MODEL OF OPERATING AGRO-MILL MICRO PROJECTS

INCOME GENERATING OPTIONS AND SUSTAINABLE LIVELIHOODS

NDSP4 PE1: Activity 3.2

No 8, Barrister Obinna Okwara Crescent/Plot 37 Chief Executive Quarters, Opposite Ahiajoku Convention Centre. Area B, New Owerri, Imo State.
BUILDING AND DRIVING IMPLEMENTATION FRAMEWORK

BACKGROUND

This document presents a validated model for operating Agro-Mill Micro-Projects in the Niger Delta region of Nigeria. It was validated on 14 September, 2017 at Umuahia Abia State, Nigeria. It contains However, the developed model and the report on the validation process and workshop. Proceeding of the workshop is in section 4.4(Appendix). The result of the validation workshop shows no significant deviation from the Model. Furthermore, the model has been certified for use, and is geared toward building and driving the EU-NDSP4 Agro mill implementation framework in the Region.

REPORT ON MODEL OF OPERATING AGRO-MILL MICRO PROJECTS

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CALABAR

APRIL, 2017
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The NDSP4 Publication series is an attempt to bring some of our key reports and consultancy reports to our stakeholders and a wider audience.

The overall objective of the Niger Delta Support Programme (NDSP) is to mitigate the conflict in the Niger Delta by addressing the main causes of the unrest and violence: bad governance, (youth) unemployment, poor delivery of basic services. A key focus of the programme will be to contribute to poverty alleviation through the development and support given to local community development initiatives.

The NDSP4 aims to support institutional reforms and capacity building, resulting in Local Government and State Authorities increasingly providing infrastructural services, income generating options, sustainable livelihoods development, gender equity and community empowerment. This will be achieved through offering models of transparency and participation as well as the involvement of Local Governments in funding Micro projects to enhance impact and sustainability. Specifically, over 800 community projects are expected be implemented as part of the EU support to community development in the Niger Delta.

By the end of September 2018, some 337 out of the 800 micro-projects had been completed and accepted.

In addition, under the NDSP4 Service Contract, 762 uncompleted projects were taken up under an addendum to the contract and successfully completed 734 by the end of 2017; the remaining 28 were carried over to NDSP4 Works contract-2.

Kingsley Fossu
Team Leader – NDSP4
1.1 BACKGROUND OF THE NIGER DELTA SUPPORT PROGRAMME

The primary objective of the Niger Delta Support Programme (NDSP) is to mitigate conflict in the region by addressing the main causes of unrest and violence: bad governance, (youth) unemployment, poor delivery of basic services and a host of other issues. Specifically, the programme seeks to activate poverty alleviation by supporting community development initiatives at the grassroots level.

Thus, the purpose of NDSP Component 4 as embedded in this Technical Assistance Project is to support local communities’ development initiatives, conflict resolution and poverty alleviation. This engagement will support institutional reforms and capacity building, resulting in Local Government (LGAs) and State Authorities increasingly providing infrastructural services, income generating options, sustainable livelihoods development, gender equity and community empowerment. This will be achieved through offering models of transparency and participation as well as the involvement of Local Governments in funding Micro projects to enhance impact and sustainability. Specifically, over 800 community projects are to be implemented as part of the EU support to community development in the Niger Delta until the end of 2017.

The Project [Service Contract FED/2013/330-931] consists of six (6) Components, as follows—per Consultant’s approach in the submitted Technical Proposal:

Component 1: Building and Driving Implementation Framework
Component 2: Preparing and Developing the Project Pipeline
Component 3: Supervising & Delivery of Micro-projects
Component 4: Training & Capacity Building
Component 5: Visibility and Awareness-raising
Component 6: Project Management

1.1 SCOPE OF THE ASSIGNMENT

The general purpose of this assignment is to suggest a model in terms of management of agro-based micro projects using case studies from past similar projects in Cross River, Akwa Ibom and Abia States.
The assignment is to specifically carry out the under listed activities:

Activity 1   Review of agro-based income generating projects selected from the focal States, noting their current mode of operation (management) and challenges encountered in operating and managing the projects.
Activity 2   Review from literature models in other places/countries
Activity 3   Provide working/workable models of operating these income-generating micro projects.
Activity 4   Present findings in a stakeholders’ workshop
Activity 5   Provide guidance for sustainability of the models.

APPROACH
The study was conducted in three States of the Niger Delta region, namely: Akwa Ibom, Cross River, and Abia States. The list of completed projects under the Micro Project Programme in the Nine Niger Delta State (MPP9) European Union funded programme was used to select the sample for the study. Ten (10) out of the twenty seven (27) agrobased income generating micro projects executed in Akwa Ibom, Cross River and Abia states were selected using simple random sampling and visited for the purpose of the study. The sampling procedure also ensured the proper inclusion of the different types of agrobased projects such as Cassava mills and Oil palm mills. Further, Project coordinators of some selected donor Projects were also selected as respondents for this assignment.
Table 1. Selected sites in three States

