

# Finding an economic balance The Wouol Association, Burkina Faso

Burkina Faso



Mango farmers

connected with

New markets

**Wouol, an association of 1500 mango producers in Burkina Faso, is one of the country's largest suppliers of dried mangos. After years of investments and generous donor support, the association had reached a turning point – it needed to find an economic balance by improving output and exploring new markets. With SNV's support, the association is now heading in a new direction, based on sound commercial principles. With a new buyer for its products, Wouol is now reforming its internal structure in order to motivate staff, and is gaining confidence in its efforts to compete in the organic food sector.**

Wouol is a farmers' association based in Bérégaoudou in the southwest of Burkina Faso. On behalf of its 1500 members, Wouol (which means 'solidarity' in the local Turka language) produces, processes and sells mangos on national and international markets. It also provides training for its members on plantation maintenance and production methods.

Since 1993, with financial support from Intermón Oxfam, Wouol has built up an impressive production infrastructure, with four processing plants, 21 drying ovens, and a headquarters employing 15 staff. In 2004 the organisation produced 35 tonnes of dried mangos, all of which were exported to Europe. Wouol is a certified organic producer by Ecocert International, and has applied for Fair Trade certification from the Fairtrade Labelling Organization (FLO). The organisation is adapting its processing facilities to produce mango juice and jam, and plans to diversify its product range to include bissap (hibiscus flower tea) and cashew nuts. In order to achieve these ambitions, however, Wouol recognised that it needed to change.

Netherlands

Development

Organisation

# SNV

Connecting People's Capacities

## SNV advisory process

Wouol first contacted SNV in 2003 with a request for a range of organisational, commercial and IT support, with a focus on training. After several meetings with SNV, it was decided to concentrate on the two most pressing challenges facing the association – it needed to identify new commercial opportunities and to adapt its internal structure. SNV agreed to assist, and began by conducting an analysis of the organisation, including the management's roles and responsibilities, the production process and export arrangements. The analysis revealed three major problems.



The first problem concerned production.

Wouol's production capacity exceeded demand by almost 50%, yet it had continued to seek financial assistance for expansion. The association had made no attempt to find an economic balance, either by adapting the production chain, seeking new customers, or reducing its costs. In fact the organisation was largely unconcerned about the situation because over the years it had come to rely on the donor, Intermón Oxfam, which had financed a large part of the operation. Also, because the infrastructure was funded through a grant, it was not considered as a capital good and thus was not depreciated.

The result was an economic impasse due to the lack of income from sales on the one hand, and the availability of donor support on the other. Wouol did not want to put all its efforts into exploring new agricultural and commercial possibilities, because it did not have sufficient customers to justify doing so. The donor's support was sufficient to pay salaries and to keep the business running, thus providing a sense of financial security, but only in the short term. If the donor were to withdraw its support in the future it would cause a severe crisis in the organisation. Wouol recognised the fragility of its situation but did not know how to change.

The second problem centred on the fact that Wouol was engaged in two very different sets of activities. As well as the commercial production and processing of mangos, it was managing a social programme for its members and their families, funded by Intermón Oxfam. The situation was complicated because all Wouol employees were involved in both activities, with no clear division of tasks and responsibilities. In addition, the financial systems were in disarray because just one account was used for both activities.

The third problem highlighted by the analysis concerned Wouol's internal organisation. There was no human resource management system, or a staffing structure with clearly specified tasks and responsibilities with matching job descriptions. The organisation had no human resource strategy – the boss decided everything, and delegation was out of the question. With no contracts, salary structure, social security, or opportunities for career development based on performance evaluations, the staff had little incentive or motivation to improve their performance.



Mangos

## The Good Food Foundation

SNV's advice to Wouol was to tackle the problem of production overcapacity by exploring new market opportunities, both local and international, in order to increase sales. Thus, in August 2004, SNV brought Wouol into contact with Horizon Natuurvoeding, a Dutch importer of organic food products, and a member of the Good Food Foundation. The Foundation's philosophy is to develop long-term commercial relations with agricultural producers in developing countries to encourage sustainable self-development.

In January 2005 a delegation of the Good Food Foundation visited Burkina. During a meeting with Wouol the Foundation signed an export contract for 20 tonnes of dried mangos and agreed to buy all of Wouol's output of cashews as long as the price and the quality were acceptable. The two parties also agreed to discuss further export possibilities for 2006 and 2007 if the partnership worked well. The mango contract meant that Wouol would be able to increase its output by 40% in 2005, thus resolving the overcapacity problem, and greatly improving its profitability.

The mangos would be shipped to Europe by Gebana Afrique, a Fair Trade export company based in the capital Ouagadougou, but this new link in the marketing chain increased prices by between 5% and 10%. Wouol has therefore decided to make its own export arrangements in 2006, with the help of SNV and in collaboration with the Good Food Foundation and Gebana Afrique.

At the same time, Wouol investigated local markets for its products, but with little success. The local demand for dried mangos or mango juice is almost non-existent, with customers only willing to pay prices that would not even cover the production costs.

