



GRET
Professionals for
Fair Development

PROJECT BOOKLET

Technical assistance to support the first steps of a social business

Nutri'zaza in Madagascar, 2013-2017

MAY 2018

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TECHNICAL ASSISTANCE TO SUPPORT THE FIRST STEPS OF A SOCIAL BUSINESS NUTRI'ZAZA IN MADAGASCAR, 2013-2017

Nutri'zaza is a Malagasy social business.

It was set up in 2013 to extend and sustain 14 years of projects aiming to improve infant feeding practices in Madagascar, as part of the Nutrimad programme conducted by GRET and its partners (IRD, Antananarivo University, TAF, Malagasy institutional stakeholders).

Moving from its role as operator to a technical assistant role, GRET supported the first five years of the business, from its creation to its autonomy. This document specifically covers the teachings of this phase of technical assistance provided by GRET to support the social business's first steps. It does not explore the other supports from which Nutri'zaza benefitted during this period, in particular from its other shareholders.

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ABBREVIATIONS AND ACRONYMS

AFD	Agence française de développement (French development agency)
APEM	Association pour la promotion de l'entreprise à Madagascar (Association for the promotion of businesses in Madagascar)
BOP	Base of the Pyramid
CESS	Comité d'éthique et de surveillance sociale (Ethics and social monitoring committee)
FIND	Innovation for development fund
HR	Human Resources
HTJ	Hotelin-jazakely
I&P	Investisseurs & Partenaires (Investors & Partners)
SIDI	International Solidarity for Development and Investment

INTRODUCTION

Nutri'zaza, a social business in Madagascar

Chronic malnutrition affects 50 % of Malagasy children¹ aged between 6 and 24 months, i.e. 900,000 children. Less visible than acute malnutrition, it causes developmental delays (size, cognitive development) and undermines health. The sequels are irreversible after the age of two, and chronic malnutrition is responsible for 35 % of deaths in young children.

One of the causes is insufficient quality of foods for young children. Breastfeeding and feeding practices do not meet their needs, and manufactured complementary foods available on the market are generally poor in quality or not affordable, with 80 % of Malagasy families earning less than 1.90 \$ a day.



1. World Bank, October 2017 (www.banquemonddiale.org/fr/country/madagascar/overview).

Nutri'zaza is a social business that was set up in 2013 to extend and sustain the results of 14 years of projects led by GRET with its partners (IRD, Antananarivo University, TAF, Malagasy institutional stakeholders) to improve infant feeding practices in poor neighbourhoods in urban areas of Madagascar².

Its action is based on marketing of a complementary food in line with international standards that is affordable for all: **Koba Aina** ("flour of life"). The latter is distributed via the traditional network and by the institutional network of organisations conducting nutrition projects, as well as through the innovative **Hotelin-jazakely** "restaurants for babies" network, located at the heart of neighbourhoods.

"Nutri'zaza was set up in 2013 by five partners that were convinced social entrepreneurship was a solution for development: GRET, TAF, Sidi, I&P and Apem. Together, we set ourselves a challenge: combine economic efficiency and social equity over the long term" says Olivier Bruyeron, managing director of GRET, an NGO that is a member of the business's board of management.

To support the first steps of Nutri'zaza during its first five years, GRET acted as technical assistant with support from Agence française de développement (AFD) and the Innovation for development fund (Find³). Between 2013 and 2017, alongside other shareholders, it supported Nutri'zaza to **gradually reach a balanced budget, extend its distribution network to 100 Hotelin-jazakely, and defend social business** as a means of sustainable action against poverty in the Malagasy institutional environment.



This document outlines results and presents the main lessons learned by GRET over its five years of technical assistance to Nutri'zaza.

1. The **role of technical assistance** in support of an emerging local stakeholder.
2. The creation of a **social business** to sustain a project.
3. **Action-research** for food products in line with **international standards**.
4. The **development of an innovative distribution network** for poor populations.
5. **Social marketing** to fight against malnutrition.



2. For more information: Bruyeron O., Pleuvret E., Trèche S., Le business social pour lutter contre la malnutrition infantile, GRET, 2010, Coopérer aujourd'hui n° 69.

3. Innovation for development fund (Find) is an endowment fund set up by GRET in 2011.

PART 1

Technical assistance to support the first steps of Nutri'zaza

Having operated the Nutrimad programme for 14 years, between 2014 and 2017 GRET took on the role of technical assistant with the new independent structure, Nutri'zaza. What is the role of an NGO when supporting the beginnings of a structure aiming to sustain a project? What challenges arise when crossing from the world of projects to the world of social entrepreneurship?

NUTRI'ZAZA: 14 YEARS OF GESTATION

To contribute to reducing the prevalence of chronic malnutrition, as part of the Nutrimad programme in 1998, GRET began the search for innovative solutions to prevent malnutrition in children aged between 6 months and 24 months, in partnership with the Nutripass Research Unit at the French National Institute for Sustainable Development (IRD) and Antananarivo University. This programme led to two key innovations:

- **Koba Aina**, a quality complementary food for children aged between 6 and 24 months, produced locally, appreciated and affordable for low-income families (Base of the Pyramid – BOP);
- the **Hotelin-jazakely (HTJ)** network (“restaurants for babies”), an innovative model for distribution of the food prepared in the form of ready-to-eat porridge, located at the heart of poor neighbourhoods in urban areas.

The beginnings were promising: in 2013, 120 tons of Koba Aina were produced every year, and 40 HTJs were distributing 170,000 meals a month in six of the country's regions. But malnutrition is a broader problem, and the project system was far from reaching the 87 % of families with sufficient income to purchase the food.

Thanks to the provision of capital, the creation of a business would make it possible to upscale. This was not GRET's first attempt, it was already supporting small businesses in developing countries, in particular with the creation of microfinance institutions. In 2013, it set itself an original, ambitious challenge with four other shareholders (TAF, Investisseurs & Partenaires – I&P, International Solidarity for Development and Investment – Sidi, and the Association for the promotion of businesses in Madagascar – Apem), to sustain and extend the achievements of the “project” phase by creating a business: **Nutri'zaza**. Not just a business like any other: a social business, to ensure sustainable affordability of quality products for low-income populations, refusing to be governed solely by the logic of profit. This is how the Nutri'zaza adventure began: reconciling social impact and economic profitability.

Figure 1: FROM NUTRIDEV TO NUTRI'ZAZA

1994

Creation of Nutridev: GRET is programme manager

GRET seeks to prevent the various forms of child malnutrition in developing countries. This is the beginning of the Nutridev programme with IRD.



1998

Launch of Nutrimad: GRET is project operator

GRET, IRD and Antananarivo University launch the Nutrimad programme to prevent malnutrition in Madagascar.



2000

Setting up of the first Hotelin-jazakely (HTJ)

GRET created the HTJ network (restaurants for babies) in poor neighbourhoods.



2002

Creation of Koba Aina

GRET, IRD and Malagasy company TAF developed a complementary food made from local products with good nutritional quality: Koba Aina.

2004

First national nutrition plan in Madagascar

First National nutrition plan and publication of *Étude démographique et de santé malgache* (ESDM) [Malagasy demographic and health study]: 50 % of children are still suffering from chronic malnutrition.

TECHNICAL ASSISTANCE: THE FIRST STEPS OF NUTRI'ZAZA

How to switch from project management to managing a social business, while retaining the same social mission and meeting the challenges of economic performance and social governance?

