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About BRAC

Changing Lives – Realising Potential. BRAC achieves large scale, rapid change by working with individuals, families, communities and institutions to overcome poverty. Our approach is comprehensive – with financial services, capacity building and livelihood development as well as health, education and social justice – enabling people to realise their potential.

Through continuous innovation to introduce more cost effective solutions and adapting them for greater effectiveness, we scale up for immediate and lasting change. We are pioneering a new kind of organisation, which integrates development programmes with social enterprises and enables BRAC and individuals to become self-reliant. While using our southern based knowledge and expertise, we are constantly learning from people, communities and countries where we work.

Vision, Mission and Values



Our vision

A world free from all forms of exploitation and discrimination where everyone has the opportunity to realise their potential.

Our mission

Our mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice. Our interventions aim to achieve large scale, positive changes through economic and social programmes that enable women and men to realise their potential.

Our values

Innovation, Integrity, Inclusiveness, Effectiveness

Chairperson's Statement

The year 2009 brought with it many changes for BRAC and as many opportunities as there were challenges. The global financial crisis adversely affected the performance of some of our programmes and our ability to secure funding for the expansion of others. In Bangladesh, the return to democracy with the election of a political government set the stage for policy changes in several key sectors – agriculture, education, energy and labour. This opened the doors for BRAC to engage with and support the government at different levels, including a landmark agreement of USD 75 million with the Central Bank of Bangladesh to fund the *Borga Chashi Unnoyon* project, aimed at providing credit to sharecroppers, who are traditionally unable to access the formal banking system. Cyclone Aila also had significant impact on our work in the areas of agriculture, disaster mitigation and climate change. Several new ventures and partnerships in social justice interventions solidified the move towards intensifying our focus on this area.

In other parts of Asia, our programmes continued to expand. Operations in Afghanistan extended to 3 new provinces, we received funds to initiate a survey of the ultra poor in Pakistan and a commitment of USD 2 million from Triodos Bank for our work in Sri Lanka. BRAC's programmes in Africa also achieved several milestones in 2009 – in a little over 3 years we reached 100,000 microfinance borrowers in Uganda and opened the 100th branch office in Tanzania.

For the past several years, we had been working to unify our global efforts, to present ourselves as one entity with a singular vision, image and voice – a message that had become diffused in the face of rapid expansion across greatly varied contexts. This process culminated in 2009, first with the registration of BRAC International in the Netherlands, and then through the redevelopment of the BRAC brand. Many of the changes, especially visual ones such as the new logo, may seem radical – but this again is a reflection of the openness and courage of BRAC's employees to embrace every challenge and every change and make it their own. At its core, BRAC remains the same and I urge the readers of this report – the first publication to showcase the new brand – to rediscover BRAC and join us in reaffirming our commitment to the poor and the disadvantaged around the world.



(Sir) Fazle Hasan Abed, KCMG
Founder and Chairperson



BRAC Chairperson Fazle Hasan Abed explains a math problem to a student of the Kumkumari BRAC primary school in Savar.

Non-Profits for 'Profit'

"We need to reverse three centuries of walling the for-profit and non-profit sectors off from one another. When you think for-profit and non-profit, you most often think of entities with either zero social return or zero return on capital ... Clearly, there's some opportunity in the spectrum between those extremes."

Bill Drayton, Founder of Ashoka,
global network of social entrepreneurs.

Lessons Learnt

In 1992, we decided to expand our sericulture programme to create jobs for 250,000 rural women. We leased unused government land next to railway lines and planted 25 million mulberry trees. Women who lived nearby would look after the trees and use the leaves to feed the silkworms. We provided technical inputs – right kinds of silkworm eggs, training on how to keep them disease free and facilities for producing the yarn. Sadly, this enterprise did not succeed because most of the trees were lost in the 1998 floods. Today, BRAC still does sericulture but not on the scale envisioned.

What do silk worms, microfinance, day-old chicks, primary education, solar panels, maternal health, recycled paper, high fashion, sanitary napkins, human rights and iodized salt have in common? They are all part of BRAC's comprehensive approach for alleviating poverty and empowering the poor – development programmes combined with enterprises that support them. We call them social enterprises because they are a way to protect and strengthen the livelihood activities of our programme members and they ensure the sustainability of the very same development programmes whose needs give rise to the enterprises. From 1978 onwards, six years after BRAC was founded, social enterprises have been an integral part of our mission to achieve large scale positive changes.

Social Entrepreneurship – A Development Tool

In industrialised countries, being socially responsible in business is primarily associated with producing goods and services that are good for the consumer and the environment. Social business and social entrepreneurship are buzz words, a popular way for businesses to market products to the "bottom of the pyramid" or define their corporate social responsibility (CSR) activities.

But there is a defined difference in ethos between a commercial venture that adds on a philanthropic arm to support positive change in society and an organisation whose mission is to bring about positive social change, which then takes up commercial activities to finance and promote the very efforts that bring about these changes.

In Business for Good

BRAC's holistic approach to poverty alleviation and empowerment of the poor demands that all possible solutions to a problem be explored, be it a new development programme, a new financial service within existing programmes or a business solution.

It all began in 1978 when we began exploring ways to engage the poor, rural women of Manikganj district (south of Dhaka) in productive activities. Sericulture was identified as an activity that would earn the women a livelihood. What quickly became apparent was that livelihoods could not be sustained unless poor rural women could market the silk spun on handlooms. Our retail store, *Aarong*, was created as a response to this constraint. *Aarong* offered a fair return on the products of the women and linked them to the urban markets where demand was the highest. *Aarong* thus became BRAC's first social enterprise.

When BRAC first began commercial activities, its primary aim was to create economic space for the poor by improving access to markets that were reliable and offered a fair return on products. Further along, we realised that we could help enterprises to function even better by creating access to quality inputs. Our dairy enterprise is one such example.

A Development Problem: A typical microcredit borrower, a poor woman, uses her loan to buy a milk cow. Her goal is to earn a daily income by selling the milk. When the cow falls sick and stops giving enough milk, she not only loses income but is on the way to losing her asset (the cow will probably die) and she still owes money. She will need to pay back her loan for which she will borrow again (this time from a money-lender at exorbitant rates or from another microcredit provider), she is likely to sell off any other asset and take her children out of school and into domestic or hazardous labour. The end result is that the household will sink deeper into poverty. Conversely, the woman's cow gives a lot of milk – but there is no market for milk in her village or there is an over-supply of milk as other borrowers are also investing in cows. At most, she gets a very low price which does not cover the cost of feeding the cow or repaying the loan. There is also no way to store the fresh milk or opportunities to sell to distant villages where prices may be higher.

A Business Solution: Many of our borrowers invest their loans in livestock. To increase their productivity, we provide supporting activities that form backward and forward supply chain linkages, including disease management, dissemination of improved breeds, supply of livestock and poultry feeds and marketing of milk. To minimise borrower risks, we provide training on feed, care and illness detection, deliver veterinary services at the household level, provide artificial insemination to improve cattle breed and arrange for village-level milk collection. Women can walk from their house to a central place in the village from where milk is collected daily and taken to regional chilling centres. Tankers collect from chilling centres and deposit centrally for processing, packaging, national distribution and sale. The end result is a winning situation for our borrowers, creation of employment and a furthering of our mission.

Serving the Underserved

One way to look at how BRAC's development programmes and social enterprises relate is to view them as lying on the same poverty reduction spectrum. In Bangladesh, we are facing new challenges as we are not creating enough jobs for the 2 million people who come into the labour market annually. One way is create to self-employment. BRAC's comprehensive development approach, which includes microcredit, education, healthcare, social empowerment and legal awareness, provides the opportunity and the enabling conditions. However, the commercial success of self-employment ventures can only be ensured through social enterprises.

