

Case Study

Nafa Naana – Burkina Faso

General considerations

This is a summary report of an assessment of an organization, based on the criteria of the Social Business Scorecard (SBS) developed by CERISE and its partners.¹ For more details on the SBS social audit tool, go to www.cerise-sb.org.

Presentation of Nafa Naana



- **Name:** Nafa Naana
- **Country:** Burkina Faso
- **Year operations began:** 2010
- **Sector:** Access to household energy
- **Activity:** Distribution of energy products through a network of small franchised microenterprises
- **Project initiator:** Entrepreneurs du Monde
- **Workforce:** 17
- **Status:** Simplified joint stock company starting in June 2015

The social business Nafa Naana (“the benefit has come”) was established at the initiative of the NGO Entrepreneurs du Monde. Nafa Naana gives Burkinabe families (especially the poorest) access to economic goods that improve living conditions and contribute to reduce massive deforestation: gas cookers, energy-efficient so-called improved cookstoves, solar lamps, and the like. The team relies on a network of franchised retailers that it created and on partnerships with associations, women’s groups, etc. It works to raise awareness within the populations, promote the products, and set up financial systems (savings, credit, payment by instalments) for every step along the production and distribution chain. By late 2014, Nafa Naana had more than a hundred microfranchised entrepreneurs and local associations distributing the products within their communities under its brand name. More than 25 000 energy-efficient products have been distributed in this way.



Nafa Naana products and distribution network

¹ The grid was applied by Gilles Goldstein (IRAM/CERISE). This report was redacted by Entrepreneurs du Monde.

Nafa Naana seen through the scorecard

General conditions

Nafa Naana wanted to use the Social Business Scorecard to find out more precisely whether or not it is achieving its social mission and to identify potential areas for improvement. The review and assessment of practices and indicators provide structure and help to establish things like goals, systems, and measures. Such an approach is especially important for Nafa Naana, because it is a key element in expanding its activities, becoming a company under local law and formulating its founding documents.

Presentation of results by dimension

Purpose

A shared, clear-cut vision. Nafa Naana's purpose is to provide a solution to reduce poverty and inequality, give access to basic services, protect the environment, create jobs and integrate people who are excluded from the labour market. Its social business strategy is to make energy-efficient household equipment accessible for Burkinabe families by proposing appropriate distribution systems (boutiques, retailers, women's groups and associations, microfinance institutions) along with financial services and by reinforcing local businesses. Cross-subsidies between urban and rural areas and between the disadvantaged and middle classes are also a subject for consideration.

A social mission safeguarded by a reference shareholder, Entrepreneurs du Monde. The social mission is currently safeguarded by the involvement of Entrepreneurs du Monde as the sole shareholder. The creation of a preference share gives it a veto right over anything concerning the social purpose.

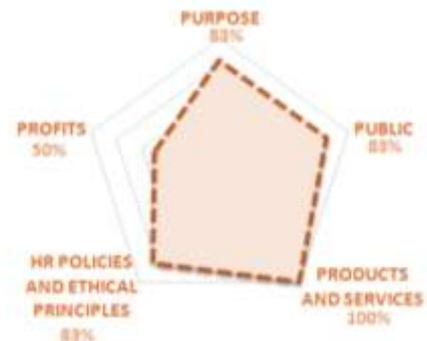
A purpose validated through goals and measured by tools that could still be improved. At this stage of strategy implementation, Nafa Naana has applied a tool to monitor the sales results and created a database (with room for improvement) that will help it determine whether or not its goals are being achieved.

Public

A social business that addresses those most at risk... The Nafa Naana social business develops its activity to serve the populations in rural and peri-urban areas. For certain types of product, like the improved cookstoves, Nafa Naana works with Burkinabe craftspeople, providing support in the form of advance payment on orders. The company makes sure that the target populations are not neglected by selling the equipment at affordable prices and setting up associated financial services.

...and tries to take their needs into account as best possible. Nafa Naana also tries to tailor its products and associated services as closely as possible to the needs of its beneficiaries. It tests new products on focus groups and in households to verify their marketability and to identify keys to more effective communication on their benefits. To ensure that it reaches its target market, Nafa Naana monitors indicators (e.g. the percentage of clients living in rural/urban areas or the number of products purchased on credit or in cash) on a monthly basis.

