommendation 3

Risk Action Point 2

Risk Action Point 3

Logframe, DSOs, Cross-Cutting Markers

Logframe

revised/needs

revision?

If Yes, why was/is this?

Logframe

Recommendation 1

Logframe Action

Point 1

If more Recommendations or Action Points need to be identi

DSOs revised/need

revision?

If Yes, why was/is this?

DSO

Recommendation 1

DSO Action Point 1

If more Recommendations or Action Points need to be identi

Cross-Cutting

Markers revised/need

revision?

If Yes, why was/is this?

CCM

Recommendation 1

CCM Action Point 1

If more Recommendations or Action Points need to be identi

GEMS 2 ARIES Component - 104190-103

Growth and Employment in States programme support of Construction and Real Estate.

To increase growth, employment and incomes, especially among the poor, in four selected states and nationally.

Increase in employment amongst unemployed or under-employed people employed (formally or informally) in the construction sector as a result of

Not Applicable

Too early to assess

the left of this worksheet

Increase in the number of formally and informally employed workers in the construction sector experiencing an increase in income as a result of

Not Applicable

Too early to assess

the left of this worksheet

At this early stage of the project it would be unrealistic to expect visible evidence of progress made towards achievement of targets **at the Goal Level**. At present (June 2011) numerical targets have not been set yet and only preparatory activities have been undertaken.

Realise Baseline Study ASAP and set targets

Define targets, anticipating the outcomes of the baseline study.
fied, click the '+' box on the left-hand side.

To improve the performance and inclusiveness of construction sector

Number of construction firms (formal and informal) experiencing
improvements in labour productivity as a result of the programme

Not Applicable

So far none - only preparatory activities are on-going at present

the left of this worksheet

Increase in output (N million) amongst affected construction firms
(measured by increase in turnover i.e. value of work won, disaggregated

Not Applicable

Too early to assess

the left of this worksheet

Increase in the number of formally and informally employed workers in
the construction sector experiencing improvements in working and
contract conditions as a result of the programme (disaggregated by

Not Applicable

None, all activities so far 'preparatory'.

the left of this worksheet

Increase in number of unemployed or under-employed young people and
women taking up training opportunities in the construction sector

Not Applicable

None, all activities so far 'preparatory'.

the left of this worksheet

the left of this worksheet

Assumptions at the Purpose level relate to the influence of macro-economic cyclical effects on the industry, possible negative effects of corruption and patronage (political economy), effects of the presidential elections and measurement (attribution) problems caused both by the nature of the interventions (indirect, strategic) and the cyclical character of the industry. At this stage it can only be stated that the effects on the

Construction is an important and labour-intensive sector, as such therefore the improvement of its inclusiveness (participation of the poor and improvement of their working and hiring conditions) will contribute to the realisation of the overall Goal. However, it has to be noted that this sector is new for M4P (and therefore represents a higher level of uncertainty). It is also unsure how the project can contribute to higher employment volumes (job creation, as measured by indicator 2) since

There is no evidence at this stage, insufficient progress has been made so far to produce this evidence.

At this stage no need to revisit the purpose

fied, click the '+' box on the left-hand side.

3

Since project is in a very early stage of implementation, it is difficult to observe any progress towards purpose

High

Yes

Low speed of delivery poses risk on achievement of purpose

side and list them in the appropriate boxes.

Insist on acceleration of activities

If possible, curtail time needed for studies (baseline, labour etc) to have
fied, click the '+' box on the left-hand side.

Assess the M4P compliance of associations earmarked as partners and 'vehicles' to achieve purpose

Pay due attention to principles of M4P and potential market oriented
interventions in dealing with stakeholders / partners

No

Reason not to revise: the logframe has gone through different phases, reflecting also the change of focus towards M4P, and was finally agreed on, in line with the overall GEMS logframe, in a workshop in March 2011.

Not Applicable

Not Applicable

fied, click the '+' box on the left-hand side.

Not Applicable

Not Applicable

fied, click the '+' box on the left-hand side.

No

Not Applicable

Not Applicable

fied, click the '+' box on the left-hand side.