<table>
<thead>
<tr>
<th>S/N</th>
<th>Location LGA</th>
<th>Community</th>
<th>Project Type</th>
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<tbody>
<tr>
<td></td>
<td>ABIA STATE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Umunneeochi LGA</td>
<td>MbeziUmuigwe, MbalaIsuochi</td>
<td>Cassava Mill</td>
</tr>
<tr>
<td>2</td>
<td>Bende</td>
<td>AmankwoUzuakoli</td>
<td>Cassava mill</td>
</tr>
<tr>
<td>3</td>
<td>Bende</td>
<td>AmaukwuAlayi</td>
<td>Oil palm processing</td>
</tr>
<tr>
<td>4</td>
<td>Umuahia North</td>
<td>IhiteUdeOfeme, Ohuhu</td>
<td>Oil palm processing</td>
</tr>
<tr>
<td>5</td>
<td>Umuahia South</td>
<td>Ofeyiamatoumuopara</td>
<td>Oil palm processing</td>
</tr>
<tr>
<td></td>
<td>AKWA IBOM STATE</td>
<td></td>
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<tr>
<td>1</td>
<td>Essien Udim</td>
<td>IkpeUdok</td>
<td>Oil palm processing</td>
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<tr>
<td>2</td>
<td>Nsit Ibom</td>
<td>Ikot EbreMbiaso</td>
<td>Oil palm processing</td>
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<tr>
<td>3</td>
<td>Itu</td>
<td>East Itam2</td>
<td>Cassava</td>
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<td>CROSS RIVER STATE</td>
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<tr>
<td>1</td>
<td>Biase</td>
<td>Adim</td>
<td>Cassava mill</td>
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<td>2</td>
<td>Biase</td>
<td>Edu</td>
<td>Cassava mill</td>
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<tr>
<td></td>
<td>Total Number of projects</td>
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DATA COLLECTION AND ANALYSIS

The Primary data used for the study were collected through key informant interviews, focus group discussion and observation method using interview guides. Most of the discussions were held at the micro project sites with either Community Heads, Project Implementation Committee (PIC) members or Youth and Women leaders and Project coordinators of CADP, CSDP and Fadama III in Cross River State. Issues of discussion included: management methods in related projects, current management systems in MPP9 projects, reasons for choice/change in management method, staff structure, payment of wages/salaries, and method of appointments/elections to management committees, benefit and repairs sharing, record keeping, training received and challenges in management. Data collected was in the main qualitative. They were analysed and presented in percentages and charts where necessary.
CURRENT STATUS OF AGROBASED INCOME GENERATING PROJECTS

Although only three (3) representing 30% out of the ten (10) agro based micro projects visited were in use as at the time of our visit, all the communities have a management method they currently or intend to apply. Their choice of method is predicated on past experience in managing other community owned resources and projects. However, problems of formal handing over of project to the community by the donor representative (including a test run exercise) and faulty/ substandard equipment were among the major reasons for the non-use of the projects.

FINDINGS AND DISCUSSIONS

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<tr>
<td>1</td>
<td>Umunneoochi</td>
<td>MbeziUmuigwe, Mbalalsuochi</td>
<td>Cassava Mill</td>
<td>In use</td>
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<tr>
<td>2</td>
<td>Bende</td>
<td>AmankwoUzuakoli</td>
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<td>In use</td>
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<td>Oil palm processing</td>
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<td>4</td>
<td>Umuahia North</td>
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**ABIA STATE**

**AKWA IBOM STATE**

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<td>Itu</td>
<td>East Itam2</td>
<td>Cassava</td>
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**CROSS RIVER STATE**

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<tr>
<td>1</td>
<td>Biase</td>
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<td>Not in use</td>
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<tr>
<td>2</td>
<td>Biase</td>
<td>Edu</td>
<td>Cassava mill</td>
<td>Not in use</td>
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**Total Number of projects 10**
COMMUNITY BASED MANAGEMENT:
This system involves the direct control of the micro project by the community using a gender sensitive project management committee either appointed by the village council or democratically elected by the community. A 4-5 member committee is common with a 70%/30% male/female composition. The committee is constituted to serve for a 2-3 years term, renewable based on performance. Some communities visited have in place the Project Implementation Committee (PIC) appointed by community members through a democratic procedure guided by the MPP9 project team. This committee has been empowered by their community to oversee the running of the project. Few communities that did not have PICs have also appointed through their village leaders, members to function as project management committee. In East Itam, Itu LGA, the cassava processing mill is managed by the women association in the community. The community seems to be in favour of women empowerment and sustainable rural development (women constitute the majority of cassava farmers in the area). However, the day to day mill operations were also directly handled by women who were largely; unskilled and this has led to a breakdown of the mill. The important lesson learnt here is that capable and skilled operators should always be engaged to ensure longevity and proper maintenance of equipment. Furthermore, the roles and responsibilities of the man-
agement committee include supervision of the activities at the mills, monitoring daily the revenue and cost records, reporting to the village council issues relating to the running of the mill e.g repairs, cost and returns and collecting daily or weekly revenues as well as remitting according to agreed terms.

**ORGANISATIONAL STRUCTURE**
The committee hires a mill operator who reports daily/weekly and makes returns to them on agreed terms. The committee then reports to the Village Council. Other workers in the mill include a recorder/account clerk and a watchman. Fifty percent (50%) of the communities prefer the use of community vigilante groups to offer security as part of their contribution to the sustenance of the mill.

**SHARE OF BENEFITS AND HANDLING REPAIRS:**
The various communities visited have similar approach to the sharing of benefits accruing from the mill. Benefits are shared in kind or in cash to all parties involved. In both cases, daily benefits will be divided equally into three portions, to be paid into the community development account, mill repairs account and the third used to settle the wages and salaries of workers. Payment in kind is common in the operations of oil processing mills. Users of the mills do not pay cash but give an agreed percentage of oil to the mill owners. This is sold by the mill operator and the benefits are shared in three portions as discussed on cash payment. Repairs will be carried out by engaging the services of qualified technicians and paid through the benefits saved for maintenance and depreciation. Also, the committee does not earn any remuneration for their services; however occasional bonuses will be given to them as agreed by the Village Council.
MERITS OF THE COMMUNITY BASED MANAGEMENT SYSTEM
Respondents identified two (2) major benefits of the community-based management system. They are:

- This approach creates room for every member of the community to be directly involved in running the project.

- The management committee has a tenured appointment which implies that over time many members of the community will have the opportunity to serve on the committee, and to manage the mill, thereby developing their capacity in business management.

CHALLENGES IN COMMUNITY BASED MANAGEMENT SYSTEM
Two major challenges were classified:

- There is a tendency for community appointed committee to see the project as an ‘everybody and nobody’s project’ hence little or no commitment to supervisory role. This was experienced in Umunneochi where the committee had to be dissolved and the project leased out.