A key distinguishing feature of our social enterprises is our willingness to accept low profit margins and the openness to shouldering considerable market risk. Because the social enterprises have evolved in direct response to a need identified during programme implementation, there is a demand for the products of these enterprises. This demand ensures that the enterprise is viable. However, the very nature of BRAC's commercial activities and their concentration in sectors where most of the poor are involved acts to contain excessive profit-making. BRAC persists in running low-profit enterprises because they create transformative benefits for the poor in terms of employment increased income and opportunities for exposure to improved technology and new methods for processing and marketing. Taken together with access to BRAC's healthcare, education and social empowerment programmes, they form a value chain.



Workers package milk at the BRAC Dairy Factory in Gazipur.

Creating Access to Quality Inputs

Another example of a backward-linking social enterprise is the BRAC vegetable seed initiative. At present, half a million of our borrowers grow vegetables as their principal income generation activity. These women needed seeds to improve their production so we established a seed multiplication enterprise. We not only provide quality vegetable seeds but produce hybrid rice and maize seeds for poor farmers. Today we are the largest producer of seeds in Bangladesh.

Driving Competition

With regard to competition, since our overall role is always to fill gaps, BRAC does not enter into sectors or markets that are already served fairly by the private or public sector. In fact, when the private sector moves into sectors opened by BRAC and serves our target markets effectively, we often step out. Are we creating barriers to entry for the private sector because they have to pay taxes? So, for each and every activity that is deemed taxable under the law, in fact, do we operate at a much greater financial disadvantage? Because a private business with a profit motive can choose to source inputs and locate its production facilities from wherever it is most cost effective. Our outreach, however, is driven by other considerations – we need to get services to underserved areas. We first choose an area that is underserved and then we start with what is needed. Are we maximising profits? No, we are operating at whatever level the market will sustain and the market is our best indicator. *Aarong* products, for example, are touted as too expensive – however, *Aarong*'s sales continue to increase, and on the other end, we are sustaining the livelihoods of more and more poor artisans.

People, Planet then Profit: BRAC social enterprises strive for a triple bottom line – serve needs of poor people, being environment-friendly and making profit to be sustainable. Unlike purely commercial businesses, the profit motive is subordinate to social development goals. This is illustrated by management’s refusal in 2009 to mechanise *Aarong*’s production lines, which would have led to considerable numbers of rural job losses, and to close down unprofitable milk-chilling stations in ultra poor areas, erasing many poor dairy farmers’ only source of earning a fair price for their produce.

Another important aspect of our social enterprises is that the surplus they generate, after first being used to develop and expand the enterprise’s own activities, is then used to support the various development interventions of BRAC which cannot generate their own revenue, such as the health and education programmes. This has had a positive effect on BRAC’s dynamics with donors – investment of its own resources greatly increases accountability and builds trust.

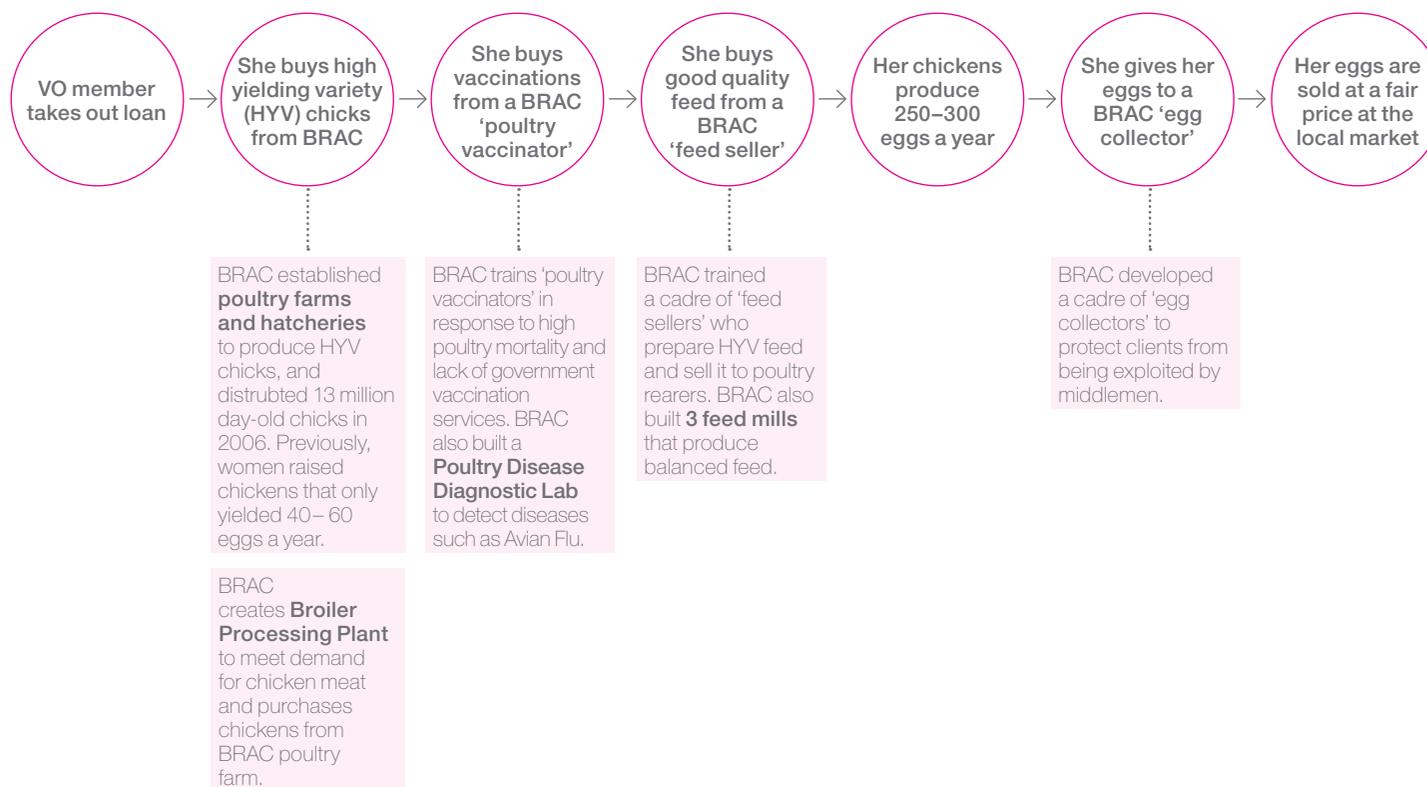
Our economic development programmes, in conjunction with enterprises, have helped create and sustain livelihoods for 9 million families in Bangladesh. In addition, the enterprises have contributed to stimulating countless rural economies and indirectly generating over 8 million jobs. The multiplier effects do not stop there. Because of their organic genesis, our social enterprises have been groundbreakers, providing products and services that were not available or were not reaching the poor. Our approach has repeatedly led the way for development of entire sectors or niche markets, such as in the introduction of maize as cattle-feed to the wider Bangladeshi market. BRAC’s culture of risk-taking, targeting the underserved and continuous research and innovation has galvanised whole sectors, leading to industry-wide improvement of production processes, development of quality inputs and better breeds. Now, thousands of shops are selling indigenous craft and quality of livestock is improving exponentially. Social enterprises have also been a key conduit for the enhancement of corporate governance, management and values in Bangladesh society.