In theory, the **economic performance objective** comprised in the notion of business drives a project to rapidly expand and sustain its activity. How to reach this objective by selling low-cost products and providing nutritional advice free of charge to low-income customers? On the market, agrifood giants such as Blédina, Nestlé and Socolait dominate the complementary food market in Madagascar and charge prices that are two, three or four times higher. How to stand out from this competition? Development plan, management, diversification of the product offer and distribution networks: the first component of technical assistance was aimed at **achieving economic balance in year 4**, and the presence of shareholders from the world of solidarity finance and business such as I&P and Sidi was to be an advantage.

In order not to endanger the social mission, **solid social governance and social monitoring indicators** needed to be developed. What type of governance should be implemented when no dedicated legal status exists? The issue of **institutional relations** was also key to the new status being accepted by Nutrimad's historic partners and encouraging the State to support the organisation, the donors to fund the technical assistance to Nutri'zaza despite the change in legal status, and the communes to continue making land available for the construction of the HTJs, now the distribution network of a private business.

2013

Creation of Nutri'zaza: GRET is a shareholder



GRET, TAF, Sidi, I&P and Apem created Nutri'zaza to sustain the achievements of the Nutrimad project, and opt for the social entrepreneurship model.



2013

The first steps of Nutri'zaza: GRET is technical assistant

GRET supported the first steps of this social business for five years, with support from AFD and Find.



2014

Creation of the Ethics and social monitoring committee (CESS)

The first CESS meeting was held in April, with the election of the National nutrition office of the presidency. This consultative committee monitors Nutri'zaza's indicators to ensure its social objective.



2017

Nutri'zaza becomes autonomous

Nutri'zaza reached financial stability. Social and quality objectives are met, HR matters are still being developed.

2018

Nutri'zaza, 5 years later

Nutri'zaza and GRET became partners to lead development projects jointly, on an equal footing.

Changing scale requires **appropriate internal organisation and management, an effective marketing strategy and a solid quality control system**. These are all skills that GRET developed over the years with Nutrimad, and that needed to be transferred. The fact that TAF, the producer of Koba Aina, was a member of the board of management, was to facilitate this transition.

The technical assistance provided to Nutri'zaza focused on both the transfer of networks, experiences and skills developed within Nutrimad, and on the search for innovations in terms of governance of a social business.



WHAT THE EXPERTS SAY

Monitoring-evaluation: the principal element of technical assistance

"For five years, GRET mobilised its monitoring-evaluation expertise to conduct regular studies at all levels: context, product development, market studies, quality control, monitoring of consumption, etc. Combining research and action makes it possible to adjust Nutri'zaza's strategy to serve its economic and social objectives."

Andrimampionona Razakandrainy, monitoring-evaluation and research manager with GRET in Madagascar

AN NGO'S TRAJECTORY: FROM PARENTS OF NUTRIMAD TO GODPARENTS OF NUTRI'ZAZA

Nutri'zaza was created in 2013 by the Nutrimad programme. Its strength lies in part in its human resources, the vital forces who have stayed on, year after year, and who facilitated the transition towards the social business model. Four key people give us their impressions.

WHAT THE EXPERTS SAY



"It's difficult to join the management of a business when one comes from the world of NGOs. Leaving GRET was a real challenge, I began my professional life there and built up trusting relationships. The best way to learn is 'on the job'. Nevertheless, I needed help and support during my first years, which I got, thanks to the diversity of the business's shareholders and the technical assistance provided by GRET."

Mieja Vola Rakotonarivo, from GRET Madagascar to the Nutri'zaza management team



"I always wanted Nutrimad's actions to last over the long term in Madagascar, without having initially thought of the social business format. It wasn't easy: letting go of governance meant running the risk that the social concept we initially developed could drift towards commercialism. Today, this fear has faded and we are operating in real partnership with Nutri'zaza, even if we still sometimes have a different vision to that of Nutri'zaza: the vision of an NGO faced with a business culture."

Christiane Rakotomalala, from an internship with Nutrimad to technical assistance for Nutri'zaza



"It was impossible in 1998 to imagine that Nutri'zaza would one day see the light of day! We were, and still are, focused on the objective of enabling families, even those with low incomes, to give good food to their young children. The idea of setting up a social business came way later! The order in which things happened is important, because we developed this solution without any pre-conceived ideas or prejudices, based on what we were observing and testing step by step in the neighbourhoods. Today, the spirit of Nutri'zaza is still the same, but it is combined with that of a business, which generates real synergies!"

Olivier Bruyeron, from an internship with GRET to the chair of the Nutri'zaza board of management



"Switching from project status to a business clarified the situation regarding institutional partners, because it's not the role of an NGO to sell products over the long term. The transition consisted of explaining what must remain the mandate of an NGO and what is the role of a business. It was necessary to negotiate so that the facilities offered to the project – such as access to land for the HTJs – remain accessible to Nutri'zaza, with a major advantage: the project team supported the transition!"

Luc Arnaud, GRET's representative in Madagascar, facilitates institutional relationships

PANORAMA OF OBJECTIVES AND RESULTS OF THE TECHNICAL ASSISTANCE PHASE

The technical assistance GRET provided to Nutri'zaza concerned the creation of the social business and the achievement of its financial stability in year 4, making Koba Aina available in approximately one hundred restaurants for babies (Hotelin-jazakely) and recognition of the business's social impact as an effective contribution to the fight against malnutrition.

Nutri'zaza, a social business

The Nutri'zaza social business is set up and must achieve its financial stability.

The technical assistance provided by GRET aims to promote institutional recognition of Nutri'zaza, and to support its social governance and its growth.

SOCIAL GOVERNANCE: CESS, WHITE PAPER, SOCIAL INDICATORS

ADVOCACY WITH INSTITUTIONS AND COMMUNES

STRENGTHENING OF HUMAN RESOURCES



For five years, GRET accompanied Nutri'zaza in institutional meetings, set up and facilitated CESS, determined the procedures for social governance and strengthened the team.

ACHIEVEMENT OF ECONOMIC BALANCE IS UNDERWAY

CESS IS ACTIVE AND STEERING THE BUSINESS

THE TEAM IS CONSOLIDATED

Complementary foods and HTJs

Koba Aina is available in approximately one hundred Hotelin-jazakely.



The technical assistance provided by GRET aims to facilitate the production of a range of quality Koba Aina products and to facilitate expansion of the innovative HTJ network.

EXTENSION OF THE HTJ NETWORK AND AWARENESS-RAISING ON NUTRITION

MARKETING SUPPORT FOR THE THREE DISTRIBUTION NETWORKS

DEVELOPMENT-RESEARCH AND QUALITY CONTROL

GRET transferred the Nutrimad programme's know-how. Extension of the HTJ network encountered institutional and operational difficulties.

84 NEIGHBOURHOODS COVERED AND 36 HTJs ACTIVE IN 2017

36 MILLION MEALS SOLD SINCE 2013

1 QUALITY CONTROL SYSTEM TRANSFERRED

Impact on the fight against malnutrition

The business's social impact is recognised as an effective contribution to the fight against malnutrition.

The technical assistance aimed to demonstrate and promote the social impact of a business on the fight against malnutrition to all stakeholders.

ADVOCACY AND INTEGRATION IN NETWORKS

MONITORING-EVALUATION OF SOCIAL INDICATORS

CONSUMER SURVEYS

Nutri'zaza collected information relating to the repercussions of its activity, which were shared by GRET in nutrition and social entrepreneurship research circles.

INSTITUTIONAL RECOGNITION

SECRETARIAT OF THE SUN PRIVATE SECTOR PLATFORM IN MADAGASCAR

INCREASE IN CONSUMPTION



CONCLUSION

After five years of existence, the Nutri'zaza social business is structured and has taken in hand the achievements and skills GRET transferred to it. It is establishing its reputation in its city of location, and also its legitimacy with regards Nutrimad's historic institutional partners.

