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Social enterprises as effective exit strategies for development NGOs: the case of Bilada in Burkina Faso

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ABSTRACT

This article discusses the capacity of NGOs to develop and implement relevant and effective exit strategies. In other words, how an NGO can disengage from their interventions in the recipient country in a manner consistent with the goal of ensuring local sustainable development. In this context, we are interested in the exit strategy implemented by the Antenna Foundation in Burkina Faso, a country often seen as the laboratory of NGOs in Africa. This strategy included the handover of a nation-wide water sanitation and hygiene program to a social enterprise - an organisation, purposed to benefit the community that values autonomy and economic risk-taking related to ongoing socio-economic activity. Led by a local entrepreneur, the social enterprise benefited from the favourable market conditions created by the NGOs program activities and active advocacy for government support. Equally, the social enterprise leveraged its roots in the local ecosystem and used its entrepreneurial prerogative to take appropriate risks and adapt the business' strategy. These factors were critical to ensuring the enterprises viability post-NGOs disengagement and capacity to sustainably promote local development, by supplying water treatment and hygiene solutions in Burkina Faso.

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Introduction

Despite the proliferation of development NGOs, the effectiveness and long-term impact of development actors' interventions in recipient countries is widely debated (Edwards 2020). A particular challenge surrounds sustaining local development following aid withdrawal. This necessitates NGOs to consider exit strategies to efficiently disengage from development activities while securing local and sustainable growth (Hayman and Lewis 2018).

One exit strategy that can be employed by state actors or NGOs in the recipient country is installing a social enterprise. The OECD identifies social enterprises as "any private activity conducted in the public interest, organised with an entrepreneurial strategy, whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has the capacity for bringing innovative solutions to the problems of social exclusion and unemployment".¹ In such, a social enterprise emphasises the relationship between entrepreneurship and a public service duty, within the framework of international cooperation initiated by NGOs (Nyssens 2007).

In 2011, the Antenna Foundation², a Swiss NGO, launched a nation-wide program to improve water and hygiene practices in Burkina Faso, one of the world's least developed countries.³ A critical component of the program's strategy was the design and implementation of a social enterprise to

ensure the program's sustainability post-disengagement. In this article, we review the programmatic approach used to install a social enterprise, the effectiveness of the strategy, and the lessons learned.

Benefitting from firsthand knowledge of the NGO program manager and the founder of the social enterprise, this article employs a method of *self-study*, in which the researchers themselves are directly involved in the case described, and therefore, draw on personal experiences and reflections to offer insights. Structured as a practice note, the article serves to provide practical advice and recommendations to professionals in the field of global development, with the aim of enabling NGOs and state actors to maximise the effectiveness and sustainability of their interventions.

Motivation

In Burkina Faso, access to drinking water and proper sanitation is limited. In rural areas, only 43 per cent of the population has access to safe drinking water (Díaz-Alcaide et al. 2021). Contaminated drinking water and poor sanitation lead to the transmission of diseases such as cholera, hepatitis A, and typhoid.⁴ These diseases keep millions of people in a vicious cycle of poverty and ill health, rendering them temporarily unable to work or attend school.

In Burkina Faso, water management policies have, to date, focused primarily on the supply of water. Whether the water supply is of good quality (National Water and Sanitation Authority pipelines) or of variable quality (wells in rural areas), little attention has been given to the treatment of water once it has been drawn. Water treatment is therefore a logical extension of the development of water management in Burkina Faso.