- Issues of raising initial start up capital and running cost fund may delay the start up and functioning of the mill at its maximum capacity.

LEASE METHOD
Some communities reported to have had unpleasant experience using the community-based management system and, therefore have opted for the Lease approach. This is based on formal agreements between the community and the leaser. From discussions with communities, Three types of lease arrangements identified by members of such communities are:

1. Lease of mill to any capable indigene of the community.
2. Outright lease to any bidder from within and outside the community (indigenes and non-indigenes) and
3. Lease to community members on the basis of families within the community (Communities are made up of known family classifications and/or wards).

Approach:
The facility is leased out on a rotatory basis to this known family classifications or wards. This,
they say gives opportunity for every family in the community to have a fair share on the management of community owned project and also generate income for themselves.

The lease has terms and conditions specified in a written agreement signed by both parties. The lessee is also given a probationary period to test the effectiveness of the facility before entering into a written agreement with the community. One-year renewable lease arrangements are agreeable in the communities using this method. Three out of the ten communities visited opted for the lease method of management. Most lessees have adequate knowledge of the operations of the equipment and act as Managers/Operators. They employ a cashier and a security man. The duties of the lessee include managing the mill and rendering account as well as carrying out repairs and maintenance in line with contract terms.

ORGANISATIONAL STRUCTURE:
The lessee relates directly with the village council. Meetings are held with the lessee following the terms of agreement between both parties.

SHARE OF BENEFITS AND HANDLING REPAIRS:
Method and forms of benefit sharing are agreed on and documented in the lease agreement. The document also specifies who will be responsible (community or lessee) for what type of repairs (major or minor repairs). As at the time of visit to the community, the lessees were still in their probationary period of use and were yet to enter into any form of written agreement with the communities (the lessors).

MERITS OF LEASE METHOD:
The major ones are:
- The community is sure of having its benefit once the lease terms are kept.
- It is also a means of job creation for members of the community.
- It brings about more efficient use of the facility.

CHALLENGES OF LEASE METHOD:
Some of the challenges are:
- The mill might be handed over to the lessee in a poor working condition where the lessee will require a lot of probationary period to get the mill fixed and in good working condition.
The lessee might vandalise or over use the equipment if not properly monitored

**ISSUES ON RECORD KEEPING/ TRAINING ON MANAGEMENT**

- Record keeping is a very important aspect of business success that every business owner/manager should take into serious consideration. Communities whose mills were in operation claimed that (no records were seen by the NKE socio economist) they keep daily records of inflow and out flow to enable them render proper account and share benefits accurately.

- Another important aspect of management is training, as at the time of visit, only 10% of the sampled communities claimed to have received training on enterprise management before they commenced operations in the mill. The training was given under the MPP9 programme.

**WORKABLE MODELS OF OPERATION OF AGROBASED INCOME GENERATING PROJECTS.**

Review of literatures from intervention programmes in Nigeria such as IFAD, CSDP, CADP and FADAMA shows that diverse approaches have been used to enable communities co-own and manage income generating projects like market stalls, water projects and processing mills. Available literatures from other countries including India, Japan, Ethiopia, Kenya and Tanzania particularly on the management of community forests and project interventions also show that micro project management is not a ‘one cap fits all model’.

Various communities and localities have over time evolved from the use of one management system to another. This is also supported by the visits to the agrobased income generating projects constructed under the MPP9 European Union Funded Programme. The study identifies and discusses three possible options for operating agrobased income generating micro projects.

These are:

I. Lease management option
II. Partnership management
III. Community based management
**OPTION 1: LEASE MANAGEMENT**

A lease management allows the community to give out the mill to qualified and capable operator for an agreed period and on agreed terms of payment. The community therefore becomes the lessor while the manager is called the lessee.

In this approach, there has to be a written agreement which lays out details and terms between the parties to the lease. The lessor (community) remains the legal owner of the mill.

**ROLES AND RESPONSIBILITIES OF THE LESSOR (COMMUNITY):**
- The community is bound to hand over the mill to the lessee in good working condition.
- It should reimburse the lessee for any necessary and reasonable expense agreed on and incurred by the lessee for the preservation of the mill. (The lessee will be in charge of expenses made for petty repairs of the mill).

**ROLES AND RESPONSIBILITIES OF THE LESSEE:**
- The mill lessee is bound to pay as at when due on financial obligations agreed in the contract of lease.
- He/she can only use the mill according to what is provided in the lease contract and the usual and ordinary purpose stated therein.
- The lessee is bound to take as much care of the mill as a person of ordinary prudence would take care of his own property, and to do ordinary maintenance and petty repairs thereof, as such need arises.
- The lessee is bound to allow the lessor or his agent(s) to inspect the mill at a reasonable time.
- He/she must not make alterations or addition to the leased property without the written or documented consent of the lessor Community.
- The lessee is obligated to follow all terms and conditions of the lease to the letter, or else the lease is said to be ‘broken’ and the property is returned to the lessor.
- The lessee should pay a non-refundable cautionary fee as a safe guard incase of default in agreement terms.
ORGANIZATIONAL STRUCTURE:

Fig.3: Organogram for Lease management system

SHARES OF RETURNS AND HANDLING REPAIRS:
The conditions, methods and forms of benefit sharing should be clearly stated in the lease agreement. It is best to use terms agreeable to both parties. Payment could be in kind, that is remitting a percentage of processed products back to the mill. This allows the lessee to make sales and pay his remittances to the community. It can also be on cash basis. It is important to mention that no matter the method of remittance agreed, a certain percentage must be set aside to cater for the regular or routine maintenance of the equipment. Additionally, the type of repairs and the party (lessor or lessee) to be responsible for such should also be clearly stated.