Nutri'zaza is used as a case study in several international research initiatives and received the Solidarity finance award in 2015. In 2018, it became GRET's partner in a project funded by the European Union, a key to its successful installation in the institutional landscape of the fight against malnutrition.

Table 1: **SWOT⁴ ANALYSIS OF NUTRI'ZAZA 2013-2017**

STRENGTHS	WEAKNESSES
<p>2013</p> <ul style="list-style-type: none"> * Koba Aina's price/quality ratio and its establishment on the market. * Koba Aina's reputation (responding to demand in terms of taste, feeding practices, packaging). * A HTJ network suited to the needs of populations, including vulnerable populations. * TAF is producer and a Nutri'zaza shareholder. <p>2017</p> <ul style="list-style-type: none"> * Price/quality ratio of products. * Economic and social objectives are being met. * A range of products extended beyond Koba Aina and distributed via three complementary channels. * Quality control is now in place and products are in line with international quality standards. 	<p>2013</p> <ul style="list-style-type: none"> * Constraints in terms of profitability and fiscal requirements related to a business status (contrary to the Nutrimad programme). * Management team independent of GRET not yet in place. * High turnover of staff working in the HTJs. <p>2017</p> <ul style="list-style-type: none"> * High turnover of facilitators and human resource strategy underway. * For operational and institutional reasons, establishment of HTJs not developed as quickly as wished. * Three distribution networks not developing at the same pace. * Regularity of supply of Nutri'zaza products has yet to be improved.
OPPORTUNITIES	THREATS
<p>2013</p> <ul style="list-style-type: none"> * Geographic extension of the network. * Strong market potential: 150,000 children aged between 6 and 24 months every year. * Involvement of the Malagasy government in nutritional prevention and education. <p>2017</p> <ul style="list-style-type: none"> * The active nature of the Malagasy government, via CESS. * Need for supplies among NGOs fighting against malnutrition and recognition of quality, effectiveness and affordability of the product. * Secretariat of SUN, private sector in Madagascar, ensured by Nutri'zaza. 	<p>2013</p> <ul style="list-style-type: none"> * Repercussions on sale price related to increase in the price of raw materials. * Risk of political instability in the country. * Social business status not recognised by the authorities. <p>2017</p> <ul style="list-style-type: none"> * Evolution of interlocutors within partner communes and public authorities compromising the sustainability of current partnerships. * National and international legislation limiting marketing of breast milk substitutes (WHO codes and the like). * Competition from imported and local products.

4. SWOT business strategy analysis method: Strengths, Weaknesses, Opportunities, Threats.

PART 2

From project to social business: governance issues

From setting up its social governance to monitoring-evaluation of economic and social indicators, Nutri'zaza had five years to establish a successful and sustainable combination, midway between financial health and social objective.

SOCIAL GOVERNANCE: SEARCHING FOR THE RIGHT MODEL

Entrepreneur, shareholder, member of the Ethics and social monitoring committee, technical assistant: the role of an NGO setting out to make a social business project sustainable is to manage multiple positionalities!

Nutri'zaza has five shareholders: GRET, Apem, Sidi, I&P and TAF. In 2012, the founders committed to a **charter** to ensure the social purpose of Nutri'zaza. The **statutes** and the **shareholders' pact** incorporate the business as a limited company governed by Malagasy law, while establishing its social purpose, and announce the creation of an **Ethics and social monitoring committee (CESS)** and a committee to monitor the development plan as advisory bodies. To monitor Nutri'zaza's activities, a list of **social and economic indicators** was drawn up, which will be monitored by CESS.

The rules were set out: Nutrimad's "distribution of complementary foods" component became the Nutri'zaza social business, thrown into the world of shareholders, seeking its financial stability and surveyed by an ethics committee made up of partners keeping a close eye on respect of its social mandate. In 2014, GRET submitted this model to stakeholders in research on social entrepreneurship, who used it as a case study: Planète d'entrepreneurs (I&P) conducted an impact assessment among Nutri'zaza stakeholders, Hystra conducted a study on social marketing in the nutrition sector, and Cerise analysed the business using its SBS grid – *Social Business Scorecard*.

WHAT THE EXPERTS SAY



The origins of the decision: change of scale

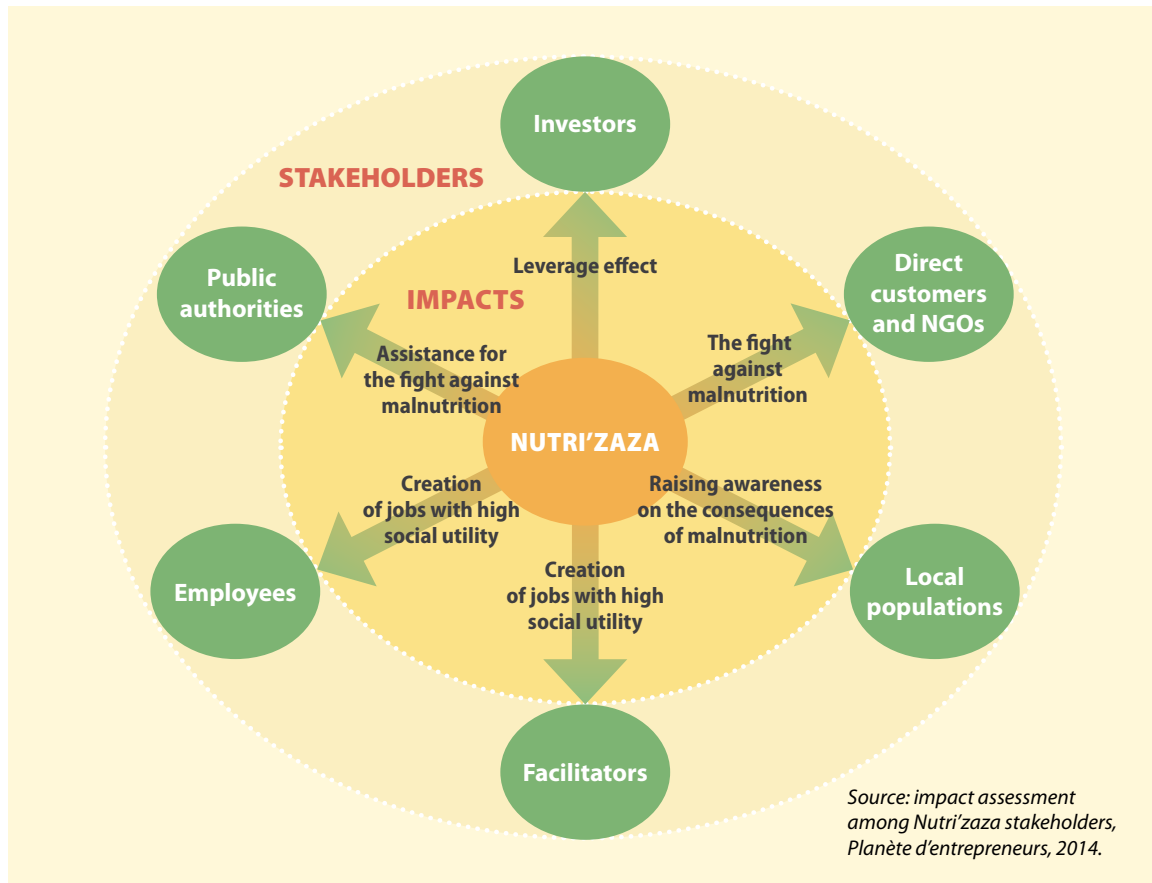


"15 years ago, GRET began the search for innovative solutions to fight malnutrition with the Nutrimad project [...]. Malnutrition is a large-scale problem, and changing scale is now vital [...]. Setting up a business to sustain the system seemed the most viable solution [...]. But adopting a business logic runs the risk of drifting towards commercialism, searching for maximum profit, to the detriment of the product's affordability for the poorest populations and therefore of the very reason why Nutri'zaza was set up. The social business model seemed to be the best solution."*

Olivier Bruyeron, Managing Director of GRET and Mieja Vola Rakotonarivo, Director of Nutri'zaza

* Foreword in the white paper entitled *Nutri'zaza, une entreprise sociale pour lutter contre la malnutrition*, GRET, 2013.