As a solution to water quality problems, household water treatment is very effective. However, despite many households being aware of at least one household water treatment technique, it appears that few actually utilise these techniques to improve water quality. The best-known

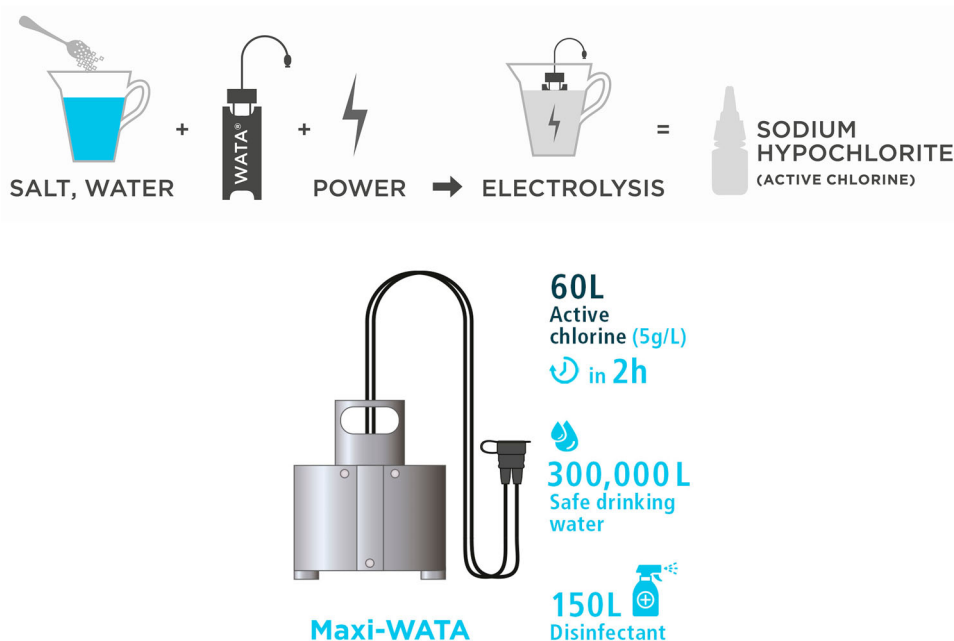


Figure 1. The Antenna Foundation developed WATA devices to treat water in low-resource and emergency settings. In 2018, WATALUX SA, a spin-off social enterprise of the Antenna Foundation was created to commercialise WATA devices. The chlorine solution (sodium hypochlorite) is produced in-situ by the electrolysis of a saline solution, which makes it possible to purify the water either directly at the source of supply or at home, with relatively inexpensive and available ingredients such as salt, water, and solar or grid electricity. <https://watatechnology.com/en/wata-technology/>.

methods are traditional filtration, flocculation techniques, and boiling. These methods are not easy to maintain because the availability of filter cloths is insufficient and the boiling method requires too much firewood. A reliable method must therefore take into account the practicalities of the field. Chlorination was deemed an appropriate solution in most cases, and a consortium of NGOs, coordinated by the Antenna Foundation, advocated for its implementation to the Burkinabe government.

A programmatic intervention – the Antenna Foundation in Burkina Faso

The Antenna Foundation is a Geneva-based NGO committed to scientific research and innovative solutions that meet the needs of the most vulnerable. The Foundation focuses on three key components: research and development, field-testing, and upscaling to the regional or national level.

In 2011, the Foundation's *Water & Hygiene Unit* launched a programmatic intervention to improve access to water and water treatment solutions in collaboration with the government of Burkina Faso. The program consisted of five interrelated projects, and integrated the WATA™ water purification technology (Figure 1). The overall objective was to improve Water, Sanitation, and Hygiene (WASH) practices and health outcomes in the country.

The first project centred on improving hospital hygiene by equipping 26 health centres with WATA™ devices to produce a quality disinfectant. This enabled hospitals to provide better patient care and reduce the prevalence of nosocomial diseases (Duvernay et al. 2020). A second project involved the technology transfer of solar modules and quality control reagents, both critical components for the use of WATA™ devices.

The third project, named *Healthy Water at School*, aimed, through educational practices and the installation of equipment in schools, to increase the level of education related to water and hygiene. By targeting students, the project envisioned children as agents of change to transmit good sanitation practices throughout their communities. The Antenna Foundation's fourth project focused on chlorinating rural water supply systems.

