

CARE: Making Markets Work for the Poor¹

“The results from this decision will have substantial implications for CARE’s long-term approach to poverty alleviation. In fact, as such a large and influential nonprofit, we have the chance to impact the thinking of an entire sector,” said Marcos Neto, CARE’s acting director for the Central America Region. “We’ve been supporting base-of-the-pyramid (BoP) ventures for some years now, but we have yet to articulate an explicit strategy for these enterprises in our work. As I look across our region and CARE’s work across the globe, we are becoming involved in more and more of these ventures. Yet we still have not systemically asked ourselves what role, if any, we should play in supporting them.”

In 2005, CARE embarked on an initiative to more deeply explore the opportunity to use revenue-generating ventures in its countries of operation in order to fight poverty and increase its own organizational funding. Neto’s region, Central America, was designated as a pilot site for this initiative. Three years later, Neto was concerned that CARE had yet to truly commit itself to address the opportunities and challenges presented by this market-based approach to poverty alleviation.

Internal discussions indicated that these efforts did not have unanimous support. On one side, a number of Neto’s colleagues felt the strategy was appropriate for CARE and warranted more aggressive pursuit. Continuous solicitation for new donations and grants was time-consuming, and revenue-generating ventures offered an alternative: poverty-alleviating programs that were economically self-sustaining. Based on CARE’s experience in microfinance, supporters hoped these BoP ventures might be a future source of unrestricted funding.

Other CARE managers were less enthusiastic. Some were concerned that the organization lacked the skills necessary to do this work well. They felt that without a clear strategy for CARE’s role in these activities, the organization was ill-equipped to effectively support the initiative. Furthermore, a set of long-time employees felt that CARE, with its history as a humanitarian-based organization, should maintain its focus on donating resources to the poor. They also worried that CARE’s traditional funders would be uncomfortable providing philanthropic resources to an organization that was generating revenue and profit.

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Professor Ted London of the University of Michigan and Research Associate Moses Lee developed this case. MBA students Karen Burkes, Dae Sung Lee, Joe Moeddel, Vidhu Nambiar, Sarah Raehl, and Rochelle Sinclair contributed to portions of the case, in particular drawing from their 2008 student project with CARE. That team worked under the direction of Professor Ted London and Professor Roman Kapuscinski. They thank Research Assistants Gabriela Reyes and Steve Spaulding as well as Marcos Neto, Laté Lawson-Lartego and his colleagues from CARE for their support in developing this case. ©2008, The William Davidson Institute.