Figure 2: NUTRI'ZAZA STAKEHOLDERS



CAPITALISATION OF EXPERIENCE

The implementation of a social governance system relied largely on CESS.

★ CESS: advisory body or steering committee?

The **Ethics and social monitoring committee (CESS)** is made up of representatives from public authorities (National nutrition office, Ministry of Public Health, Ministry of the Population), communes where HTJs are located, Agence française de développement (AFD), Antananarivo University, GRET and Nutri'zaza. It ensures that the principles laid out in the charter are applied, and it validates and publishes social indicators.

CESS has been operating actively for five years. It produces annual reports on monitoring-evaluation indicators and issues recommendations. For example, it called on a human resources consultant after observing a high turnover of facilitators and requested increased vigilance regarding quality control of products distributed, which led to the recruitment of a quality manager at Nutri'zaza and TAF. These types of recommendations, directly related to social indicators, give it a steering committee role, closely monitoring Nutri'zaza's operational activities.

CESS is also a forum where **institutional voices** are expressed. In 2017, the Ministry of Health issued recommendations stating that Nutri'zaza's communication should include more messages promoting breastfeeding. CESS also facilitated advocacy on risks of confusion and ineffectiveness of promotion campaigns resulting from the restrictions of the World Health Organisation's code on breastmilk substitutes. The presence of public authorities on the committee facilitates recognition of the business in the institutional landscape of the fight against malnutrition in Madagascar. External meetings make it possible to inform international organisations (United Nations, Scaling Up Nutrition – SUN, Cluster Nutrition) on Nutri'zaza's mission, based on an information strategy defined in 2013.

★ Profitable but not expensive, commercial yet social: a whole series of indicators

In 2017, CESS concluded that Nutri'zaza was in the process of meeting its social and economic objectives. **In 2017, the business had a turnover of almost 510,000 euros and distributed 36 million meals** (based on an objective of 40 million in five years). In 2017, 8,000 children under the age of five were reached every day by Nutri'zaza's activity.

This led to some small changes along the way: an increase in the price of Koba Aina in 2014 and in 2016 had repercussions on sales, but these were back on track the following years. There was also a problem with quality in 2016 and 2017, which has since been solved thanks to increased control and the recruitment of a person dedicated to quality, facilitated by the fact that TAF, the flour producer, is a member of the business's board of management. Nutri'zaza managed to propose **a quality product that is two to four times less expensive** than other equivalent quality complementary foods. The price represents 4 to 8 % of the budget of a family earning the minimum wage. Despite the non-profit nature of activities to raise awareness on recommended nutrition practices, in 2017 Nutri'zaza conducted 30,000 interviews with mothers during free weighing sessions at HTJs.

The main challenge for Nutri'zaza remains distribution of Koba Aina in the innovative HTJ network, which ensures affordability of the product for vulnerable populations. However, this objective is suffering from the high turnover of facilitators, which is related to difficult working conditions and stringent quality requirements concerning preparation of the porridges, on which customer confidence depends. Nutri'zaza is therefore focusing its efforts on this network, while continuing to expand into the highly competitive traditional network.



WHAT THE STAKEHOLDERS SAY

Institutional recognition of the social business

“Although Nutri'zaza is not the first social business in Madagascar, it is still necessary to raise the awareness of institutional partners on our specificities. GRET played a role as intermediary with national nutrition policy stakeholders. We spoke at numerous events, have been ensuring the secretariat of the Malagasy private sector's Scaling Up Nutrition (SUN) platform since 2017, and won the solidarity finance award in 2015. Recognition of our social business status must enable us to work within a real multi-stakeholder partnership, and to access public funding and support from the authorities. We are proud to contribute to the development of the National plan to fight malnutrition, and to communicate the results of our activities to inform national policies.”

Mieja Vola Rakotonarivo, Director of Nutri'zaza



Sale of ready-to-eat Koba Aina in the innovative HTJ network, in a poor neighbourhood in Antananarivo.

Table 2: EXAMPLES OF SOCIAL AND ECONOMIC INDICATORS FOR 2014-2017

Economic indicators	2014	2015	2016	2017
Turnover (in euros)	190,657	387,364	627,491	509,623
Turnover (in % of objective)	66%	105%	107.8%	66%
Number of meals distributed	4.1 million	8.2 million	10.6 million	7.9 million
Breakdown of turnover	53% retail 24% HTJs 22% NGOs	29% retail 23% HTJs 48% NGOs	32% retail 16% HTJs 52% NGOs	53% retail 27% HTJs 20% NGOs
Social indicators	2014	2015	2016	2017
Number of HTJs	32	35	35	36
Number of neighbourhoods	49	112	86	84
Weighing sessions	Unknown	1,084	26,460	13,103
Turnover of facilitators	228%	138%	241%	208%

Source: Ethics and social monitoring committee reports from 2013 to 2017.

CONCLUSION

With its board of management made up of the five shareholders, its Ethics and social monitoring committee and its management committee that is now stable, Nutri'zaza succeeded in laying the foundations of social governance, which is original and unique in Madagascar.

The social and economic indicators defined in the white paper are the cursor enabling verification that the company does not exchange its social objectives for the sole achievement of economic performance. These indicators also provide a warning system when Nutri'zaza is struggling to reach its objectives. Nutri'zaza must however continue to generate conviction internally (facilitator network) and externally (institutional partners) of its new social business status, in order to motivate the necessary vital forces for the fight against malnutrition in Madagascar.