All Roads Lead to Development

BRAC’s success as a social entrepreneur is due to a combination of its understanding of the operating conditions and barriers to market for its target population. We know where the gaps are and we need to sustain our development interventions. We adopt the best business practices to maximize efficiency and we have the confidence and ability to scale up every successful model. Examples of small and successful social enterprises are abundant but what makes us particularly effective is the breadth of our impact.

Adopting Best Practices: Another impact that our social enterprises have is on the functioning of our development programmes. The contribution of corporate structures is in itself a contribution to good governance – because the underlying values promoted by social business are more detached – have more to do with merit and efficiency. Following the social enterprise example, development programmes have built sustainability into their operations. Examples include the business model of the community health volunteer, who uses a revolving fund to purchase and sell health commodities.

BRAC Poultry Value Chain



Our social enterprises work as an ideal business model by combining market efficiency with social and environmental justice. The enterprises, which operate in strategic sectors such as retail, livestock, agriculture, alternative and renewable energy, printing and packaging and health products are integrated into BRAC's core social development programmes. They play a critical role in generating more fuel for poverty alleviation and sustainable growth by creating jobs and markets for products.

The model of social enterprise that we have evolved is entirely home-grown and emerged in isolation from the international dialogue regarding social enterprises. Indeed, our decision to go into commercial activities was neither pre-meditated nor planned, but a result of our instinctive response to improve the condition of our development programme members, namely the microcredit borrowers. As such, BRAC's social enterprises continue to respond uniquely to local needs.

Investing Responsibly for Sustainability

In addition to operating social enterprises, we also engage in socially responsible investments in order to build a hedge against global market meltdowns and unfavorable changes in aid allocation. BRAC's investments, while having no direct relationship with BRAC's development programmes, reflect an underlying association with BRAC's core values and mission. Investments include BRAC Bank Limited, the pioneer in lending to the small and medium enterprises (SME) sector; Delta BRAC Housing, which specialises in lending to the housing sector; bracNet, an internet service provider intended to develop into a nationwide communications network to help BRAC spread its development programmes. The incomes they generate is designed to act as a hedge against future liquidity crunches and are held in reserve for BRAC's development programmes.

Future Challenges and Opportunities

Our social enterprises and investments faced a number of challenges in 2009, and will continue to do so going forward. These include the question of how to continually increase efficiency and profitability without compromising BRAC's values and maintain and grow market share in the face of increasing competition from the private sector. BRAC transforms its work from focusing on access to focusing on quality. As market takes over in providing access to some sectors, BRAC will move on to innovating new industries for the poor.

The rapid pace of global warming will make it necessary for all businesses to eventually go green, and poverty is a major factor in environmental degradation. BRAC's enterprises are therefore focusing on the environment and new investment in the renewable energy sector is scheduled. Emphasis is being placed on the sales of solar home systems, while a pilot for bio-gas has also been started, with the intention of ultimately fulfilling the energy requirement for lighting and cooking of a small rural household. BRAC's poultry farms will switch to bio-gas as a source of energy, and new recycled paper products are being developed for the corporate and urban markets. Lastly, the horticulture and sericulture units are increasing both their production and sales to fit BRAC's vision of a greener world.



Top At the BRAC Taraganj Reeling Centre in Ranpur a man boils cocoons to extract fine silk threads which a woman winds on a large spin wheel.

Above Hand-made items at *Aarong*, a retail outlet promoting local artisans.

Left A BRAC employee checks the progress of a farmer's hybrid rice crop in Bogra.

Case Studies

Realising Pote



Serving the sick aids Mazeda's family

Mazeda Akhter was finding it hard to make ends meet after 12 years of marriage and two children. Then one day in 1996, she decided to be trained as a community health volunteer (*shasthya shebika*) on the advice of a local BRAC programme organiser. After a 15-day initial training, she began to work in her Gazipur village, providing basic treatments and health education. She also started selling medicines and medical supplies to earn some money and improve her family's economic condition. Now, Mazeda earns about 1,000-1,200 takas a month. She also deposits 100 takas in a monthly savings scheme – her savings now amount to 14,000 takas. Her son is studying in college and her daughter is in school. Mazeda says she wants to continue serving the people and bring up her children to be good citizens.



Rice farmer Goutom revives livelihood with crabs

Rice cultivation was the only source of income for Goutom Mandal and his family. The farmer from Baroikhali, Khulna, lived well enough, and was looking forward to a good future for his only child. But all his hopes and only means of survival were destroyed when Cyclone Aila washed away his rice crops and left his fields inundated in seawater. He was unable to plant new paddy in the saline land and lost his livelihood. And worse, he had to stop sending his daughter to school. Facing poverty and frustration, Goutom was fortunate enough to benefit from BRAC's Aila rehabilitation project which advised him to use the brackish water in his flooded fields for fattening crabs in pens as an alternative livelihood. He received 15,000 takas worth of supplies, including nets, bamboo fencing, baby crabs and feed. He made a profit of 2,500 takas within 15 days, managing to meet his family's basic needs. His daughter has restarted school. And Goutom has again started dreaming of a prosperous future.



Lokman offers better breeds and Joynal gets a fair price

Lokman Hossain, an artificial insemination worker, uses bull semen from a nitrogen tank and inseminates cattle in Kharuaganjla, one of many villages in Sirajganj district where BRAC collects milk from a group of dairy farmers. One of them, Joynal Abedin, praises Hossain's work: "He helped me to get a better breed that gives more milk. My wife took a loan from BRAC to buy our first cow and now we have three." Abedin adds that supplying milk to BRAC means getting good service and a fair price in return.

BRAC provides Hossain with training, refresher courses, imported semen variety and all necessary equipment and supplies. He carries out about 15 inseminations every month, earning between 5,000 to 6,000 takas.

Before BRAC started Aarong Milk, the village had only one milk buyer. "We had to accept whatever price he offered. Now, there is competition for the milk we produce, so we get the best possible price."



Sadia rears silkworms to beat poverty

Sadia Sultana feeds mulberry plants to silkworms, sitting inside a shed at Bairampur village of Rangpur district. Sadia, aged 35, works her sister, Maniza Begum, to produce silk. The process is complex and labour intensive. Nevertheless, the impoverished sisters are willing to work hard and master the skills needed to become successful silk producers. "We work from 6am until 10pm, with a break during the day to cook and eat," says Sadia.

The sisters get technical assistance and training from BRAC. They also got a 8,000-taka loan to construct a large silkworm-rearing house and lease land for growing mulberry trees. "This is our first production. It has only been three months and we have already produced 200 kilograms of cocoons," Sadia says. Depending on the quality of cocoons, they can get as much as 120 takas per kilogram. BRAC usually buys from them, but if they can get a better price, they are free to sell to others.

Sadia's husband abandoned her, and her only son rides a rickshaw to support his own family. Now, Sadia, is determined to stand on her own feet.

ntial



Shahida expands business with small loans

A group of women sit on the concrete floor of a small room, stitching colourful appliqué flowers on a black saree. They all work for Shahida Alamgir, a 38-year-old mother of three, who runs a hand embroidery business from her home at Mirpur, a working-class suburb of Dhaka. Shahida started out 12 years ago with a 3,000-taka loan from BRAC, earning about 20,000 takas a month to supplement the money her migrant worker husband sent home. As her orders increased, Shahida, who is self-taught, started training other women in her locality and outsourcing the work. In 2003, she took out a loan of 50,000 takas from BRAC Microfinance's scheme for small entrepreneurs to expand her business with 5 workers. Now, she is on a 300,000-taka loan, employs 10 to 12 women at a time and supplies clothes, as well as cushion and bed covers, to 5 or 6 different retailers, earning 40-50 thousand takas a month. Shahida wants to open her own boutique and plans to apply for the maximum loan of 1 million takas.