BENEFITS OF THE LEASE METHOD TO THE LESSOR AND THE LESSEE
- The mill will be run in a more business-oriented manner to enable the lessee meet up the terms of agreement and make profit for himself.
- The lessee can diversify into other aspects of the crop (oil palm or cassava) value chain by buying and processing and selling own products as well as processing for community members. This will lead to maximal utilization of processing facilities.
- The community is guaranteed of its pay.
On the other hand, the obvious benefit for the lessee is the use of the lessor’s property for the full term of the lease agreement. This has is a sure means of job creation for the otherwise unemployed persons in the society.

POSSIBLE CHALLENGES OF OPERATING A LEASE SYSTEM

- There could be a problem of mismanagement and poor maintenance of the facilities by a lessee who knows that he/she has just a short tenure of use of the facility and this could lead to a total system breakdown.
- Over utilization of facilities is also possible
- There is also the likelihood of vandalism especially where the lessee is unable to closely monitor or supervise other operators.

OPTION 2: PARTNERSHIP MANAGEMENT

Agro based interventions at all levels (micro or macro) should be viewed as business rather than just a free service. The mill should therefore operate two lines of activities: 1. Buying and processing products for sale 2. Processing individual community members’ products at a fee. Hence a partnership management approach is possible.

Partnerships are formed when two or more persons own or operate a business jointly. Each person in the business is a partner but not necessarily on equal basis. Together they pool their resources, share in the decision-making process and collectively bear their losses.

A limited partnership management is a workable model for operating the mills. This will involve the community on one hand and a financially capable partner (limited partner) on the other hand. The limited partner will invest in the mills on agreed terms and receive his/her payments accordingly. He/she will also be expected to offer advisory and technical skills for the smooth running of the mill, while the community will appoint and a supervisory committee to monitor the daily activities of the mill. A partnership agreement that specifies the responsibilities, profit and loss distribution of each partner (Community and financier) as well as other rules is required.

ROLES AND RESPONSIBILITIES OF THE LIMITED PARTNER

The limited partner invests in the mill either by providing the initial start-up capital or by...
supplying materials for the mill, and also offers advisory and technical skills for the smooth running of the mill.

**ROLES/RESPONSIBILITIES OF THE MANAGEMENT COMMITTEE**

I. Plans and coordinates with the limited partner to ensure that the mill runs smoothly.

II. Carries out daily supervision of activities at the mill

III. Checks daily revenue and cost records

IV. Reports to the village council issues relating to the running of the mill e.g repairs, cost and returns and remit benefits as appropriate

**ORGANISATIONAL STRUCTURE**

![Organogram for partnership management system](image)

**SHARE OF RETURNS AND HANDLING REPAIRS:**

A limited partner should have his share of financial benefits based on the turnover on the amount invested in the business. Both partners (community and the individual or group) will have to agree on the mode of payment and ensure that a portion of the returns is saved for depreciation and replacement of facilities.
BENEFITS of Partnership:
- The method brings in the combination of capital, skills and experience that will make for business success.
- It also makes easier the issue of maintenance as all parties are involved in doing that.

CHALLENGES OF PARTNERSHIP
- The lack of mutual trust may ruin the business.
- Where partners fail to keep to their terms of agreement, the entire business collapse.

OPTION 3: COMMUNITY BASED MANAGEMENT:
This involves a direct control of the micro project by the community using a gender friendly project management committee either appointed by the village council or democratically elected by the community. A 4-5 man committee is common with a 70/30% male/female composition. The committee is constituted to serve for a 2-3years term, renewable based on performance. The committee should have the following a chairman, vice chairman, secretary, treasurer and financial secretary.

ROLES/RESPONSIBILITIES OF THE COMMITTEE
i). Daily supervision of activities at the mill
ii). Ensure that sanitary conditions are maintained
iii). Check daily revenue and cost records
iv) Report to the village council issues relating to the running of the mill e.g repairs, cost and returns.
iv). Collect daily or weekly returns and pay same to the community account on agreed terms.

ORGANISATIONAL STRUCTURE
Every community has its hierarchical line of authority unique to itself. The committee (appointed or elected) hires a mill operator who reports daily/weekly and makes returns to them on agreed terms. The committee then reports to the village council. Other workers in the mill include a recorder/account clerk and a watchman.
SHARE OF BENEFITS AND HANDLING REPAIRS

Benefits can be shared in cash or in-kind basis, depending on what is already existing in the communities. It is very important however, to have savings for depreciation and maintenance of assets. The various communities visited have approaches working well for them and there might be no need to reinvent the wheel. Benefits must be shared to cover Cost of maintenance, Salaries and Wages and Savings for Community Development. Also, the committee will not earn any remuneration for their services, however occasional bonuses will be given to them as agreed by the village council. It is important to adequately inform committee members about their rights and privileges from the onset in order to avoid abuse and misuse of mill facilities.

BENEFITS OF THE COMMUNITY BASED MANAGEMENT SYSTEM

- Ensures community participation and involvement in decision making at all stages of the project management.

- The management committee has a tenured appointment which implies that over time
many members of the community will have the opportunity to manage the mill, thereby developing their capacity in business management

CHALLENGES IN COMMUNITY BASED MANAGEMENT SYSTEM

- Lack of commitment to management.
- Lack of team spirit within the committee can lead to communication problems which may result in breakdown of activities in the mill.
- Misappropriation of funds by committee member(s)
- Issues of raising initial start up capital and running cost fund may delay the start up and functioning of the mill at its maximum capacity.