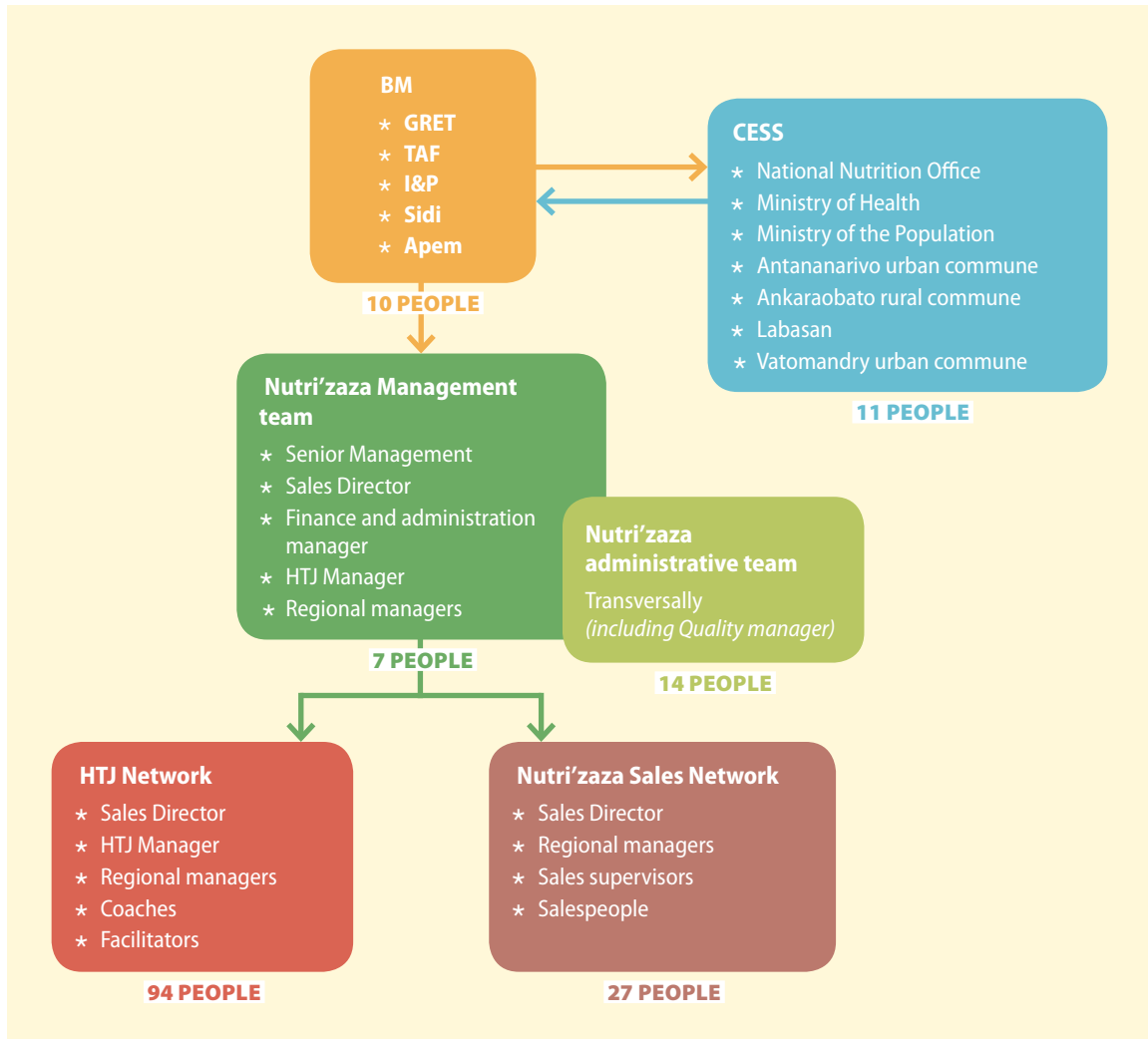


A facilitator preparing a Koba Aina tasting.



Tasting of Koba Aina during promotional activities.

Figure 3: NUTRI'ZAZA ORGANISATION



WHAT THE STAKEHOLDERS SAY

"It's thanks to solidarity-based savings that Sidi was able to take the risk of investing capital in Nutri'zaza. Sidi's shareholders are first and foremost attached to its social profitability, they accept Sidi taking risks and innovating in its role as solidarity investor with stakeholders such as Nutri'zaza. In addition, Sidi has the means to actively intervene in Nutri'zaza's governance, thanks to revenues from solidarity-based savings products proposed by CCFD-Terre Solidaire, the NGO that created Sidi. Nutri'zaza would not have experienced this development if it did not have these thousands of savers at the other end of the chain."

Catherine Bellin-Schulz, partnerships coordinator with Sidi, at the awards ceremony in 2017, when Nutri'zaza received the solidarity finance award

PART 3

Foods products in line with international standards and recommendations

In 2002, GRET created Koba Aina, a complementary food developed for children aged between 6 and 24 months. During the technical assistance phase, GRET transferred its licence and its Koba Aina know-how to Nutri'zaza and provided support for development of the product.

LOCAL PRODUCTION IN LINE WITH INTERNATIONAL STANDARDS

In 2002, together with Malagasy company TAF, GRET and IRD developed a complementary food suited to the nutritional needs and feeding habits of children aged between 6 and 24 months: **Koba Aina**. Prepared as a porridge to facilitate its consumption in optimum hygiene conditions, 90% of this flour's ingredients are sourced locally (corn, rice, soya, groundnut, salt), and enriched with sugar and 25 minerals and vitamins. It is greatly appreciated for its taste, its practicality and its price (between 0.07 and 0.11 € for 35 grams). It complies with international standards on hygienic quality and has high nutritional qualities: consuming two to three rations a day, as well as breast milk, covers all the recommended daily nutrient requirements for children aged between 6 and 24 months.



While a complementary family food contains on average 12 % of flour and 88 % of water, this innovation enables the preparation of a porridge of the same consistency, with 25 to 30% of Koba Aina, which makes it more beneficial for children's' health.



WHAT THE EXPERTS SAY

Scientific assistance

"The support provided to Nutri'zaza went beyond traditional technical assistance, in terms of institutional and organisational strengthening and technical expertise. When working in the area of nutrition, the scientific aspects are very important, and since the beginnings of Nutrimad, GRET has been working with the nutritionists from the Nutripass Research Unit at IRD, the Laboratory of biochemistry applied to food science at Antananarivo University (Labasan) and the teams at TAF, to formulate and control the product in order for it to be as effective and healthy as possible for children. GRET provided support to Nutri'zaza with monitoring-evaluation of quality control of existing products, as well as with development-research for new products in the range, including for other groups of populations."

Christiane Rakotomalala, nutrition programme manager with GRET in Madagascar

CAPITALISATION OF EXPERIENCE

Although Nutri'zaza is a distributor rather than a producer, its involvement in the development and control of the products it distributes is an integral part of its social mission.

★ Quality control, from the factory gate to the HTJs

Quality control is part of Nutri'zaza's permanent operations to ensure the bacteriological and nutritional quality of the products distributed to young children. Up to 2015, for each production batch, GRET conducted organoleptic analyses, humidity measurements, energy density calculations and hygiene and packaging controls. In 2015, 782 production batches were controlled ex works and 439 control visits were conducted in the HTJs. GRET also reworked and redefined the quality standards to be used in order to meet international obligations. Bacteriological analyses were delegated to an external laboratory (Institut Pasteur in Madagascar).

In 2016, Nutri'zaza became entirely responsible for quality control. The quality system was strengthened, including more regular microbiological analyses, which were very costly for the business, and a quality manager was recruited and then trained and supported by GRET for more than six months. Together with the business, GRET also re-examined the key parameters to be analysed and the pace of analyses, in order to maintain quality control while minimising its repercussions on costs.



Controlling Koba Aina dry ingredients in GRET's laboratory.

In order to improve the quality of the porridge sold by the facilitators of the HTJ network and stabilise the quality of products manufactured by TAF, **random controls** of facilitators' respect of hygiene and methods of preparation were regularly conducted.

★ Research and development

Although **Koba Aina** is Nutri'zaza's flagship product, searching for continuous improvement is necessary for the effectiveness of the fight against malnutrition. An important component of the development-research focused on conservation of products, in particular that of the 35-gram packet sold in the traditional distribution channels.

Although one of the technical assistance objectives in Nutri'zaza's first years was to diversify the **product range**, the board of management opted to prioritise sale of the existing product offer. However, at the request of consumers, two flavoured products were developed in 2017, and Koba Aina is now available in banana and strawberry flavours. These innovations were developed in close collaboration with TAF and Labasan.

In order to reach the greatest possible number of people, the complementary food range distributed by Nutri'zaza was expanded to other targets: school-age children, adults with nutrition deficiencies (older people or prisoners suffering from malnutrition) and children suffering from moderate acute malnutrition. These products are distributed via Nutri'zaza's network of partner associations and NGOs, such as SOS villages enfants, Miray, Care, Action against hunger, USAID's Salohi programme, Saf FJKM and Naman'ny Sekoly.



Distribution of Koba Pecmam to families with children suffering from moderate acute malnutrition.