A non-formal primary school student, Alam now runs his own school

Mohammad Khorshed Alam, a finance and accounts officer at a private organisation in Dhaka, also helps run a non-formal school for working street children in his spare time. About 20 students attend the free school, which follows the BRAC model of flexible timing and little homework.

Alam, aged 24, has a BBA degree and is studying for an accountancy qualification. But his education almost came to a halt at age 6, when his father lost his land and the family fell on hard times. Alam had to drop out of school and go to work. Alam, however, continued to learn on his own, with help from a cousin's home tutor. He soon came to the notice of a local teacher, who admitted him to a BRAC school in Manikganj. After finishing primary, he enrolled at a regular school, got scholarships in Classes 5 and 8 and passed SSC with star marks. He then attended Dhaka College, funding his living expenses by tutoring and part-time work in a newspaper.

Alam also got first division in HSC, and landed a full scholarship at a private university, graduating in 2008. He wants to build a high school, where most students will come from poor families.



How one gender awareness workshop changed Khodeja's life

Khodeja Begum was only a child of 13 when she was married off to Abdus Sattar from a nearby village in Rajbari district. Her poverty-stricken husband and in-laws treated her harshly, often beating her for small mistakes. Things got worse when she was blamed for giving birth to four daughters in a row. Her husband, desperate for a son, abandoned his family. Khodeja endured the abuse as she had nowhere else to go – her own family was even more destitute.

When trainers from BRAC's Gender Quality Action Learning programme heard of Khodeja's plight, they convinced Sattar to attend a workshop on "Gender Awareness for Family Life." There, Sattar learned that he, and not his wife, was the one responsible for the gender of their children. He felt embarrassed and regretted the way he had been treating his wife. He returned home and began to fix his own faults.

Sattar does not ill-treat his wife anymore, and makes sure that other family members also show her respect. He even helps Khodeja with housework and childcare. Now, he acknowledges that both women and men have equal rights in family life and society.



New sanitation facilities improve Rumana's school attendance

Rumana Khatun, a secondary school student, often missed classes and as a result, her grades suffered. Attending school everyday was inconvenient for the adolescent girl, since her Matipara Samiruddin High School in Faridpur district had only one toilet for 503 students.

The toilet was dirty and had insufficient water supply most of the time. For the girls, sharing the single facility with boys was also uncomfortable, particularly when they had to dispose of sanitary napkins. Thus, it was a regular practice for Rumana to stay away from school, especially during her menstruation.

Her parents often rebuked her for not going to school. But when they learned the truth, they stopped forcing her to go.

In March 2009, BRAC's Water, Sanitation and Hygiene programme constructed two separate toilets at the school. Rumana now attends school regularly. Her academic results are also improving. At the end of the school year, she secured 16th position in her class and was promoted to Grade 10.

"BRAC made us realise that proper sanitation facilities can increase girls' attendance," the school's head teacher said.

BRAC Programmes

Targeting the Ultra Poor



Above Residents of Kaposhtia village in Hossainpur help BRAC staff map their village and identify ultra poor households.



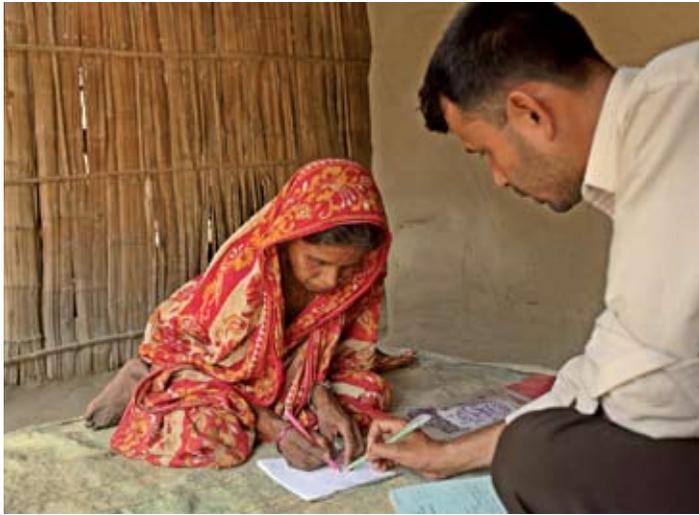
Left Khodeja, a member of our ultra poor programme in Rajbari, now earns a regular income from cultivating wheat.

Programme Description

Initiated in 2002, BRAC's Challenging the Frontiers of Poverty Reduction - Targeting the Ultra Poor (CFPR-TUP) programme is specifically designed for those in the bottom 10% of the population who are too poor to access or benefit from traditional development interventions such as microfinance and are completely marginalised from society. The programme emerged out of three decades of learning from our rural poverty alleviation programmes which led to the realisation that ultra-poor families are in need of prolonged and specialised support in order to reintroduce them to regular economic activities and reintegrate them with their communities.

Our Approach

The TUP programme showcases our holistic approach to development through a comprehensive support regime that tackles the root causes of chronic poverty. The programme works to strengthen livelihoods of ultra poor households through asset transfer, training, special health services, social capital development, subsistence allowance and microfinance loans. Families are provided assets in the form of domestic animals or leased land, a flexible savings scheme, training and basic literacy as well as



Above A BRAC staff member helping Josna of Bachari village in Naogaon district practice writing her name.



Above right TUP member Reshmi of Shofapur village in Naogaon district, with the goats she received as asset grants.



Right Bishshamoni grows eggplant in a field leased by BRAC in Mahadebpur of Naogaon district.

preventive and curative health care. Eventually, the families are introduced to microcredit through loans with liberal repayment terms. By increasing purchasing capacity and home-based food production and improving food intake and nutritional status, the programme enhances the quality of life of the ultra poor.

For those marginally less deprived than the very poorest, but still firmly among the ultra poor, a grant-plus-loan based approach is used where they receive enterprise training, subsistence allowances and inputs as well as access to soft and/or regular microfinance loans to help them establish reliable income generating activities for their households.

Impact

In the first five-year phase of the programme, which ended December 2006, 100,000 households in 15 of the poorest districts in Bangladesh were provided support in moving out of extreme poverty. An additional 1.3 million women received assistance under the grant-plus-loan approach. In 2007, the programme was expanded to cover 40 districts in Bangladesh with the highest concentration of extreme poverty. A total of 863,000 households are expected to participate in the programme over the next five years.

Impact	In 2002	In 2008
Members who own productive assets	41 %	96 %
Vulnerable to food insecurity	62 %	19 %
Invited to visit non-relative neighbors	25 %	50 %
Helped by non-relative neighbors in need	16 %	55 %
Able to lease land from other villagers	38 %	50 %

Replication

BRAC shares resources and experience with others working on extreme poverty to replicate the TUP model. Five partner NGOs are replicating the programme in Bangladesh and we are providing technical assistance for replication in Haiti, India, Pakistan and Yemen.



BRAC Programmes Microfinance

BRAC is one of the largest global providers of innovative financial services for the poor. Our Microfinance Programme has been helping develop and sustain microenterprises for nearly four decades. We operate a unique credit-plus model which packages credit and savings schemes with technical assistance and training as well as production and marketing support through our social enterprises to ensure the success of our borrowers' enterprises.



Microfinance

Achievements 2009

Number of Village Organisations increased to **295,507**, with a total membership of over 8 million

Over USD **1 billion** in microloans was disbursed to more than 6 million active borrowers

Members' savings increased by 15%, to USD **269 million**



Members reciting the 18 promises, a set of guidelines for improving their lives, at a microfinance group meeting.