GUIDANCE FOR SUSTAINABILITY OF THE MODELS

- Many factors (cultural, social and economic) could stall the operations of any of the already discussed model of operating agro based income generating micro projects. However, these can be minimised through effective and efficient communication among all members and through transparency and openness in dealings.
- It is important to provide training on management operations to communities before handing over the micro project to them. Communities require training in the areas:
  1. Team building/Group dynamics.
  2. Conflict resolution
  3. Business cycle management
  4. Book/record keeping. Good Book Keeping practices will help them evaluate the performance of the mill within a given period of time; take management decisions, acquire credit where needed and plan for the business future.
- It is also necessary to include a technician or specialised skill worker in the project management team so that problems can be detected and tackled on time.
- Standard procedures and documentations should be put in place and followed especially in the selection of lessee.
REFERENCES


LIST OF INTERVIEWEES

Mr. Chukwunyere Orika (08120098402)
Mr. Emmanuel Bernard (08078829043)
Mr. Ikemba Chimaroke (08125453523)
Chief Okon A. Udoh (08064288739)
Hon John Etim (08026884494)
Chief Friday Umoh (07069507865)
Akpan Sylvester (07061614316)
Emmanuel Asuquo (08066014624)
Henry P. Jacob (08060199933)
Edet Paul (08060442145)
Bassey Uwem
Mr. Eseme A. Udoakan (08035843466)
Nsitie A. Etok (07033001083)
Nse-ebongUdom (08063191061)
Awkamlnwek (08063600732)
InilniUdoekong, (08035458667)
Evans Etiroe B 0709864190
Mts. Nkoyo Bassey
Mr. ImeEyibio 07010310987
Mr. ImeEyibio 07010310987
Mrs. Rose Okon
EffiowanOkon
Mr. Victor Ovat
Mr. Bassey Elemi
Mr. DuckhamAma

INTERVIEW GUIDE

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1. NAME OF AGROBASED INCOME GENERATING MICRO PROJECT:

2. COMMUNITY:

3. LGA:

4. STATE:

5. STAFF STRUCTURE

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<td>Number of Males</td>
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7. Average monthly salary paid (permanent staff):

8. Average wage rate (part time staff):

A. CURRENT MANAGEMENT STATUS:

9. How is your micro project managed? (choose as appropriate)
   a. Community managed
   b. Leased out
   c. Joint (community and lease)
   d. Any other (specify and discuss)

10. For how long have you applied this management style?

11. If there has been a change in style of management, what is (are) the reasons for the change(s)? If community managed, is there an appointed or elected board: Yes/No

12. Who constitutes the board (how is appointment/election conducted?)

13. Is there a specified tenure of management? Yes or no

14. How many board members?

15. What are the positions in the board?

16. If leased out, for how long?

17. What are the terms of lease?

18. How is a lease selected?

19. Is there a technical staff within the management board/committee?
20. If both lease and community management method is used, what are the terms?
21. How is profit shared?
22. How are losses managed?
23. Who bears the repairs in each of the management systems mentioned in question 8?

B. RECORD KEEPING:
24. Does the management keep records? Yes? No
25. What type of records (types)?

C. TRAINING ON MANAGEMENT OF MICRO PROJECT
26. Have you received any training on operating such project?
27. Who sponsored the training?

D. CHALLENGES/RECOMMENDATIONS
28. What are the challenges you face using your current system of Management?
29. What can you recommend to improve or change existing modes of operation?
REPORT ON
MODEL VALIDATION

A Report on the proceedings of NDSP4 Validation workshop on:
MODELS OF OPERATING INCOME GENERATING MICRO PROJECTS
CONTENTS

1.0 Introduction
2.0 Opening remark by Mr. Kingsley Fossu, Team Leader (NDSP4 TAT)
3.0 Presentation of outcome from study on Income generating Options by Dr. Susan Ohen (Socio-economic expert, EU-NDSP4 TAT)
4.0 Insights generated from group discussions of community representatives
5.0 Insights generated group discussions of community representatives
6.0 Responses by Mr. Kingsley Fossu, Team Leader (EU-NDSP4 TAT)
7.0 Response by Dr. Susan Oden
8.0 Closing remarks by Mr. Gabriel Ikpe

Appendices
Appendix A – Attendance List
Appendix B – Agenda

Venue
Abia Hotels, Umuahia, Abia state.

Attendance
In attendance were:
State desk officers (EU-NDSP4)
Abia State – Mr Victor Ogbuehi, Abia State Planning Commission
Akwa Ibom State - Mr Ejim Bassey,
Cross River State – Mrs Vivian Odu,
Imo State – Mr George Amaihe,
Rivers State – Mr Ikpe Gabriel, Ministry of Budget and Economic Planning, Rivers State
Community representatives ** duly involved in management of previous EU – Niger Delta projects (MPP6, MPP9). Participants registered and attended the meeting. XE

TAT Team
Technical Assistance Team comprising Mr Kingsley Fossu (Team Leader/KE1, TAT), Engr. Nathaniel Nwakpuda (NKE Abia), Engr. Evans Ohaji (RIE, Imo), Engr. Stephen Adie (RIE, Akwaibom) Engr. Samuel Obot (RIE, Cross River), Engr. Kelechi Madumere (RIE Abia), Engr. Ikechukwu Uzoho (RIE, Rivers), Mr. Henry Akinsulire (ACO), Uzoho Ikechukwu (RIE, Rivers State), Mr Gerald Imo (PA, Abia IFO), Dr. Susan Ohen (Socio-economic expert)
1. **Introduction:**
The EU-NDSP4 programme is a continuation of the MPP9, MPP6 Micro projects delivered to communities include: lock-up stores, open markets, palm oil mill, cassava mill, civic canters, health centre, educational block and the water bore hole.

2. **Opening remark by Mr. Kingsley Fossu, Team Leader (NDSP4 TAT):**
The Team Leader stated that the workshop was about validating income generating micro-projects. EU-NDSP4 micro projects are a continuation of the just concluded EU-MPP9 Niger Delta development programme. He stated further that some of the facilities such as market stalls, agro-processing mills were meant for the communities to run sustain and build upon those in production while some facilities like health centres are meant for the Local Governments and State Governments to run.