CONCLUSION

Nutri'zaza is specific in that it inherited the invention and the licence for the products it distributes from the Nutrimad programme. The manufacturer of its products is also a member of its board of management, and the quality of preparation of its porridges is closely linked to that of the work carried out by its **human resources** in the HTJs. Quality control and the scientific component are an integral part of the business's key professions.

Over a five-year period, the phase of transferring GRET's experience made it possible to **stabilise the quality control system** in order to market sustainable quality products. Together with a staff turnover problem in the HTJs, requirements in terms of recruitment and strengthening staff skills are a major challenge for the business's autonomy.

The capacity to **continue to innovate** and invent new quality products for children and adults is one of the pillars of Nutri'zaza's social action in the fight against malnutrition. This necessitates continuing partnerships with scientific stakeholders over the long term.



WHAT THE STAKEHOLDERS SAY

The small social business and the test of time

"To perform well, a business must be responsive, constantly attuned to current concerns, the market and consumer needs... and it must be patient! Whether to improve its products, control their quality or develop new products, Nutri'zaza is committed to distributing products solely of high nutritional and hygienic quality to its clients. Products responding to specific nutritional deficiencies, with even higher standards because the objective is to combat malnutrition in young children and vulnerable groups. The challenge of reconciling economic and ethical performance in the social approach becomes more complex when scientific requirements and long periods of research are added to the equation. Grants may be the key to having sufficient time to ensure a level of quality in line with international products, for the benefit of poor populations."

Mieja Vola Rakotonarivo, Director of Nutri'zaza



PART 4

Hotelin-jazakely: the challenge of a social distribution network led by a business

The Hotelin-jazakely (HTJs) are one of three networks distributing Koba Aina, the other two being the traditional retail circuit and the NGO network. Nutri'zaza's objective was to have 100 HTJs within five years, and to increase its geographic coverage.

RESTAURANTS FOR YOUNG CHILDREN

When we think about “complementary foods”, we imagine shops, grocery stores or programmes run by NGOs and international organisations. With Nutrimad, GRET set up a distribution network responding to the needs of low-income families in poor neighbourhoods in Madagascar, where preparing a meal suitable for young children is more demanding than in rural areas (time, accessibility of products and cost).

Since 2002, the **Hotelin-jazakely (HTJ) network** has been marketing Koba Aina in the form of a ready-to-eat porridge. The HTJs are located in poor neighbourhoods on land made available by the com-



Facilitators leaving the HTJ to begin their door-to-door sales of Koba Aina.



Eating Koba Aina inside a HTJ.

mune. Young children are welcomed by facilitator-sales assistants who give nutritional advice and offer to weigh children to monitor their weight and, when necessary, direct them towards the nearest health centre.

When Nutri'zaza was created in 2013, 40 HTJs, located in seven communes (Antananarivo, Antsirabe, Fianarantsoa, Toamasina, Fenerive Est, Farafangana and Vangaindrano), were distributing 170,000 meals per month. One of the technical assistance roles was to support Nutri'zaza to open 100 HTJs in 30 neighbourhoods by the end of 2017. To date, 84 neighbourhoods are covered by a HTJ or by the door-to-door sales service where there is no HTJ.



WHAT THE EXPERTS SAY

A transfer that was not entirely automatic

“Although the business's economic model was supposed to facilitate development of the network, the change in social status was not a mere formality. Firstly, the facilitators, who left Nutri'zaza in large numbers due to difficult working conditions and the fast pace of work, and a freelance status with poor job security. Also the communes, which provided GRET with land for the HTJs free of charge during the project, but did not take the same view regarding the partnership with a private company. It was necessary to change the intervention strategy and the status of the facilitators. GRET's support was crucial to make these changes.”

Christiane Rakotomalala, nutrition manager with GRET in Madagascar

CAPITALISATION OF EXPERIENCE

GRET supported Nutri'zaza to extend the HTJ network.

Deployment in each new neighbourhood necessitated the following stages.

Figure 4: PROCESS OF SETTING UP A NEW HTJ



★ Towards a professionalised facilitator status: a new HR approach

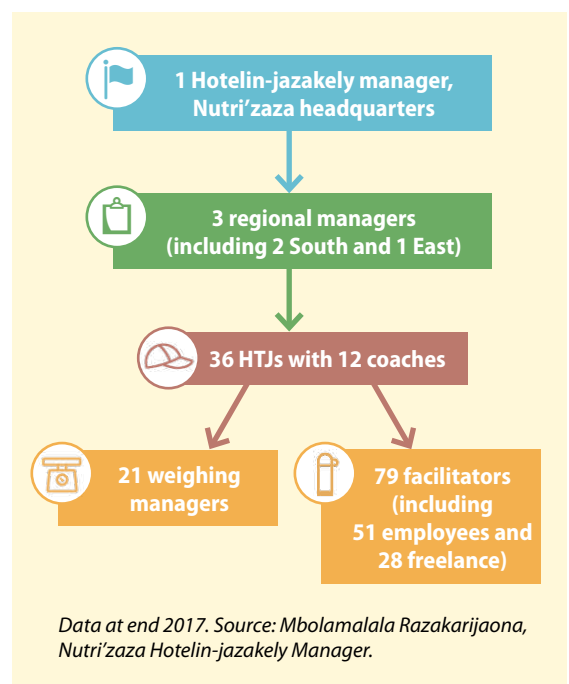
The key profession in a HTJ is that of **facilitator**. These women conduct awareness-raising events on recommended nutrition practices, weighing sessions, preparation and sale of porridges, with techniques that need to be learned. They also tour neighbourhoods under the supervision of a coach.

When it was set up, Nutri'zaza encountered a difficulty: the recruitment and status of facilitators. Working on a freelance basis, with highly varied levels of income and difficult working conditions, their status was not very compatible with a professional position. The decision by Nutri'zaza at the end of 2013 to focus facilitators' activity on the HTJ social network and to entrust the retail network to salespeople had repercussions on their income (65 % of which came from retail). The slightest drop in sales therefore had severe consequences for them, and this led to a **high staff turnover** (208 % in 2017).

To solve this problem, GRET and Nutri'zaza searched for responses in the technical assistance, and their trials and errors led to overlaps and lack of clarity regarding management of facilitators. A skills-strengthening strategy was finally implemented, with a system of coaches and regional managers monitored by GRET, and the possibility of becoming a salaried employee was put in place. Thanks to this system, the facilitators now earn on average 1.7 times the Malagasy minimum wage. New measures were taken in 2017: more favourable methods of remuneration, more refined systems of management and objectives, and recruitment procedures (elimination of the bonus according to the number of facilitators recruited, which could instead be allocated for quality of recruitments for example).

In 2017, over 60 % of facilitators were individually supported to improve their performance. This contributed to their stability in the business and demonstrates the importance of constant training and coaching.

Figure 5: A HTJ TEAM



★ Relationships with the communes and institutional strengthening

The system for setting up HTJs relies on a partnership between Nutri'zaza and the communes. As part of the Nutrimad project, GRET had signed a partnership agreement with the latter, including the provision, free of charge, of the site where the HTJ was to be located. As Nutri'zaza took over these activities, a new agreement had to be drawn up with the communes, and the "transfer" of existing agreements was not a simple affair.

Given the political situation in Madagascar and the change in the country's leadership, politicians in the communes were slow to sign an agreement. Furthermore, the communes did not understand Nutri'zaza's social business status, or the point of lending a site to a private company. Similarly, the land situation of some sites was unclear (difficult to ascertain who owns the land, and therefore its transfer), and the duration of the agreement on transfer of sites generated debate (in the end, five to ten years was the duration chosen to be acceptable by all parties and enable Nutri'zaza's investment to be recovered).

