**BUSINESS OR PHILANTHROPY, OR BOTH?**

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<http://blog.grantcraft.org/2013/09/business-or-philanthropy/>

A business that is a business but isn’t, and a foundation that doesn’t necessarily donate…  **Off-Grid Solutions BV** is a for-profit business that produces and sells small, sturdy solar cells that you can use to recharge to mobile phone or to provide light in your hut in the Amazon rainforest or in your make-shift tent in one of the many refugee camps around the world.**WakaWaka Foundation** seeks to sustainably bring light to people who are not connected to any power grid, particularly those who most need it, the proverbial bottom of the pyramid.

Both organisations are in terms of their operating rational “somewhere between the business and the foundation, we are different but work together as a team to pursue one single mission” according to the WakaWaka Foundation President Cas van Kleef.  Cas is convinced that no single business model is suitable to achieve this mission, let alone in the global context in which they try to achieve it: “everything we do mixes always trade with aid; the exact formula varies from place to place,  there is not one model that works everywhere all the time”.



The core ingredient: a well-designed product that has a huge potential to improve the lives of the poorest people in the word, the so called ‘bottom of the pyramid’. The same product is also a useful, if not coveted, device for people in the north and the elites and the middle classes in developing countries.   The WakaWaka Light is a solar energy LED light, sturdy and designed to function in extreme circumstances while having an attractive look; the WakaWaka Light can easily be fitted on the lid of a soda bottle.  The WakaWaka Power has all the features of a WakaWaka Light plus the ability to charge any device with a USB-connection like mobile phones. In poor households WakaWaka can replace kerosene lamps, which means less burns, less toxic fumes and CO2 emissions while it gives better light for less costs and support for example a small business charging phones.

One half of the WakWaka venture works with a business model that operates completely through the market,  producing a quality device  at the lowest possible cost – obviously respecting good, sustainable business practices. Unlike some businesses however, the overall objective is **NOT**to maximize profit or shareholder value, but to sell as many devices as possible. The company sets a relatively low price in developing countries and works with a good margin in the European countries and the US, what Cas calls  “a Robin-Hood-pricing policy”.  And the market-based business model includes also successful buy-one-give-one schemes, á la Warby Parker and Toms, with the donated device to be distributed by the foundation. So the business model is market-based, for profit with a twist.

The other half of the team, the WakaWaka foundation tries to get the device to the poorest people, which is no small feat. Markets do not tend to deliver very well for the bottom of the pyramid. That said, the foundation policy is ‘free but not for nothing’.  “Giving something for free has too many disadvantages,” says Cas  “it can actually be demeaning for the receiver and gifts tend to receive less care compared to items people felt the earned or acquired through their own effort.”  That said, the foundation raises its resources appealing to the philanthropic feelings of individuals and companies, shortly as a buyer in the buy-one-give-one-scheme, you will be even to pick who will get the second device: the ultimate feel good experience.

While philanthropy is embedded and emphasized in transactions with donors and some buyers, philanthropy is underplayed in the relation with beneficiaries who obtain WakaWaka’s ‘free but not for nothing,’  Says Cas: “Not-for-nothing practically speaking means something different in a Syrian refugee camp compared to a Thai village, every time we have to establish what is the best way to reach our target population.” To do that, the foundation works with partners, mostly local and international NGO’s, to find a way that combines a Trade+Aid approach with the knowledge of the local context and culture of their partners.  Cas explains, “working with local organisations is not always easy, but we rather invest in partnering than in developing our own organisation or network, that would be a waste of capacities”

Between the production, the marketing and the distribution through both the company and the foundation, there are many riddles still to be solved: Can we produce locally? How do we go about recycling? What distribution tactics work best to reach the poorest?  Some issues are worked on independently in both the company and the foundation it seems that the key is to draw on the different and diverse capacities, and not to copy each other’s business model.

It is very inspiring to see how this venture takes the for-profit and not-for-profit models and moulds them to suit their vision and mission. If you know of more of such creative philanthropy business modelling, please share using the comment box on this blog.

And if you want to learn more about this particular venture, follow the[**WakaWaka**](http://waka-waka.com/) site and the **[WakaWaka foundation](http://wakawakafoundation.org/)**