He said further that EU-NDSP4 TAT consulted a socio-economic expert to carry out a study and report back on the best model to sustainably manage the facilities being provided to the benefit of everyone in the community. The socio-economic expert, he said had gone around and come up with some analysis, and that, for a deeper insight it was required that the community representatives present had had an informal discussion session among themselves and had come up with insights, suggestions, provocations etc; based on the achievements and failures of the various management systems facilities previously provided to their communities (EU-MPP9, EU-MPP6, etc)

3. **Presentation of outcome from study on Income generating Options by Dr. Susan Ohen (Socio-economic expert):**

4. **Dr Susan Ohen made a PowerPoint presentation on the outcome of study on models of operating income generating micro-projects. Highpoints of her presentation are given below:**
Scope of the assignment/study approach

• The general purpose of the assignment was to suggest a model in terms of management of agro-based micro projects using case studies from past similar projects in Cross River, Akwa Ibom and Abia State.
• Desk Review of similar projects implemented and managed within and outside Nigeria
• Visits and discussions with communities that benefitted from IGP under MPP9.
• Discussions with implementers of CSDP, CADP & FADAMA World Bank Projects.
• Field visits:
  • Communities in three (3) States namely: Akwa Ibom, Cross River, and Abia States were visited.
  • Using purposive sampling, ten(10) out of the twenty seven(27) agro-based income generating micro projects constructed in Akwa Ibom, Cross River and Abia under the EU-MPP9 Project were selected using simple random sampling.
• Agro-based projects included Cassava mills and Oil palm mills.

Current management systems:

• 30% community based
• 70% lease based

Community based management

• Direct control of the micro project by the community using a gender sensitive project management committee either appointed by the village council or democratically elected by the community.
• A 4-5member committee is common with a 70%/30% male/female composition (commonly PICs).
• The committee is constituted to serve for a 2-3years term renewable based on performance.
• Committee oversees the running of the project. Few communities that did not have PICs have also appointed through their village leaders, members to function as project management committee.
• The committee hires a mill operator who reports daily/weekly and makes returns to them on agreed terms. The committee then reports to the village council. Other workers in the mill include a recorder/account clerk and a watchman.
• In one of the communities visited women were in control of the day to day running of
the mill.

3 Lease methods:

Three types of lease arrangements are common:

1. Lease of mill to any capable indigene of the community.
2. Outright lease to any bidder from within and outside the community (indigenes and non-indigenes) and

3. Lease to community members on the basis of families within the community (Communities are made up of known family classifications and/or wards).

The lessee interfaces directly with the village council. Meetings are held with the lessee following the terms of agreement between both parties.

As at the time of field visits, the lessees were still in their probationary period of use and were yet to enter into any form of written agreement with the communities.

Workable models

- Lease management
- Partnerships
- Community based management

Option 1: Lease Management

- The lease approach is based on formal agreements between the community and the lessee.
- A lease management allows the community to give out the mill to qualified and capable operator for an agreed period and on agreed terms of payment.
- There has to be a formal written agreement which lays out details and terms between the parties involved in the lease.
- The lessor (community) remains the legal owner of the mill.
- Roles and responsibilities of the lessor (community):
  - The community is bound to hand over the mill to the lessee in good working condition.
  - They should reimburse the lessee for any necessary and reasonable expense agreed on and incurred by the lessee for the preservation of the mill. (The lessee will be in charge of expenses made for petty repairs of the mill).
Roles and responsibilities of the Lessee

- The mill lessee is bound to pay as at when due on financial obligations agreed in the contract of lease.
- He/she can only use the mill according to the provisions of the lease contract.
- The lessee is bound to take as much care of the mill as a person of ordinary prudence would take care of his own property, and to do ordinary maintenance and petty repairs thereof.
- The lessee is bound to allow the lessor or his agent(s) to inspect the mill at a reasonable time.
- He/she must not make alterations or addition to the leased property without the written consent of the lessor (Community).
- The lessee is obligated to follow all terms and conditions of the lease to the letter, or else the lease is said to be ‘broken’ and the property is returned to the lessor. The lessee should pay a non-refundable cautionary fee as a safe guard in case of default in agreement terms.

Share of Returns and Handling Repairs

- Use payment terms agreeable to both parties. (in kind or cash with agreeable percentages.
- However, the method of remittance chosen notwithstanding, a certain percentage must be set aside to cater for the regular and routine maintenance of equipment.
- Further, the type of repairs and the party (community or lessee) responsible should be clearly stated.

Merits of the Lease Method

- The mill will be operated effectively and efficiently as a business (to enable the lessee meet up the terms of agreement and make profit for himself).
- The lessee can diversify into other sectors of the crop (oil palm or cassava) value chain e.g buying, processing and selling own products as well as processing for community members. This will lead to maximal utilization of processing facilities.
- The community is guaranteed of its pay.
- Platform for job creation for the unemployed persons in the respective Commitee.
- Possible challenges of operating a lease system
• There could be a problem of mismanagement and maintenance of the facilities by a lessee who knows that he/she has just a short tenure of use of the facility and this could lead to a total system breakdown.
• There is the danger of utilization of facilities which could lead to damage or destruction.

**Option 2: Partnership management**

• Partnerships are formed when two or more persons own or operate a business jointly. Each person in the business is a partner but not necessarily on equal basis.
• A limited partnership management is a workable model for operating the mills. (the community and a financially capable partner). The limited partner will invest in the mills on agreed terms and receive his/her payments accordingly.
• Agro based interventions at all levels (micro or macro) should be viewed as business rather than just a free service.
• The mill should operate two lines of activities: 1. Buying and processing products for sales 2. Processing individual community members’ products at a fee. Hence a partnership management approach is possible.