The final project involved the establishment of a social enterprise named Bilada.⁵ The name Bilada comes from a local Burkinabe language and best translates to *Cheerful Child*. The term expresses a dream of a new Africa, in which the vicious cycle of child poverty is broken. Created with the objective of ensuring sustainable access to water treatment solutions in Burkinabe communities, the social enterprise was deemed vital to the disengagement of the Antenna Foundation and the long-term impact of the programmatic intervention.

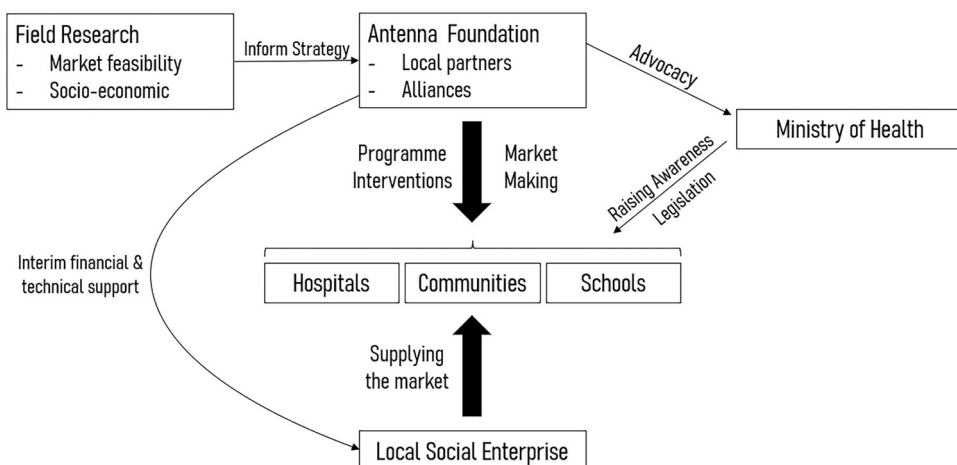


Figure 2. Antenna's programmatic approach in Burkina Faso.

Top-down and bottom-up: the model for sustainable impact

The Antenna Foundation's intervention in Burkina Faso encompasses a dual top-down and bottom-up approach, engaging public and private sector stakeholders (Figure 2). The Foundation worked to improve water sanitation and hygiene, conditions by building infrastructures, raising awareness, and advocating for better policies with a consortium of stakeholders. This laid the groundwork for a locally driven social enterprise to continue the Foundation's water sanitation and hygiene initiatives.

Aware that the development and viability of an effective intervention and exit strategy are conditional on the local context and practices, Antenna conducted field research to assess (1) the socio-economic status of WASH practices, (2) the existing government policies and programs, (3) the existing water sanitation and hygiene-related knowledge, and (4) the market feasibility for a social enterprise. These studies helped define the overall program strategy based on a model of public-private collaboration. The public sector plays a crucial role in raising awareness, coordinating, and implementing the initial interventions, whereas the private sector can supply the market with relevant products at a low price.

The Antenna Foundation and its local partners worked closely with hospitals, schools, and communities to provide appropriate water treatment solutions. These projects were successful but subject to limitations. Namely, the interventions were low-scale, and local authorities lacked the skills to assume the technical and financial responsibilities of the projects' infrastructures, a common phenomenon in the development aid sector. These interventions did serve as action research, revealing that greater stakeholder engagement was required to have a larger scale impact. Here, the role of the national government was crucial.

NGOs frequently use project-related activities to lobby for government support and leveraging a network of local partners and forming strategic alliances to get the government on board is a common tactic (Richey and Ponte 2014). Well established in Burkina Faso, and with a strong-track record and network, the Antenna Foundation successfully advocated for the program, prompting the government to support the awareness-raising campaigns, and to modify legislature. In 2016, the Ministry of Water and Sanitation integrated household water treatment into the National Drinking Water Sanitation Policy (PN-AEP 2016-2030).

The programmatic approach has improved the feasibility of the social enterprise by promoting demand and creating an ecosystem of consumers, a crucial element in the development of a social enterprise with a population with limited access to information (Pralhad 2004). The social enterprise is greatly assisted since it will be able to benefit, among other things, from the local networks established, especially within schools and hospitals, the two flagship elements of Antenna's initial project interventions.