Previous Spread Women borrowers at a weekly microfinance group meeting in Rangamati.

Programme Description

One of the oldest initiatives of its kind in Bangladesh and BRAC's largest programme, our microfinance operations began in 1974 and cover all 64 districts. We provide access to financial services to the poor, who are unable to obtain credit from mainstream banks due to lack of necessary assets and referrals. Our borrowers, most of whom are women, use these loans to engage in various income generating activities to improve their socio-economic status.

Initially limited to encouraging self-employment, our Microfinance Programme has progressively moved towards supporting small enterprise development. This broadening of focus stems from a growing recognition of the multiplier effects of enterprises through employment generation, as well as backward and forward linkages with many economic activities.

Our Approach

Our approach to microfinance involves providing collateral free credit and savings services at the doorsteps of our target population – the landless poor, marginal farmers and vulnerable small entrepreneurs. We recognise the heterogeneity among the poor and focus on careful targeting and development of customised financial products and services that best meet their varying needs.

A distinctive aspect of our microfinance programme is the credit-plus approach – in addition to providing loans and training we have developed an integrated set of services that work to strengthen the supply chains of the enterprises that our members invest in, giving them access to quality inputs and support in marketing their products. These services are provided by our social enterprises. Our microfinance members have access to all of our other development interventions.

Programme Components

Our Microfinance programme distinguishes between two broad categories of loans: microloans and microenterprise loans.

Microloans These loans, which range from USD 50 – 700, are given exclusively to individual women who are serviced in a group setting, namely the Village Organisation (VO). The VO acts as an informal guarantor by creating peer pressure for timely repayment. Borrowers repay through weekly installments and deposit savings during VO meetings, held every week in a borrower's courtyard. Microloans are generally used for small operations in poultry, livestock, fruit and vegetable cultivation, handicrafts or rural trade.

Village Organisations

Organising the poor is at the heart of our work. Our Village Organisations (VOs) - each with 30-40 women - act as platforms for poor women to come together, access services such as microfinance, exchange information and raise awareness on social, legal and other issues concerning their daily lives.

BRAC has also developed a specialised microloan scheme to encourage the financial empowerment of adolescent girls, to help them continue their education and prepare for future financial responsibilities. Under this programme, small loans, starting from USD 40, are coupled with savings facilities and livelihood training, to help girls start small home-based enterprises.

Microenterprise Loans These loans, which range from USD 700 to 7,000 are given to both male and female entrepreneurs to support and expand existing small enterprises which are too small to qualify for credit from commercial banks. Borrowers generally use microenterprise loans to finance shops and small-scale manufacturing activities and repay on a monthly basis.

Challenges & Opportunities

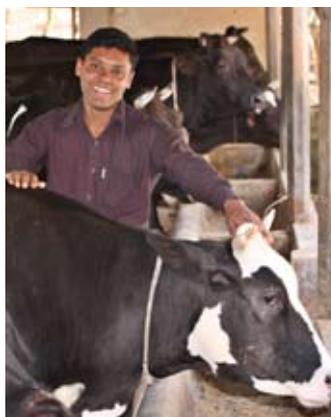
The major challenges our Microfinance Programme faced last year were posed by the adverse impacts of climate change. On the one hand, floods and cyclones, now occurring with increasing frequency, directly affected the lives and livelihoods of our members, thereby restricting their ability to repay loans on time and accumulate savings. On the other hand, changing climactic patterns have led to a larger migrant population, providing access to financial services for whom has become extremely challenging owing to the increase in risk.

There are significant opportunities for greater innovation, particularly in developing new loan and deposit products for microfinance clients. In 2010, the Microfinance Programme will develop, test and launch several new products. This will enable us better serve our members by providing more customised products to cater to diverse financing needs. The Microfinance Programme will also work with other BRAC programmes to find innovative, integrated solutions for people whose lives and livelihoods are increasingly impacted by climate change.

Moreover, the potential use of new technology will also provide new opportunities for the Microfinance Programme to offer new products and services to our members as well as increase operational efficiency of our programme.



Above Rumi Begum, member of a specially designed microfinance scheme to empower girls, runs a tailoring business.



Left Md. Rubel Dewan of Ashulia has successfully expanded his livestock business since 2006 with our loans for small enterprises.

We continue to have a consistently high loan recovery rate – over 99%

A woman wearing a vibrant orange and green sari is bent over, tending to a field of lush green leafy vegetables. The field is densely packed with rows of these plants, which appear to be a type of leafy green vegetable like spinach or chard. The woman is focused on her work, with her hands near the plants. The background is filled with more rows of the same vegetation, extending towards the horizon under bright, natural light.

BRAC Programmes Agriculture and Food Security

Increasing concern about food shortages, the global trend in rising food prices and adverse effects of climate change on food security prompted BRAC to strengthen its efforts in the agriculture sector. Our focus now is on developing new agricultural technologies and evolving innovative financial services, systems of production and marketing.



Agriculture and Food Security

Achievements 2009

Our research has resulted in the development of **3** new varieties of hybrid rice - HB 9, *Shakti 2*, and *Aloron 2*

Over **5,500** metric tons of our high quality seeds were marketed through commercial distributors

Our work in Cyclone Sidr-affected areas showed that:

- the proportion of individuals reporting that they could eat three meals a day increased from **55% in 2008 to 70% in 2009**
 - hybrid rice farming demonstrations in the coastal areas showed the potential of three fold increase in productivity and four-fold increase in profits compared to farmers' current practices
-

In *monga* affected areas, we introduced fast-growing rice varieties to create space for a three-crop regime from the existing two - thereby raising profits and creating **65** more person days of employment per hectare

We mobilised a **USD 75 million** refinancing facility from the Bangladesh Bank to take credit and extension service to tenant farmers (sharecroppers)

Previous Spread A trial plot of sugar beet plants, developed by BRAC as an alternative source of sugar, being tended to by our Agriculture Research Centre workers.

Programme Description

BRAC's Agriculture programme has twin objectives. One is to provide support to our numerous poverty alleviation interventions by assisting the marginal, homestead-based, agricultural activities of the poor. These activities mostly consist of small scale operations in cultivating fruits and vegetables and raising poultry and livestock. The other is to function as a research and development (R&D) body dedicated to raising overall agricultural productivity. The two objectives, which may appear overtly contrasting, are inextricably tied by their common mission – to increase food security for the poor.

The programme's focus on research and development is a direct response to the problems encountered by poor farmers. Over two decades of working closely with poor farmers helped us to understand that quality seeds and their steady supply are critical for agricultural livelihoods. Today our Agricultural Research and Development Centres and nurseries produce millions of crop and vegetable seeds and fruit saplings that are used by poor households to strengthen food security, improve nutrition and earn income.

Our Approach

The overall approach of our Agriculture programme is to increase crop production while ensuring environmental sustainability, adaptability to climate change and affordability for marginal and small farmers.

We pursue multiple strategies for increasing production. These include developing and promoting the use of high-yielding varieties of seed (both open-pollinated and hybrid), crop intensification, a switch to shorter maturity crop varieties and diversification into new crops (maize and sunflower) and small scale agricultural machinery. As rising agricultural wages affect poorer farmers disproportionately, we are promoting a balance between mechanisation and the need to provide employment opportunities in agriculture.

A strength of our approach is collaboration with leading international research centres to validate and adapt new seeds and allied technology in agriculture. We have ongoing research on maize, potato, rice and vegetables.

Once seeds are validated through farmer-participatory research, production is turned over to contract farmers. Subsequent sales are through a network of private-sector seed companies. In this way, BRAC's investments in agricultural R&D and collaboration with international bodies benefit the entire country. In 2009, the programme deployed 4,121 contract farmers for the production of high quality seeds and 425 distributors for marketing the seeds.