GRET acted as a facilitator between local authorities and Nutri'zaza. It began the first stages of site identification and worked through to identification of HTJ facilitators. Once these women were

recruited, Nutri'zaza stepped in to train and support them. In 2015, GRET's participation made it possible to cover 17 new communes and 29 intervention sites, at which facilitators were selling the porridges. **In 2017, 84 sites were covered by a HTJ and/or a facilitator.**



WHAT THE STAKEHOLDERS SAY

"Setting up a Hotelin-jazakely in the various *fokontany* of the commune of Ankarabato is very important to help us provide a concrete solution to malnutrition. With these restaurants for babies, children can have the necessary information on food and eat quality products. I am also a member of the Nutri'zaza Ethics and social monitoring committee. This commitment is very important to me, it allows me to discuss issues with other diverse stakeholders in the fight against malnutrition (academics, communes, doctors, etc.) and to monitor Nutri'zaza's social performance, proper use of tools and its social mandate over the long term."

Solonirina Razafindrakotoarina, Deputy mayor of Ankarabato

CONCLUSION

In order for Nutri'zaza to be present in every neighbourhood, while waiting on land issues to be resolved, facilitators are working in neighbourhoods without a HTJ. Although the objective in terms of opening 100 HTJs in five years was not reached, that of sales via the network was exceeded, with more than 8.3 million meals distributed in 84 neighbourhoods, which represents 27 % of the business's annual turnover.

In towns on the outskirts with lower population density, there are longer intervals between coaching and support sessions for facilitators and sales activities are lower. If the business wishes to remain present, this raises the question of profitability. In this context, a **strategy to densify and stimulate neighbourhoods on standby** was implemented to improve the cost-effectiveness of monitoring and support.

Whether for management and strengthening of facilitators' performance or setting up of HTJs in partnership with the urban communes, at the end of the five years of technical assistance, the HTJ network is without a doubt the major challenge to be met by Nutri'zaza.



WHAT THE EXPERTS SAY

Awareness-raising, HTJ's social mission

"Apart from its mission of promoting and selling complementary foods for young children, in its social mission, Nutri'zaza includes a component on raising awareness of Infant and Young Child Feeding practices (IYCF) and weighing sessions to facilitate monitoring of children's growth, and direct them, where necessary, to health centres. These sessions are conducted by GRET in neighbourhoods (they vary according to neighbourhood and the state of progress of the technical assistance) and organises events with health centres in partnership with the Ministry of Health, in particular during vaccination days. As these awareness-raising activities are not profitable for Nutri'zaza, they are sometimes conducted by GRET in parallel with Nutri'zaza's promotional activities, for example, when a HTJ opened in a new neighbourhood in 2016 (163 events were organised by GRET in 43 neighbourhoods). In 2016, weighing sessions were reduced and some sites were closed for a period, due to a lack of weighing equipment throughout the country."

Ony Rabearimanana, Nutri'zaza technical assistance project manager with GRET in Madagascar

PART 5

Supporting a local business's social marketing

As part of GRET's skills transfer to Nutri'zaza, the new social business was supported and trained for five years to develop and implement its marketing strategy.

MARKETING AS A COMPONENT OF TECHNICAL ASSISTANCE

The definition of an effective marketing strategy was essential to allow Nutri'zaza to stand out in the competitive children's foods sector. Drawing on the findings and experience of the Nutrimad programme, GRET transferred key skills in this area to the new structure⁵.

GRET supported Nutri'zaza with its overall marketing strategy and with the recruitment of a sales manager, and provided **training** to:

- the management functions on strategic processes;
- the HTJ staff and salespeople on the products and sales arguments.

GRET also conducted **market research** among the business's key target audiences: studies on the market, consumption, the distribution network and satisfaction. It supported the design and implementation of marketing plans for the main products distributed by Nutri'zaza (the traditional Koba Aina in its various forms – 35-gram packets and sales by the ladle-ful – and by-products for other targets) within three distribution networks.



WHAT THE EXPERTS SAY

Marketing: a new technical cooperation profession?

"An NGO that supports a private business to conduct marketing may seem surprising! At a time when the local private sector is becoming involved as a stakeholder in development projects, a new profession is emerging in NGOs' traditional technical assistance. The challenge for GRET was to find the right cursor: provide support without taking over from the commercial aspect of the business, and promote social marketing to the local private stakeholder, for the benefit of families and not just for economic objectives. I think the right balance was respected, including on the part of Nutri'zaza's teams."

Clémence Boule-Martinaud, marketing expert with GRET's Nutrition team

5. For more information: Bruyeron O., Pleuvret E., Trèche S., Le business social pour lutter contre la malnutrition infantile, GRET, 2010, Coopérer aujourd'hui n° 69.

CAPITALISATION OF EXPERIENCE

The technical assistance in this case focuses on recurrent market research and the definition of the overall marketing mix.

★ The products

Koba Aina represents two thirds of Nutri'zaza's turnover. GRET provided support for the development of the new aluminium 35-gram Koba Aina packaging and its sale in the traditional distribution network. It is Nutri'zaza's highest-selling product, of which 72 % of sales are made in the retail network and 28 % in the NGO network.

2017 saw the launch of two new **Koba Aina flavours: banana and strawberry**. This followed on from the result of a consumer survey conducted in 2016 among 800 mothers.

Table 3: EVOLUTION IN THE CONSUMPTION OF KOBA AINA

	2014	2015	2016	2017
Penetration rate	43.3%	42.8%	85.2%	62%
Regular customer rate	13.6%	12.7%	23.2%	18%

Source: CESS reports between 2014 and 2017.

Apart from Koba Aina, the technical assistance phase included the distribution of the extended range, with products previously tested and developed by the Nutrimad programme:

- **Koba Tsinjo** for children of school age;
- **Koba Hery** for adults suffering from nutrition deficiencies (older people, prisoners, etc.);
- **Koba Aina Pecmam** for children suffering from moderate acute malnutrition.



Nutri'zaza products promotional stand.



Three flagship products in the 2018 Koba Aina range: banana, plain and strawberry.

★ The price

Koba Aina is sold at a price ensuring the activity's profitability. In 2016, the latter increased from 30 to 34 % due to an increase in the price of raw materials. GRET supported Nutri'zaza with its communication strategy on this price increase, which was rolled out in all intervention neighbourhoods. This price increase in fact led to a decrease in the volume of sales in traditional retail networks and in the HTJs.

