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Free condom dispenser at the Makadara district hospital in Nairobi, Kenya.

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FEBRUARY 02, 2012

AUTHOR

How One Non-Profit Social Marketing Agency Funds Health Clinics, Midwives

[DAVID J. OLSON\(/AUTHORS/O/DAVID-OLSON\)](#)

In difficult economic times like these, governments are looking for ways to cut their budgets. Foreign aid is often an easy target. [Innovative financing](http://en.wikipedia.org/wiki/Innovative_financing)—the idea of using a range of non-traditional tools such as micro-contributions, taxes, and public-private partnerships—has developed over the last 10 years as an alternative to traditional donor aid. Innovative financing mechanisms have raised \$2 billion over three years, according to a [2010 report](http://www.internationalhealthpartnership.net/pdf/IHP%20Update%2013/Taskforce/Johannesburg/Final%20Taskfo) mostly for health.

Most innovative financing has originated with governments—such as UNITAID and the International Finance Facility for Immunization—and private sector efforts such as [Project RED](http://www.joinred.com/red/), which engages in “cause marketing.”

But NGOs can also play a role. In fact, they have already been doing this through [social entrepreneurs](http://www.usatoday.com/money/smallbusiness/columnist/strauss/story/2011-12-20/strauss-social-entrepreneurship/52100644/1) like [Muhammad Yunnus](http://en.wikipedia.org/wiki/Muhammad_Yunus) (Grameen Bank), [Bill Drayton](http://www.ashoka.org/) (Ashoka), and [Jacqueline Novogratz](http://www.forbes.com/sites/helencoster/2011/11/30/novogratz/) (Acumen Fund).

NGOs like [World Vision](http://www.worldvision.org/content.nsf/pages/sponsor-a-child?open&campaign=1193512&cmp=KNC-1193512) and [Oxfam America](http://www.oxfamamericaunwrapped.com/home.php?utm_source=oxfamorg&utm_medium=web&utm_campaign=holiday11&utm_content=custombanner#&panel=3) have followed the example of the [Heifer Project](http://www.heifer.org/) and its successful gift catalog. Even small, grass roots projects like the [Chikumbuso Women & Orphans Project](http://www.chikumbuso.com/products/) in Zambia, which I have visited and admire, sells handbags made by AIDS widows from discarded plastic bags.

But in Indonesia, an NGO that uses social marketing and social franchising to deliver low-cost, high-quality family planning products and services to low-income clients, has gone beyond ensuring its own financial sustainability: It has used a grant from the Bill & Melinda Gates Foundation to provide seed money for a similar program halfway around the world.

In 2001, DKT Indonesia, an affiliate of the non-profit social marketing organization [DKT International](http://dktinter.s463.sureserver.com/), received a \$5 million grant for family planning and reproductive health in Indonesia. This funding, combined with that of other donors, was used to establish some 5,000 branded midwife clinics and to improve the capacity of midwives to insert and remove intrauterine devices (IUDs), which led to increased family planning users. These partnerships with midwives continued after Gates funding ended in 2006, and today DKT works with more than 10,000 midwives.

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DETAILS

Category	Health (Categories/GloHealth)
Topics	Family Planning (Topics/Family Planning)
Country	Brazil (Countries/B/Brazil), Democratic Republic of the Congo (Countries/D/Democratic Republic of the Congo), Ethiopia (Countries/E/Ethiopia), Ghana (Countries/G/Ghana), Indonesia (Countries/I/Indonesia), Philippines (Countries/P/Philippines), Sudan (Countries/S/Sudan), Zambia (Countries/Z/Zambia)

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“Dengan sekecil ini
bebas urusan KB
selama 10 tahun”



DKT advertises IUDs in Indonesia.

In 2011, more than 14 distinct reproductive health products were marketed and sold through DKT Indonesia, including more than 135 million condoms, 21 million oral contraceptives, 11 million injectable contraceptives, and 165,000 IUDs. The result is that DKT is reaching more than 6.6 million Indonesian couples annually, making it the largest private family planning program in the world.

Since 2009, DKT Indonesia’s core operations have been supported through the sale of contraceptives. “The Gates Foundation’s investment continues to deliver significant reproductive health results and should continue to do so for years to come,” DKT Executive Vice President Chris Purdy told me.

That’s pretty impressive, but it’s not all: In February 2011, DKT Indonesia donated \$1 million to start a new social marketing program in Ghana, a country with very low contraceptive use and high maternal mortality. DKT Ghana is now in the process of registering five family planning products with the Ghana Food and Drugs Board, with the first shipment of contraceptives expected to arrive in February.

DKT is able to do this by “cross-subsidizing” its product lines: In low-income countries like Mozambique and India, DKT is undertaking successful cost-recovery of commodities by taking profits from premium brands marketed to upper-income populations to subsidize the same quality but differently branded products for lower-income populations. This is happening even in Ethiopia, the Democratic Republic of the Congo, and Sudan.

One result of these dramatic changes is that some middle-income countries with growing per capita incomes—like Indonesia—are able to provide funds for lower-income countries. Indonesia is only one example; DKT has had similar success in Brazil and the Philippines.



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Company, posits that the days when businesses existed only to make money and non-profits focused only on making the world better are gone, and both for-profits and non-profits are finding ways to work together and adopting the best practices of the other. While not all development projects can raise the kind of revenue that DKT Indonesia has, those who can—especially those who offer useful products and services valued by their clients—should consider such innovative financing strategies for extending their reach and impact.

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