Key to our approach is ensuring that improved inputs and technologies are taken to the poor farmers and the experience of farmers is brought back to the laboratories.

In recent years, rehabilitation programmes that followed natural disasters have provided opportunities to innovate in agriculture – such as with varieties of rice that can grow in coastal areas inundated with seawater by Cyclone Sidr and in the flood-prone northern areas affected by *monga*.

Monga Mitigation

In 2009, we took on the challenge posed by *monga* (famine-like conditions) that recur every October-November in the northern areas because of the lack of agricultural employment. This is the period when the first major rice crop (*aman*) is not yet ready for harvesting, and the next rice crop (*boro*) is not ready for sowing. By introducing two early-maturing rice varieties through its R&D efforts, BRAC created space for a third crop, potatoes, in between *aman* and *boro*. As potato is both labour-intensive and profitable, employment rose by 65 person days and profits from BDT 80,431 to BDT 201,138 per hectare.

Restoring Livelihoods in Cyclone Sidr-affected Areas

The rehabilitation work we initiated last year following Cyclone Sidr, which hit the south-west region of Bangladesh in late 2007, was completed in 2009 with USD35 million in donor funds. We were able to identify households most affected by the cyclone as beneficiaries for the project and create immediate employment opportunities for those worst-affected, ensure delivery of seeds, fertilizer and equipment to reach the most appropriate targets. By December 2009, the programme had:

- Created 730,000 person days of employment, 66 per cent of which benefited the ultra-poor
- Distributed rickshaw vans to women in 5,000 households involved in the transport trade and small boats and nets to 2,500 women in fisher households
- Provided cattle and goats to 37,000 women free of cost
- Mobilized 150,000 farmers for cultivating high-yielding rice, maize and sunflower
- Persuaded an additional 87,000 farmers to grow high-yielding vegetables
- Provided loans for purchasing mechanised ploughs and irrigation pumps to farmers prioritising those willing to provide services to other project beneficiaries

Impact

By the end of 2009, the Agriculture programme had succeeded in convincing poor farmers that, compared to traditional practices, our package of innovations was effective in significantly raising productivity. We thus made a significant contribution to increasing food security.

In the *monga* areas, the success of our work goes beyond agriculture as social systems were shaped by the seasonal hunger – adult men would no longer have to migrate southward to the hazardous shipyards and boys would no longer have to be sold into slavery in the dry fish trade. The 3 crop system will generate enough demand for agricultural labour. Most importantly, women will not be left to fend for themselves – insecure and malnourished. Young girls become vulnerable in times of economic insecurity – early marriage and trafficking is common in *monga* areas.

In the coastal area affected by cyclones Sidr and Aila, we introduced BRRI *dhan* 47 (a rice variety that can grow in saline soil), the mound technique for growing vegetables in submerged soil, restored livelihoods and strengthened the status of women by transferring productive assets to them.

In 2009, responding to the growing food security crisis, we consolidated agriculture components of other development interventions at BRAC into a full-fledged agriculture and food security programme. The programme now operates with a staff of 25 full-time researchers, 227 support staff including managers and data management staff. It controls 10 experimental farms covering 189 acres, a soil-testing facility and a self-sustaining biotechnology lab used for producing disease-free potato seeds, stevia plants for producing 3000-calorie sugar for diabetic patients, banana plantlets and strawberry seedlings.



Women working at BRAC Agriculture Research and Development Centre, Gazipur.





BRAC believes that education is not only a right, but an essential tool for people's empowerment and sustainable development. The goal of our Education Programme is to make a significant contribution to the achievement of education for all by creating access and improving the quality and delivery of services in education appropriate to the needs of poor children and adolescents, especially girls.

Education

Achievements 2009

Success in National Examinations

97% of our students passed first-ever standardised test for primary completion (shomaponi)

Helping Improve the Quality of Education

3 mathematics textbooks for grades 6–8 approved by the National Curriculum & Textbook Board

ICT for Education

15 schools get government support for introduction of Computer Aided Learning

Mentoring for Leadership

9,993 selected students in grades 6–9 received peer mentoring to develop self-esteem, creativity and leadership

Reaching the Marginalised

3 story books in Chakma language developed for pre-primary through grade 2

Promoting Inclusive Education

Special sports, cultural and income-earning initiatives introduced for the economic and social independence of children with special needs

Empowering Adolescent Girls

Members of adolescent clubs performed on a TV talent show, 'Nache Gane Number One'



A girl puts her sandals in a circle outside a BRAC primary school.

Previous Spread Children attend a BRAC non-formal pre-primary school in Charabagh village in Savar.

"I think it is tremendous to see these children given the opportunity of a basic education that their parents never had. It does not matter where you are in the world or what your background is, you should have the opportunity to make the most of your talent and ability, and that is what I think this school is doing"

John Denham, UK Secretary of State for Communities and Local Government, after visiting a BRAC Primary School inside a Dhaka slum.

Programme Description

BRAC's involvement in education started in the 1970s at the behest of mothers who attended our adult literacy classes and worried about their daughters missing out. We offer quality, free-of-cost primary education to children who are not reached by the mainstream system, particularly those from very poor families or ethnic minorities, those living in remote areas or children with special needs. We give technical assistance to partner organisations to replicate our successful primary education model in hard to reach areas, such as the Chittagong Hill Tracts, *haors*, *baors* and *chars*, and work with non-government rural secondary schools to improve their education standards. BRAC's education programme is now universally recognised, and replicated, as a low cost but effective model to educate children who are not covered by formal school systems.

In addition to developing teaching-learning materials and providing training, we undertake a range of support activities, regular and experimental, for post-primary students and teachers at the pre primary, primary and secondary levels. The purpose is to keep learning active and teaching relevant. Furthermore, recognising that learning is a lifelong activity and one that requires both opportunities and facilities, BRAC provides continuing education through community-based libraries, known as *gonokendros*, promoting reading and socio-cultural activities, and adolescent clubs that offer life skill training, especially for girls. *Gonokendros* also serve as hubs for computer education and access to the internet. These libraries are self-sustaining as they cover their costs through membership fees and donations.

Our Approach

Our non-formal schools offer flexible timings and entry ages, small-sized classes taught by a female teacher from the community, free educational materials, hands-on teaching with student participation and little homework or long holidays, to accommodate children who never enrolled, or had to drop out of regular schools. Classrooms are inclusive and have at least one child with special needs. Our primary schools consist of one room, one teacher classes with 30–33 children, who enrol at age 8–10 and complete a five-year government curriculum in just four years, learning basic mathematics, Bengali, English, science and social studies. We also run Adolescent Primary Schools that have higher entry ages (11–14) and Education for Ethnic Children schools where lessons are taught

in indigenous mother tongues. Our pre-primary programmes help school readiness, attendance and retention of young children, especially from very poor families with mostly illiterate parents. One year of pre-schooling, with hands-on participatory teaching and learning, familiarises children (aged 5+) with the alphabet and numbers and prepares them for formal primary education. A pre-primary education yields benefits far beyond increased school enrolment, attendance, retention and results at the primary level - 99% of the children who enter the BRAC pre-primary programme go on to mainstream primary schools and continue to outperform their peers.

Our teachers are from the communities in which the schools are located. They are usually young, married housewives with grade 10 education who can devote a few hours a day to teaching. In return, they receive an honorarium, monthly refresher training and, most importantly, respect and standing in their communities.

