

In Brazil, a charity makes successful transition to social enterprise

By [David Olson](#)



A DKT Brazil promoter hands out samples of Prudence condoms in downtown São Paulo, Brazil on World AIDS Day. Photo by: David J. Olson

In its 24 years, [DKT Brazil](#) has transformed itself from a charity entirely dependent on international donors to a social enterprise dependent only on its own business and marketing expertise.

Brazil has become one of the centers of the social enterprise in the world. In 2012, the [Social Enterprise World Forum](#) was held there. I'm reading [more articles](#) which claim that social enterprise is becoming the norm, "a really valid option proposed for anyone wanting to start or grow a business" in the country.

When DKT Brazil was launched in 1990 as a condom social marketing organization, it considered itself a charity and was funded mainly by the [U.S. Agency for International Development](#) and other donors. But when the organization lost its USAID funding in 2003, it was forced to become financially sustainable.

It achieved 100 percent financial sustainability and more. All of its [Prudence condom](#) products make money, yet many of them are within the [contraceptive affordability index](#), which dictates that the cost of a year of contraception should not be more than 0.25 percent of a family's disposable income. In fact, DKT's cheapest condom is only 0.22 percent — and even its most expensive brand does not reach 0.5 percent. DKT estimates it prevented over 9,000 HIV infections in Brazil in 2013.

DKT Brazil Country Manager Dan Marun offers three lessons for other social enterprises in Brazil and elsewhere:

1. Don't count on traditional donors too much.
2. Don't put all your eggs in one basket.
3. Your business has to be viable in the absence of a subsidy or other government benefit, like a tax break.

In other words, apply real-world business acumen to your social enterprise.

"When setting up a company or venture, many people look for the incentives, the benefits, the freebies," said Marun. "I think it has to be the other way around. That is, your business has to be viable without the grant or subsidy or benefit. Once your venture is feasible over the long run, any incentive is just gravy that you use to achieve more social impact."

So can DKT Brazil's model be applied in other countries?

"This may not be possible everywhere, like Africa, but if you take that into account and try to make your operation cover more and more of its costs, that gives it a different perspective. If you start a business thinking that it should get funded, OK, but that's not social enterprise."

Marun isn't against the idea of charity, but believes that too many organizations perpetuate their dependency and accept conditions that force them to do things that compromise their mission.

"Some people look at Brazil and say 'Oh, Brazil is booming.' But they forget that there are areas that are very poor, as poor as India, with no services," he said. "I truly believe there are a lot of things to be done in the poorest areas of São Paulo and other parts of Brazil."

Marun said donor money is welcome but it would have to be in full alignment with the organization's mission and priorities. "If there was an opportunity, I wouldn't rule it out," he said. In fact, DKT Brazil is partnering now with [Women Care Global](#) to distribute manual vacuum aspiration kits and contraceptive implants.

Marun has a simple definition of social enterprise: Having a sustainable social impact without depending on anyone else.

Clearly, DKT Brazil has achieved that goal, and even generated funds to start a new social marketing program in Mozambique. Furthermore, the approach has been shown to be replicable elsewhere, as programs of [DKT International](#) — including Indonesia, the Philippines and Turkey — have already achieved financial sustainability. But DKT Brazil was the first.

DKT Brazil is now expanding the limits of its social enterprise to the Chinese market, selling Prudence to the Chinese consumer through DKT Beijing. They are going to use the same exact packaging, in Portuguese, with a sticker in Chinese affixed to the back.

"With Prudence, DKT Brazil has put years of effort into brand development that embraces everything from innovative products to design-driven packaging and creative advertising," said DKT Beijing Country Director Neil Schmid. "This type of potential shared-brand value might easily be overlooked but, in fact, it's quite substantial. Thus, DKT Beijing has a unique opportunity promoting Prudence in China."

Thus, inside and outside of Brazil, Marun believes DKT Brazil can serve as a useful model of social enterprise for other organizations.