**Roles and Responsibilities**

**Limited Partner**

• He/she invests in the mill by providing the initial start-up capital or materials for the mill.
• Offers advisory and technical skills for the smooth running of the mill
• Community/Management Committee
• Plans and coordinates with the limited partner to ensure that the mill runs smoothly.
• Ensure daily supervision of activities at the mill
• Checks daily revenue and cost records
• Reports to the village council issues relating to the running of the mill e.g repairs, cost and returns and remit benefits as appropriate.

**Share of returns and handling repairs:**

• A limited partner should have his share of financial benefits based on the turnover on the amount invested in the business.
• Both partners (community and an individual or group) will have to agree on mode of payment and ensure that a portion of the returns is saved for depreciation and replacement of facilities.
Merits of Partnership

• The method brings in the combination of capital, skills and experience that will make for business success.

Challenges of Partnership

• High degree of mutual trust is required.
• The partners may not keep to their terms of agreement.

Option 3: Community Based Management

• This involves a direct control of the micro project by the community using a gender friendly project management committee either appointed by the village council or democratically elected by the community.
• A 4-5 man committee with a 2-3years, renewable tenure can be used.
• The committee should be composed of a chairman, vice chairman, secretary, treasurer and financial secretary

Roles/Responsibilities of the committee

• Daily supervision of activities at the mill
• Ensures that sanitary conditions are maintained
• Checks daily revenue and cost records
• Reports to the village council issues relating to the running of the mill e.g repairs, cost and returns.
• Collects daily or weekly returns and pay same to the community account on agreed terms.

Share of Returns and Handling Repairs

• Returns can be shared in cash or in kind basis (between mill operator and community).
• This must be shared to cover cost of maintenance, salaries and wages and savings for community development.
• Committee can earn bonuses but should not be paid salaries.
• Rights and privileges of committee members should be clearly spelt out from the on-
set to avoid abuse and misuse of mill facilities.

**Merits of the Community Based Management System:**
- Ensures community participation and involvement in decision making at all stages of the project management.
- The management committee has a tenured appointment which implies that over time many members of the community will have the opportunity to manage the mill thereby developing their capacity in business management.

**For Sustainability of the Models:**
- Many factors (cultural, social and economic) could stall the operations of the models discussed. However, to minimise this, effective and efficient communication among all members is essential.
- There is need for openness in dealings.
- It is important that technician or specialised skill worker is part of project management team.
- Standard procedures and documentations should be followed especially in the selection of lessee.

On the side of donor:
Provision for training on management operations for communities (before project hand over and at least within the first year of project utilisation) on team building/group dynamics, conflict resolution, business cycle management and book/record keeping.

5. **Insights generated from group discussions of community representatives:**
The participants were grouped into two subgroups (Group A and Group B) and were asked to discuss elaborately on 1. Additions to and/or omissions from the models suggested in the presentation 2. Identify benefits of the models and choose the most applicable model that can be adopted by their communities.

They were also asked to appoint a representative for each group to present the notes from their discussion during the plenary session. From their insights, they were to come up with suggestions on the best management models for facilities (micro projects) provided to them.
by the EU. He had stated that the EU representative always wanted to find out if these facilities provided to communities achieve the desired impacts.

After group discussions, presentations were made by the appointed representative of each group.

Group A: Consisted of 16 participants. 10 persons chose community-based management, 4 persons chose the lease method whilst 2 persons were undecided. Mr Peter* from Imo State stated that community-based management system is the best because the facilities are based in the communities and for community members. He suggested a management system whereby every family unit in the community is given an opportunity to run the facility following a rotational schedule. [See table 5.1]

Group B: Consisted of 17 participants. 10 persons chose the lease hold method, 4 persons chose the community-based method, 1 person chose the partnership method whilst 2 were undecided. Mr Francis Ejim stated that the community is a lower level of government, however the community management system is gender domineering. He said that lease management is best because one person is easier to manage than a group of persons. However the lease management system must be with proper documentation and agreement.

[See table 5.1]

<table>
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<th>Group</th>
<th>Lease Hold Method</th>
<th>Community based Method</th>
<th>Partnership Method</th>
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<td>14</td>
<td>1</td>
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Some members in group B proposed an outright sale of the facility, suggesting that the money made from this should be used for another benefit.

Some members also suggested that the EU should engage groups in the local government to take care of capacity building, dispute settlement and other related matters.

6. **Response by Mr. Kingsley Fossu, Team Leader (EU-NDSP4 TAT):**

Mr. Kingsley Fossu said that there was no “one-side-fit-all” model of management suitable for all communities. He stated that the purpose for workshop and validation was to enable the Local Government, State and Higher Authorities to organize themselves better in planning for future projects. The exercise, he said should also be seen as demonstration to identify which management approach would be a suitable to be adopted in delivering development projects. He assured the community representatives that their opinions would be delivered to relevant authorities.

7. **Response by Dr. Susan Oden:**

Dr. Susan in her concluding speech said that presentations from the two groups showed that the participants agreed with the findings of the study. She emphasized the fact that there was never a “one-cap-fit-all” model because, over time the model perceived as the best would change as a result of the changing preferences of people.

The bottom line prevalent in all three models she added, was that they are all community management approaches and that each could be adopted as the need demanded.

She added:

- The model whereby a committee is managing, the community still oversees the committee.
- The model whereby the facility is contracted out to a manager, the community still supervises the manager.
- The model that is by partnership, there is still supervision from the community.

In her view therefore all three models would ensure capacity development for everyone in-
volved in the chain. She however emphasized that the shorter the chain is in management of small projects like these; the better the outcome for the core owner.

If the facility could be successfully managed directly by the communities, the chain would likely be shorter, but if this doesn't work in a community and there is the need for third party engagement, it might be shorter in the “short” sense, but everyone would benefit, and this would allow community development.

She however asked for a documented write up from the two groups so she could add to her the findings from her study. This would help to produce a final validated study and workshop.