## Changing attitudes

In the process of exploring new market opportunities it became apparent that Wouol's management expected that the commercial partnership with the Good Food Foundation would be similar to the relationship with the donor. They soon found that the reality was quite different. Whereas previously Wouol had simply prepared funding proposals, and submitted reports to the donor to justify expenditures, it was now working with a commercial partner that demanded consistently high-quality products, reasonable prices and a professional organisation.



*Slicing mangos ready for drying*

This was a new and challenging experience for Wouol. It meant moving away from the dependency on a donor towards an equal business partnership in which they would be working for a profit, taking risks and investing in the future – in other words, achieving a balance between the dynamics of market demand and supply. Although this shift in attitudes has been difficult, in the process of finding this balance the association has become far more confident about its own capabilities.

In discussions with Wouol staff, SNV described the opportunities offered by the growing demand for organic produce in Europe, and the benefits of the partnership with the Good Food Foundation. Emphasising the need to maintain the quality of their products and their professional way of working, SNV explained the dynamics of international trade and the important role of producers in the supply chain. The staff have begun to change their attitudes, but there is still some way to go.





*Wouol's drying ovens*

### **Internal restructuring**

To address the problem of the mixing of commercial activities and the social programme, SNV advised Wouol that it would have to make some drastic changes. These involved the separation of the two activities, financially and organisationally, and drawing up new sets of tasks and responsibilities. The commercial operation (production, processing and sales of agricultural products) needed to be streamlined, with a professional structure where staff have clear roles and responsibilities, and short lines of communication to enable them to respond promptly and effectively to the demands of its customers. The social programme, on the other hand, involved short-term projects and a large number of highly motivated volunteers, and thus required a more flexible structure. SNV therefore advised Wouol to consider creating two independent organisations, each with its own clear mission and vision, and its own managers and staff who would be responsible for specific tasks. For the commercial operation a limited liability company would be most suitable, whereas for the social programme an NGO was more appropriate. Wouol agreed, and all the necessary steps have now been taken to set up and register these two separate entities.

To tackle the human resources problem, Wouol contracted a local consultant to provide advice. Wouol has opted to introduce a complete human resources management system with formal contracts, coherent salary scales, and a career structure based on performance evaluations. Once the new system is in place, the most challenging task for SNV will be to persuade the management to accept it, in particular to delegate authority and to involve employees in decision making. Having gained the organisation's confidence, SNV began by inviting the management to reflect on their behaviour and how it affects the daily lives of employees, and to consider alternative approaches. The results are already visible, in that the president has begun to delegate a number of tasks. The relationship between Wouol and Intermón Oxfam continues, but it now focuses on the funding and implementation of the social programme. Oxfam accepted that the association needed to separate the commercial and social activities, and agreed to finance a new position of sales manager in 2005 and 2006. By the end of that period Wouol should be able to fund the position from its commercial operation.

## Gaining confidence

For Wouol the relationship with the Good Food Foundation has already brought many benefits. It has enabled Wouol to recognise that it needed to change and become a more professional organisation. In the process, the association has become aware of the severe international competition in the organic food sector, and that it needs to be a strong and aggressive player in order to succeed. The fact that Wouol now has a commercial partner that is willing to support this process has given them the confidence to speed up the change process, to export their products themselves in 2006, and to become independent of donor support.

SNV and Wouol are aware that the change process is very ambitious, requiring a flexible planning approach in which priorities and levels of intervention can be adapted in response to changing circumstances. At present the pace of progress is dictated by Wouol's capacity to absorb the many changes, since moving too quickly could damage the process. But if Wouol succeeds, it will have significant benefits for the association's staff, and its members and their families, in terms of higher incomes, more stable employment, improved social security and a much greater appreciation of their potential – all of which are undoubtedly worth fighting for!

## Author

Kees-Jan van Til  
SNV Bobo Dioulasso

## Resources

SNV Burkina Faso:

[www.snvburkina.org](http://www.snvburkina.org)

Agricultural information Burkina Faso:

[www.abcburkina.net](http://www.abcburkina.net)

Ecocert International:

[www.ecocert.com/](http://www.ecocert.com/)

Fairtrade Labelling Organization (FLO):

[www.fairtrade.net/](http://www.fairtrade.net/)

Gebana Fair Trade importers:

[www.gebana.com/site\\_en/direktvertrieb.html](http://www.gebana.com/site_en/direktvertrieb.html)

Good Food Foundation/Horizon Natuurvoeding:

[www.goodfood.nl](http://www.goodfood.nl)

Intermón Oxfam:

[www.intermonoxfam.org/page.asp?id=1115&idioma=1](http://www.intermonoxfam.org/page.asp?id=1115&idioma=1)

La esencia del mango,

Intermón Oxfam bulletin, February 2005 (in Spanish):

[www.intermonoxfam.org/cms/html/espanol/332/boletin4.pdf](http://www.intermonoxfam.org/cms/html/espanol/332/boletin4.pdf)

SNV is dedicated to a society where all people enjoy the freedom to pursue their own sustainable development. Our advisors contribute to this by strengthening the capacity of local organisations.

For further information please contact:

### SNV

T +31 (0)70 344 01 11

F +31 (0)70 385 55 31

[info@snvworld.org](mailto:info@snvworld.org)

[www.snvworld.org](http://www.snvworld.org)

Kees-Jan van Til

[kvantil@snvworld.org](mailto:kvantil@snvworld.org)