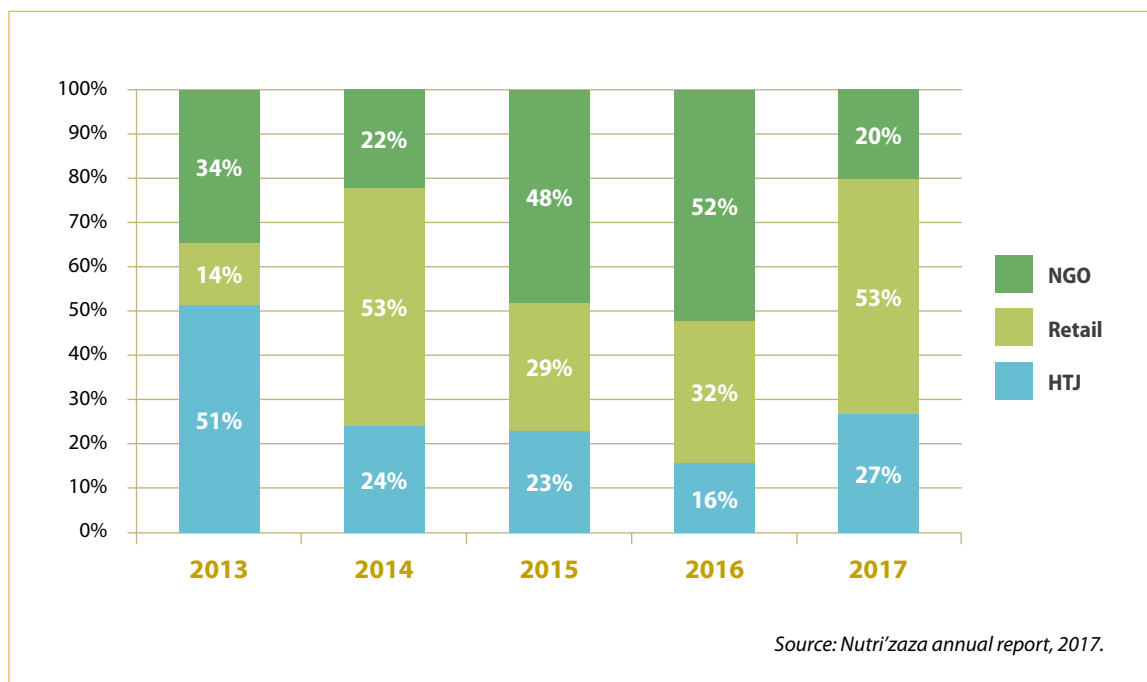
To compensate for this, coaches and facilitators received training on the argument to be used when talking about the increase in prices. Media and non-media promotional actions were also rolled out: radio clips, distribution of flyers and organisation of a prize draw.

Although sales picked up after two months and the price was gradually accepted, they only returned to their former volume one year later. Even with these arguments, the price of the flour remains two to four times lower than that of other complementary foods available on the market.

★ Distribution

Among Nutri'zaza's three complementary distribution networks, the retail network accounted for half of the business's sales in 2017.

Figure 6: ACTUAL EVOLUTION IN BREAKDOWN OF TURNOVER



In the retail network, GRET provided support to Nutri'zaza for the definition of its commercial strategy and the expansion of the network to wholesalers and supermarkets. Reflections were conducted on the certification of sales outlets and authorised distributors to avoid counterfeit products, of which one such case was discovered in 2015.

In the NGO network, GRET worked on forward planning and advocacy among nutrition stakeholders, with the help of the NGO platform network in Madagascar.



The Nutri'zaza team delivering Koba Aina stock to a grocery store.



The Nutrimad stand at Nutrition Day Worldwide.

★ Promotion

Promotion of complementary foods is covered by a restricted legislative framework, governed by the WHO code⁶ and a national decree. During CESS meetings, the Ministry of Health issued recommendations to clarify the promotion of breastfeeding and the complementary nature of the products.

In compliance with these legislative constraints, GRET issued recommendations and supported Nutri'zaza with the definition of a media and non-media promotional strategy, in particular for the launch of new products. The activities conducted, apart from support with definition of tools, were the following:

- door-to-door promotion (52 campaigns conducted in 2016);
- promotions in markets (514 in 2016);
- trade promotions at grocery stores (307 in 2016);
- broadcasting of radio and television clips (86 % of families surveyed during the consumer study conducted in 2017 said they had heard the messages on radio).

In parallel, GRET conducted awareness-raising sessions to enable Nutri'zaza to work in a favourable context, with better understanding by families of recommended nutrition practices.

CONCLUSION

In Numerous sectors (sanitation, microfinance, nutrition, etc.), social marketing is increasingly becoming a component of technical assistance provided by NGOs to small private local stakeholders with a social purpose.

Nutri'zaza, while it is a business focusing on the distribution of products, is necessarily involved in the entire marketing system, from formulation of products through to their promotion. The annual

6. Although infant flours are complementary foods and not breast-milk substitutes, their marketing is governed by the International code of marketing of breast-milk substitutes, issued by WHO in 1981, as well as by the various resolutions in the Guidance on ending the inappropriate promotion of food for infants and young children – A69/7, WHO, 2016

budget dedicated to marketing represents approximately 8 % of its overall turnover. Its indepth knowledge of the entire chain enables it to control costs, which underpin its profitability, and retain the social objective of its activity.

Internationally, legislation on the promotion of complementary foods is a significantly monitored subject, which favours knowledge and use of these products that are central in the fight against child malnutrition, while respecting requirements in the countries in which they are sold.



WHAT THE EXPERTS SAY

The promotion of complementary foods under the strain of regulatory confusion

"The WHO's International code of marketing of breast-milk substitutes prohibits the promotion of any food that is a substitute to breast-milk. Although complementary foods are not concerned by this, there is regular confusion between substitute foods and complementary foods. The risk of these types of measures being gradually distributed is very worrying and represents a real obstacle in the fight against malnutrition (poor knowledge of the existence of suitable foods, and of adequate methods of preparation and consumption)."

Mirr dyn Denizeau, nutrition-health programme manager with GRET*

* http://www.gret.org/wp-content/uploads/PPD-17_FR_Nutrition-fevrier2015.pdf

CONCLUSIONS AND PROSPECTS

From technical assistance to partnership

The technical assistance provided by GRET to Nutri'zaza from 2013 to 2017, featured a wealth of innovations, in terms of **skills transfer for transition from a project logic to a business logic**, and in terms of **developing new solutions** for social governance, adapting to legislative changes and social impact.

Each party learned from the other, and from working with the partners on the board of management and CESS. Thanks to this multi-stakeholder partnership, Nutri'zaza is achieving its ambitions and becoming a key, recognised stakeholder in the fight against malnutrition in Madagascar.

GENERAL CONCLUSIONS

With regards the creation of the social business and the achievement of its economic objectives, Nutri'zaza is continuing its adventure with solid governance foundations, an active CESS, indicators that have proved pertinent for making strategic and operational decisions, and an economic balance that needs to be strengthened.

The economic objectives are being achieved, the challenge will consist of consolidating these achievements after the end of the technical assistance, the pillar that contributed to the business's current results.

With regards developing and extending provision of the product range, production and the marketing strategy seem to be consolidated, with greater vigilance regarding quality control. The challenge that remains is the extension of the HTJ network and the door-to-door service via a new strategy for densification and stimulation in neighbourhoods on standby, which will make the ready-to-eat product more accessible for vulnerable populations. Issues relating to support for staff members and their performance, and to relationships with the communes, are at the heart of these challenges. This is even more true because the technical assistance provided by GRET included a strong component focusing on strengthening human resources.

With regards recognition of the social business's impact on the fight against malnutrition, we note the dissemination of the Nutri'zaza experience in studies on social entrepreneurship, and a high degree of interest at national and international level.

RECOMMENDATIONS FOR TECHNICAL ASSISTANCE TO SOCIAL BUSINESSES IN DEVELOPING COUNTRIES

In light of this experience, GRET makes the following recommendations to stakeholders involved in technical assistance projects with emerging social businesses in developing countries:

- monitoring of the scientific, political and legislative environment;
- the importance of the institutional partner and sectoral networks for social governance functions (CESS) and of the business's involvement in this network;
- anticipation and management of the pace of intervention, and the need for the business to be responsive vs. lengthy periods relating to action-research for development;
- the importance of technical assistance being conducted over a relatively long period (five years for Nutri'zaza) to learn how to overcome difficulties, have greater learning experiences and sustainably strengthen the structure;
- anticipation of a renewed human resources strategy, which is not managed in the same way in a development project as in a business logic, where requirements regarding economic results are higher;
- in managerial terms, clear sharing of responsibilities between the social business and the organisation providing technical assistance, enabling sustainable transfer of skills.



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