8. Closing remark by Mr. Gabriel Ikpe
EU funded project: Technical Assistance for Component 4 of Niger Delta Support Programme in the nine Niger Delta States

EuropeAid/132928/D/SER/NG

ToR Requirement for Senior Short/Medium Term Experts (NKEs)

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<td>Period</td>
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1. **Background**

The objective of the Niger Delta Support Programme (NDSP) is to mitigate the conflict in the Niger Delta by addressing the main causes of the unrest and violence: bad governance, (youth) unemployment, poor delivery of basic services. Specifically the programme contributes to poverty alleviation through the development and support given to local community development initiatives.

The purpose of NDSP Component 4 and this Technical Assistance Project is to support local communities’ development initiatives and conflict alleviation. This engagement will support institutional reforms and capacity building, resulting in Local Government (LGAs) and State Authorities increasingly providing infrastructural services, income generating options, sustainable livelihoods development, gender equity and community empowerment. This will be achieved through offering models of transparency and participation as well as the involvement of Local Governments in funding Micro projects to enhance impact and sustainability.
Specifically over 800 community projects are to be implemented as part of the EU support to community development in the Niger Delta until the end of 2017.

The Project [Service Contract FED/2013/330-931] consists of six (6) Components, as follows – as per Consultant’s approach in the submitted Technical Proposal:
Component 1: Building and Driving Implementation Framework
Component 2: Preparing and Developing the Project Pipeline
Component 3: Supervising & Delivery of Micro-projects
Component 4: Training & Capacity Building
Component 5: Visibility and Awareness-raising
Component 6: Project Management

2. Scope of work / Activities
General purpose: To suggest a model in terms of management of agrobased micro projects using case studies from past similar projects in Cross River, Akwa Ibom and Abia State.
The following are the key activities expected to be carried out under this consultancy;
Activity 1   Review of agro based income generating projects selected from the focal States, noting their current mode of operation (management) and challenges encountered in operating and managing the projects.

Activity 2   Review from literature models in other places/countries
Activity 3   Provide working/workable models of operating these income generating micro projects.
Activity 4   Present findings in a findings in a stakeholders workshop
Activity 5   Provide guidance for sustainability of the models.

3. Description of project assignment / Expected Outputs
The assignment will examine and take note of all the income generating micro projects within the study States, review, assemble and group like projects together noting their existing modes of operations. It will implement a review or survey of the Income generating Micro projects constructed under MPP9 programme in the Niger Delta states that are being operated in at least three [3] or four [4] of the nine [9] Niger Delta States; addressing in general sense how these projects are presently being operated. There is also the need to examine the adequacy/inadequacy of the existing modes of operating these income generating schemes
and Identify issues or inconsistencies in their present modes of operation. Would produce working/workable models of operating the schemes to make them viable, gainful and sustaining. These various models would be duly test ran illustrating to the communities/TAT select group how the schemes should operate. The communities would, from this assignment be able to learn firsthand, how to gainfully and effectively operate income generating micro projects derived from a development programme as a model to operating any other such scheme acquired thereafter.

4. **Deliverables / Milestones**

The expert would under the guidance of the NDSP 4 programme Team Leader be expected to visit at least three to four States out of the overall Nine States to carry out the prescribed assignment in a manner discussed and agreed with the TAT to include but not limited to

1. Report the findings from the States and the income generating micro projects visited. The report will also include key recommendations informing how existing modes, situation of culture/industry/other communities that run similar Micro projects would be integrated into the formulated model of operating the income generating micro project.
2. The 1st draft of the report will be prepared and presented to the TAT after field visiting of the projects.
3. A debriefing and presentation meeting will be organized for the expert to present and discuss the findings and recommendations with the TAT.

5. **Timeframe – Place of performance**

The assignment is expected to commence in November 2015 for a period of approximately fifteen (15) working days. A direct approach is envisaged, where the Socio-economist shall meet the TAT first for discussion before launching into the field and thereafter return to write his report for submission.

Place of performance would be either field work in the Selected States or base (report writing/planning) for the Socio-economist consultant and not exclusively field operation.

The Expert will maintain regular contact with the TL (TAT) and any other designate appointed by the TL for coordination of the assignment for the programme.

6. **Experts Profile**

- Dynamic professional with good knowledge and proven experience in development / institutional strengthening aspects as directed by the Project’s context;
- Ability to organize and prioritize workload as assignment covers 3 – 4 States with micro
projects located in and around the area and will require travelling to be able to deliver;
- Good knowledge of the Niger Delta region
- Excellent communication and diplomatic skills;
- Fluency in English;
- Fluency in local dialects will be considered as an asset.

7. Experts Qualifications

Socio-economist [1 expert]

Qualifications and Skills
- Candidates should possess a degree in Political/Social Sciences, Rural Governance, Development Studies, Forestry or Agriculture Economics or relevant/equivalent field;
- Holding an MSc shall be considered as an asset;
- Excellent verbal and written English language skills, as well as presentation skills;
- Strong organisation skills and ability to manage a potentially changing workflow.

General Experience
- 10 Years of relevant professional experience;
- 5 years’ experience in international development programmes.

Specific Professional Experience
- 5 years’ experience in rural/community governance projects;
- Experience in carrying out socio-economic baseline surveys including the setting up of baseline indicators;
- Experience in governance reform/institutional development at state and decentralised administration level shall be considered as an asset;
- Knowledge of Participatory Rural Appraisal (PRA) and participatory Learning and Action (PLA) or Rapid Rural Appraisal (RRA) or similar skills in community development shall be considered as an asset;
- Familiarity with EDF regulations and procedures shall be considered as an asset.

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<tr>
<th>S/N</th>
<th>TASK</th>
<th>Man days</th>
<th>Timing</th>
<th>Person responsible</th>
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<tbody>
<tr>
<td></td>
<td>Activity 1</td>
<td>Carry out a comprehensive enumeration of Income generating Micro projects in the study States.</td>
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