Launching a social enterprise

The objective of the social enterprise is to supply, at an affordable cost, sodium hypochlorite bottles in Burkina Faso aiming to prevent water-borne diseases and healthcare-associated infections. From the perspective of the Antenna Foundation, it was necessary to cooperate with an entrepreneur capable of independently managing the social enterprise. The Antenna Foundation would therefore provide minimal financial and technical support and the entrepreneur would have to develop a business model and operating system autonomously.

Based on a previous experience in creating a social enterprise in Guinea⁶, the Antenna Foundation deemed three central elements essential to ensuring the economic viability of a social enterprise for the production of water treatment solutions. First, the technology must be efficient yet simple. Second, the business model must be clearly defined and adapted to the particularities of the local market. Third, the company must have strong ties to the local market and benefit from early support to build its resources and capabilities.

Considering these requirements, the social enterprise Bilada was launched in 2017 following a public competition organised by the Antenna Foundation in partnership with La Fabrique, a Burkina-bé incubator. At the end of this competition, Hamed Arthur Yo, an experienced local entrepreneur, was identified to be the Managing Director of Bilada. Mr Yo received financial support from Antenna, as well as one year of coaching from La Fabrique to strengthen his marketing and entrepreneurial skills. He also did an internship with the Guinean social enterprise to acquire appropriate know-how.

In 2018, a local partner of the Antenna Foundation provided Bilada with two WATA™ devices and access to its R&D laboratory in Ouagadougou, thus enabling Bilada to commence production of the sodium hypochlorite solution. Simultaneously, a market study was conducted and the chlorination solution was tested under local conditions. This process informed Bilada's business and operating model, and by mid-2018, the first bottles of sodium hypochlorite were available for sale.

Bilada – early growth and independence

Bilada experienced a slow start. Distribution of the sodium hypochlorite bottles to retailers, primarily shops and pharmacies, was problematic as retailers made minimal effort to showcase the new product. By the end of 2018, with improved entry into pharmacies, sales grew. In a period of 15 days, over five hundred bottles were sold, putting Bilada on the map. Subsequently, Bilada signed an agreement with a well-known pharmaceutical distributor, enabling them to supply the product to all pharmacies in Burkina Faso. This improved distribution network initiated a boom in sales.

In 2019, the city population had begun adopting the chlorine solution. However, a lack of marketing and communication slowed sales progression. Bilada was only attaining 31 per cent of the sales target, posing a challenge to the enterprise's profitability and viability. These difficulties coincided with the Antenna Foundation's prearranged disengagement so Bilada became independent.

In light of insufficient sales and recent full autonomy, Bilada made the crucial decision to diversify its product range. Remaining in the sanitary field, Bilada has extended its range of products to hydro-alcoholic solutions for hand disinfection and cans of bleach.

The diversification was fortuitously well-timed as the COVID-19 pandemic greatly increased demand for disinfectant. The new products represented a substantial part of Bilada's turnover, to the extent that the company now employs five full-time employees. Furthermore, national authorities began expressing greater interest in integrating the use of sodium hypochlorite bottles in the national hospital system, offering an opportunity for Bilada to enter a key market.

Social enterprise as an exit strategy, a relevant approach?

There are numerous advantages of social enterprise as an exit strategy. First, NGOs are limited to donor grants. De facto, there exists upward rather than downward accountability. NGOs aim to receive funding from donors, which sometimes pressures them to conform to criteria or project scope defined by donors rather than adopting a truly beneficial approach at the local level. This results in NGOs lacking roots among the beneficiary populations with whom they work (Mohan 2002).

Conversely, the aim of a social enterprise is to be a sustainable, profitable business. Since social entrepreneurs generally come from the ecosystem in which the business operates, they are more qualified to define local needs, engage with the population, and anchor their business in the ecosystem (Dees 1998). For Bilada and its managing director, there exist strong local roots permitting the business to rely on both formal businesses in cities and more informal group networks in rural areas to sell their products.