Inclusive Education

Key to our approach is the elimination of discrimination against children with special needs. Our inclusive education policy, designed by staff with specialised training, ensures that these children participate in mainstream education. We created a unit in 2003 to identify ways in which children with special needs can be integrated in the BRAC schools. We provide corrective surgeries, along with devices like wheelchairs, crutches, hearing aids, glasses and ramps to classrooms to make schools more accessible to physically-challenged children. We have adopted classroom policies, like sitting in front, studying in pairs and highlighting special needs issues in textbooks to raise awareness of classmates and teachers. Our current focus is on expanding the range of disabilities that teachers can handle and on improving the quality of education disabled children receive in schools. In 2009 we provided schooling and services to 53,436 children with mild and moderate disabilities.

Impact

Our approach helps attract more children to enrol and take interest in learning, with more than 95% staying on to finish school. Nearly 97% of our primary graduates continue their studies in regular secondary schools, which led us to design student-friendly teaching methods and materials, as well as teachers' training to improve the quality of secondary education. As our schoolteachers enjoy improved status in their communities, families feel encouraged about sending their daughters to school. Girls now account for 60–65% of all students. This has a profound effect on the wider community and society.

Challenges

- Maintaining standards and coverage despite a 50 percent rise in costs
- Retaining our graduates in the mainstream system
- Improving performance of poor rural secondary schools



Above Girls reading at leisure at an adolescent club in a village in Kapasia district.



Left A Chakma girl studying in her mother-tongue at a primary school in Rangamati.

Education for Ethnic Children (EEC)

Learning is most effective in one's mother tongue. Children from ethnic minority groups fall behind or drop out as they do not speak Bengali, the national language and medium of instruction in mainstream schools. BRAC started the EEC initiative in 2001 to adapt Bengali materials and develop teaching methods for ethnic children. Local teachers explain lessons in their native languages alongside Bengali. In 2008 we started a pilot in the Chittagong Hill Tracts to produce educational materials in the Chakma script with the support of the community. We have produced materials for pre-primary through grade 2 with plans for grade 5. We also plan to develop teaching-learning materials for other ethnic minorities that have their own scripts. Mother tongue learning helps ethnic children to overcome language barriers and cultural gaps and become more spontaneous and participatory in class – which translates into improved enrolment, retention and pass rates. We operate 2,015 EEC schools with more than 49,000 children from 42 ethnic communities in the north, northeast and southeast of Bangladesh.

BRAC Programmes
Health



From its founding days, healthcare interventions have been an integral aspect of BRAC's holistic and rights based approach to development. The two major objectives of the BRAC Health Programme are to improve maternal, neonatal and child health, and to reduce vulnerability to communicable diseases and common ailments.



Health

Achievements 2009

Essential Health Care

100 million people covered in all 64 districts of Bangladesh

Healthcare for the Ultra Poor

249,500 families covered in 40 districts
126,836 patients received health subsidy

Maternal, Neonatal and Child Health (urban)

5,715,452 people served in 6 city corporations
426 delivery centres
100,171 pregnant women identified

Maternal, Neonatal and Child Health (rural)

1,330,600 pregnant women identified in 4 districts
1,142,498 received ante-natal care
38,589 women delivered at clinic/hospital
163,478 neonates received home care

Human Resources for Health

15,176 *shastho shebikas* trained
6,561,892 patients treated by *shebikas*

Tuberculosis Control

86 million people covered in 42 districts
96,427 cases diagnosed
64,305 patients cured

Health Centres (*Shushasthyas*)

31 centres established
99,026 patients treated

Reading Glasses

5 million covered in 5 districts

Programme Description

Our Health programme is a combination of preventive, curative, rehabilitative and promotional health services with focus on improving maternal, neonatal and child health, as well as combating communicable diseases and common health problems. Our programme assumed its present shape by integrating all proven health interventions under one umbrella with varying components. These are essential health care; tuberculosis and malaria control; maternal, neonatal and child health; health facilities and limb and brace centre. Our interventions can be categorised into four distinct groups: Core, Partnership, Facility-based and Pilot Initiatives.

Our Approach

Responsiveness to client needs, adaptation of proven technology, cost-effectiveness and delivery through partnership with communities and government have been the guiding principles of our health interventions as we expand both the coverage and scope of activities.

We have adopted an epidemiology-experimentation-expansion-evaluation model of programme development and delivery. Lessons learned from experiences in the field of public health, like the bare-foot doctors in 1970s, Oral Therapy Extension and Child Survival programmes in 1980s and Women's Health, Reproductive Health and Disease Control programmes in 1990s, have enabled us to extend preventive, promotive, remedial and rehabilitative health services to 100 million people across Bangladesh.

By utilising members from our Village Organisations (VOs) as health volunteers, or *shasthya shebikas*, we have found a way to overcome the human resource and programme sustainability constraints in the health sector. *Shasthya shebikas*, currently numbering over 88,000, receive basic training and provide door-to-door health education, sell essential health items and medicines for income, treat basic ailments, collect information and refer patients to health centres. They also assist BRAC staff to organise community health education forums, antenatal check-up sessions and observe nationwide events such as the National Immunisation Day and Vitamin-A distribution.

A *shasthya shebika's* performance is assessed by a supervisor, the health worker or *shasthya kormi*. *Shasthya kormis* are paid a monthly salary and each supervise 10-12 *shebikas*. They also conduct monthly health forums and provide antenatal and postnatal care. About 7,000 *kormis* are supervised by Programme Organisers who, in turn, are supervised by the *upazila* and district managers. Medical officers provide overall technical supervision. *Kormis* are supported by a team of medical and public health professionals.

Programme Components

Essential Health Care (EHC) is the core component of our health programme. It is an integrated package of preventive, promotive and basic curative and referral care, all aimed at improving the health and nutritional status of poor people, especially women and children. EHC has seven components: health and nutrition education; water and sanitation; family planning; immunisation; pregnancy-related care; basic curative services; and tuberculosis control. In some areas, EHC includes additional activities such as services for presbyopia, pneumonia, malaria and promotion of safe delivery



Nargis Akhter, a health worker in Dhaka's Korail slum, places Shanta's newborn in a thermal jacket designed for low-birth-weight babies.

Previous Spread Jhorna Akhter, a health worker in Gazipur, describes warning signs during pregnancy to an expecting mother.

practices. EHC also collaborates national programmes such as Vitamin-A supplementation and family planning.

EHC for the Ultra Poor In 2002, we initiated a special EHC package for the poorest as a component of our ultra-poor project. There are tailored EHC strategies that include health awareness and basic health care services as well as financial assistance for clinical care for those diagnosed with mild and severe morbidity. Furthermore, special medical camps are also organised to provide eye care and cataract surgery.

Malaria Control Programme In 1998, we made a special effort to raise awareness about malaria control in the Chittagong Hill Tracts (CHT) where there is a high incidence of the mosquito-borne disease. In 2002, in collaboration with the Directorate General of Health Services, the Malaria Research Group and the International Centre for Diarrhoeal Diseases Research, Bangladesh, we began early diagnosis and prompt treatment and distribution of insecticide-treated mosquito nets. Currently the programme operates in Moulvibazar and all 3 CHT districts. Our *shasthya shebikas* receive a 3-day training on malaria treatment and prevention. They use a rapid diagnostic test to identify and treat patients and refer severe cases to the nearest health facilities.