TOTAL	80%
PURPOSE	83%
PUBLIC	83%
PRODUCTS AND SERVICES	100%
HR POLICIES AND ETHICAL PRINCIPLES	83%
PROFITS	50%





Products and services

To address the social and environmental issues that were identified, Nafa Naana developed a business model with innovative distribution methods for energy-efficient products, carrying items that previously were not available in the market. It developed mechanisms to:

- **guarantee the quality and dependability of its products and services:** Nafa Naana adheres to specific selection criteria (performance, certification, safety, term of warranty, etc.), tests the chosen products before marketing them, inspects the quality before delivery, and informs the retailers and users upon delivery on the risks associated with the use of the equipment (especially the gas cookers). Nafa Naana also has an after-sales department to take care of any claims concerning defective equipment, breakdown of equipment, etc.
- **make its activity part of an inclusive approach** along with the associated financial systems to facilitate the acquisition of energy-efficient equipment.
- **maintain accessible prices** for its products by working to optimise its supply chain.
- **Help retailers**, in particular by providing gradually more advanced training modules on managing their activity.

HR policies

A formalised HR policy and guaranteed protection principles. Employees are currently under contract to Entrepreneurs du Monde. As of June 2015, when the Nafa Naana simplified joint stock company was created, the employee benefits (social security, paid leave, etc.) were transferred to the new structure in accordance with the laws in force. The health insurance with better coverage with respect to the minimum required by law was also transferred. The company has taken safety and risk prevention issues and the move into new premises into account, working with the labour inspectorate to equip the offices and workstations. It is in compliance with the current laws on legal working hours.

Transparent employee salaries. The established wage scale is transparent and offers higher salaries than the average Burkinabé salary. It is in line with the standards of non-governmental organisations. Once it is a private company, the idea is to analyse the sector and if necessary, adjust the scale. Salary increases depend on employee performance and are not automatic from one year to the next. However, after three years in the company, employees receive a seniority payment.

Ethical principles

Fuller consideration of environmental issues is required all along the value chain. Nafa Naana has a formal strategy to meet environmental challenges that involves optimising routes for transporting and delivering the products, but has not set up a carbon offset mechanism for local routes. There are currently no formal mechanisms to manage or monitor social and environmental risks with respect to its suppliers, although suppliers were carefully selected and a battery recycling policy was established.

Responsible treatment of stakeholders and local communities. With its suppliers, Nafa Naana has set up transparent contracts that are reviewed each year. It has also established a price list that shows both the price for the distributor and the end-customer price, so that beneficiaries will be clearly informed. For the implementation of its activities, Nafa Naana has trained its employees in its values, e.g. ethical commitment, client orientation, religious and political neutrality, and the application of best practices as defined by the company. All actions undertaken under Nafa Naana's quality policy also contribute to the responsible treatment of beneficiaries.

Compliance with international accountability rules for its accounts and with the current tax regulations. The transparency of Nafa Naana's financial structure is guaranteed by annual audits of Nafa Naana's financial statements via Entrepreneurs du Monde. These annual audits started in 2014.



Profits and sustainability

Insofar as Nafa Naana was in the process of becoming a company, this dimension was not yet assessed. It is worthy of note, however, that Nafa Naana's future bylaws stipulate a commitment to reinvest the profits in the company and therefore they frame the aspect of return on investment, while aiming for financial autonomy. The funding structure is also transparent and Nafa Naana's financial statements are now audited annually.



Partnership (optional)

This dimension was not covered in the assessment of Nafa Naana.

Additional information: other aspects of Nafa Naana as a social business

Using the Scorecard for Nafa Naana highlighted its strengths:

- Its triple health, social and environmental impact goal
- An innovative business model that relies on a network of local microfranchised distributors and the distribution of energy-efficient products, associated with appropriate training and financial services
- The target public's needs are taken into account
- The goal of becoming independent and achieving the break-even point over the medium term.

It also revealed some weaknesses and raised a few questions:

- The absence of an accurate monitoring tool to verify that the target population has been reached and to pin down its profile better (e.g. targeting the clientele, breakdown into rural and urban areas, monitoring the craftspeople, microfranchised retailers, and prices).
- Governance of the future company and the role of its reference stakeholder, Entrepreneurs du Monde: as part of the process to create the Nafa Naana company, organisational efforts and deliberations on Nafa Naana's governance and institutional setup have been ongoing, along with the formulation of the company's founding documents, e.g. the bylaws, the social charter, and procedural manuals. The assessment raised questions, such as what is the best way to take stakeholders into consideration in the corporate governance, since at first Entrepreneurs du Monde will be the company's only shareholder. It was decided to set up an advisory committee that includes all company players (employees, distributors, suppliers, etc.).

The Scorecard identified Nafa Naana as an organisation with a strong social profile, although the "profits" dimension was not really assessed. Plans have been made to do another Social Business Scorecard audit one year after the first one, after the company has been created. It will be of interest then to observe the organisational progress in comparison with the initial rating, and to set up a detailed action plan to improve its social performance. Entrepreneurs du Monde and Nafa Naana both decided to do the audit once a year to monitor the evolution of the social business and safeguard its social mission.