The autonomy of a social enterprise to adapt to changing social and economic situations is critical. An entrepreneur is positioned to take risks and is able to fail in some endeavours while NGOs are generally required to yield positive results and remain within the confines of the initial strategy for

the duration of the project. For Bilada, the enterprise initially failed to meet its sales targets and break even; however, by taking the decision to diversify, the product range revenues rose. This resulted in the ability to maintain a low selling price for sodium hypochlorite bottles.

Accessing a large proportion of the population was a challenge for Bilada. The clientele of social enterprises are generally composed of people at the *base of the pyramid* – i.e. people living on less than \$2.50 a day (Hammond et al. 2007) – and who therefore have limited access to educational and communication services. Although Bilada's ecosystem is expanding, it relies on word of mouth and is not extensive enough to ensure the profitability of the chlorine solution.

To increase market outreach, it was necessary to engage in large-scale communications to influence behaviour, a practice known as social marketing which is often used by public institutions or NGOs to initiate change. For social enterprises, social marketing can position them as agents of change and potentially increase their sales ecosystem.

The cost and expertise required prevented Bilada from engaging in social marketing operations. However, as a component of a large-scale programmatic intervention, Bilada was able to strategically rely on the network of NGOs and government authorities from the program to support social marketing-related activities. This enabled Bilada to sell more chlorine solution, which, in turn, benefits local public stakeholders by improving health and societal outcomes.

The success of a social enterprise is contingent on a series of factors. Notably, the advocacy and market-making activities of the public sector, preliminary technical and financial support, and a leadership strongly integrated into local networks. A social enterprise also benefits from entrepreneurial prerogatives. Namely, a social enterprise is able to take advantage of opportunities and take risks, which may not be afforded to local authorities and NGOs. Bilada modified its points of sale and diversified the product range to expand the customer base and income, all without losing sight of the social nature of the company.

Bilada illustrates that social enterprises can be effective exit strategies for development aid actors. The enterprise permitted the Antenna Foundation to gradually disengage from their program activities in Burkina Faso, therefore empowering a local enterprise to take responsibility for and advance the social initiative. Therefore, a social enterprise is a highly relevant strategy for long-term impact. As a private component, Bilada acts as a local, community-level agent of economic development – independent of the government or an international NGO – dedicated to improving health and societal outcomes.

Conclusion

This article assessed the role of social enterprises as exit strategies for development NGOs. To do this, the Antenna Foundation's programmatic intervention to improve water, sanitation, and hygiene in Burkina Faso was used as a case study. The Antenna Foundation launched the social enterprise Bilada, in an effort to ensure the sustainability of a programmatic intervention post-disengagement. Antenna, through various projects in hospitals, villages, and schools, and continuous advocacy, created favourable market conditions for the social enterprise. Bilada subsequently benefited from an ecosystem of consumers and an established network of NGOs and authorities.

Bilada has demonstrated notable growth since its inception and has penetrated niche markets for water treatment at the household level. It has diversified its product portfolio and increased sales, attaining profitability. Bilada adapted to a rapidly-changing environment, during the COVID-19 pandemic, seizing the opportunity to develop disinfectants. Time will tell if Bilada will have a long-term impact on water sanitation and hygiene in Burkina Faso; however, the social enterprise's early progress is promising.

Notes

1. <https://www.oecd.org/cfe/leed/social-economy/social-entrepreneurship.htm>
2. <https://antenna.ch/en/>

3. <https://www.un.org/ohrls/content/list-ldcs>
4. <https://www.who.int/news-room/fact-sheets/detail/drinking-water>
5. <https://bilada.africa/>
6. <https://antenna.ch/fr/activites/eau-hygiene/guinee/>

Disclaimer

The authors alone are responsible for the statements expressed in this article, which do not necessarily represent the views, decisions, or policies of any mentioned institutions in this report, or with which the authors are affiliated.

Disclosure statement

The Antenna Foundation, a Swiss non-profit organisation, developed the WATA™ Technology discussed in this article.

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