Tuberculosis Control Programme We control tuberculosis (TB) through a community based approach known as DOTS which stands for Directly Observed Treatment, Short-course. Our goal is to increase access to DOTS through *shasthya shebikas* who are trained to diagnose TB cases and provide DOTS. They disseminate information on TB, identify and refer suspected cases for sputum examination to nearby outreach smearing centres. After diagnosis, patients must go to a *shebika's* house to take the TB drugs. The TB control programme in 42 districts includes 24 academic institutions, 41 prisons, the Chittagong Export Processing Zone, Chittagong and Khulna port authority hospitals, and parts of city corporations. In 2009, initiatives were undertaken to treat multi-drug resistant TB patients at the community level, improve coverage in the low performing areas, and provide voluntary counseling and testing for HIV to TB patients.

Improving Maternal, Neonatal and Child Survival Project (Rural) Our integrated service approach and community-based solutions for the socially-excluded and disadvantaged populations is implemented through this project. After 2 years of piloting in Nilphamari district, the project was scaled up in 2008 to 3 more districts with the government and UNICEF. Major interventions include capacity development of community health resources, empowerment of women and support groups, provision of maternity and child health related services and development of referral linkages with nearby health facilities. *Shasthya shebikas*, *shasthya kormis*, newborn health workers and skilled birth attendants are responsible for delivering the services to the community.

Manoshi: Maternal, Neonatal and Child Health Initiative (Urban) Our *Manoshi* project, launched in 2007 in Dhaka, aims to provide community-based health care interventions to reduce maternal and child mortality in urban slums for a 5 year period. A special feature is the establishment of delivery centres to provide clean and private birthing places for slum women who usually live in small shacks with a large number of family members. The centres also offer quick

diagnosis and referral in case of birth emergencies. Each delivery centre has two birth attendants who cover about 2,000 households (about 10,000 people). Community midwives are also on hand to provide skilled care during delivery. *Manoshi* was scaled up to 5 other city corporations in 2009.

Shushasthya (Health Centres) *Shushasthyas* were started in 1995 in an effort to develop a sustainable model for providing institutionalised services nearest to the community. *Shushasthyas* provide out-patient consultations, simple in-patient services and general laboratory investigations, as well as essential life-saving drugs. Nine upgraded *Shushasthyas* offer comprehensive emergency obstetrical (caesarean) section and neonatal care, perform minor surgery and provide advanced diagnostics such as electrocardiograms and ultrasonograms.

Limb and Brace Fitting Centre was established in Dhaka in 2000 to provide low cost, user-friendly, quality artificial limbs and braces. We also provide physiotherapy services to the physically-challenged to enhance their mobility. The centres, currently in Dhaka and Mymensingh, also provide information, education and counselling services to disabled people and their family members.

Challenges

Functional health facilities, lack of health care financing, universal health coverage and qualified professionals in remote areas are the major challenges. Effective referral facilities with adequate human resources and logistics are essential for reducing maternal and neonatal mortality. The EHC programme will continue as our mainstream health initiative but the package may differ to accommodate the emerging needs of non-communicable diseases, elderly health care, climate change and nutritional initiatives. We are working with partners to design a new health insurance programme for our microcredit group members to ensure universal health coverage.

Pilots

Micro-Health Insurance Began in 2001 in Madhobdi *upazila* of Narsingdi to introduce a sustainable community health- financing model for the poor.

Reading Glasses for Improved Livelihoods Began in 2005 with assistance from Vision Spring in 5 districts. Specially trained *shasthya shebikas* use simple charts to identify persons with near-vision deficiency. They also sell ready-to-use spectacles at a nominal price, educate people on eye problems and refer complicated cases to professionals.

Alive and Thrive Began in 2009 in 4 *upazilas* to reduce under nutrition in children below 2 years through promoting exclusive breastfeeding and timely weaning. We aim to scale up to 90 *upazilas* and 10 urban slums.

Promotion of Safe Delivery In 2009, 61 *shasthya kormis* received 6 months' training to acquire technical and social skills needed to ensure safe and clean home deliveries in rural communities. These community-based skilled birth attendants conduct normal deliveries and refer complications.

BRAC Programmes

Water, Sanitation and Hygiene

Simple Acts

Inadequate quantity and quality of drinking water, lack of sanitation facilities and poor hygiene causes millions of the world's poorest to die every year from preventable diseases, like diarrhoea. Improved water supply reduces diarrhoea morbidity by 21%, improved sanitation reduces diarrhoea morbidity by 37.5%, while the simple act of washing hands, after using the toilet and before eating, can reduce the number of diarrhoeal cases by up to 35%.

Achievements 2009

1,017 schools were provided sanitation facilities at a cost of BDT 70 million with BRAC contributing 60% and the schools 40%

3,184 events (1,637 workshops, 1,532 rallies, 4 sanitation fairs and 11 folksong sessions) were held in October to observe Sanitation month

We played a key role in celebrating **Global Hand Washing Day** in collaboration with Unicef and other stakeholders. Hand washing programmes were held in schools within the WASH programme areas



A WASH Programme Assistant discusses good hygiene practices at a cluster meeting in Bagerhat.

Programme Description

Building on its long experience of providing water and sanitation services in the community, BRAC started its Water, Sanitation and Hygiene (WASH) programme in 2006 in partnership with the government. Our goal is to provide sustainable and integrated WASH services in the rural areas and break the contamination cycle of unsanitary latrines, contaminated water and unsafe hygiene practices, as well as ensure sustainability and scaling-up of WASH services. The programme aims to ensure access to sanitation services for 17.6 million people, hygiene education for 38.8 million people and safe water services for 8.5 million people in 150 *upazilas* of Bangladesh, with the support of the Netherlands.

We are an active member of the government's National Sanitation Task Force.

Programme Components

Village WASH Committees The core of the programme is the Village WASH Committee (VWC), made up of 11 members - 6 female and 5 male - with representation from all stakeholder groups. The VWC meet bi-monthly to assess existing water and sanitation situation of the entire village and identify issues that need urgent action. They select sites for community water sources, collect money and monitor usage and maintenance of latrines. Committee members are also responsible for identifying ultra-poor households for BRAC and the government's Annual Development Programme grants. To strengthen the capacity of VWCs, two key members from each committee (one female and one male) are provided leadership training. A total of 39,562 VWCs have been formed to date.

Safe Water Supply To provide communities with access to safe water, we undertake various activities, including development of a water safety plan, installation of deep tube wells, water quality tests and provision of loans for tube well platform construction. In arsenic and saline-affected areas, we sink deep tube wells, construct pond sand filters and arsenic removal filters and install piped water supply systems to provide safe water.

Sanitation We raise awareness on sanitation issues, which creates community demand for facilities such as sanitary latrines. In addition to reviving existing Rural Sanitation Centres (RSC), we set up new RSC's to increase access to sanitary latrines for communities in remote areas. We provide interest-free loans to local entrepreneurs to make quality latrine parts and training in production technology by experts from BRAC and the government's Department of Public Health Engineering.

WASH provides technical support to those who can afford and are willing to construct latrines, ensuring proper design and site selection. Those who cannot afford to pay the full cost of a sanitary latrines are provided with loans, while free latrine construction materials are given to ultra-poor families.

Sanitation

Sanitary latrines installed	1,176,749 (individual)
Sanitary latrines installed	67,877 (shared)
Installation of latrine by the poor	304,606
Ultra poor households supported	340,709
Households receiving loans	31,130

Hygiene Promotion We know that installation of water supply and sanitation facilities is not enough to improve people's health - good hygiene practices are essential. Our programme has adopted a number of practical approaches to promote hygiene messages that are based on socio-economic and hydro-geological conditions, culture and existing practices. Cluster meetings, using innovative communication tools, create awareness about the use of safe water, sanitary latrines and good hygiene practices. We involve *imams* of Mosques, religious leaders who are also key opinion leaders in rural Bangladesh, in hygiene promotion activities. With the involvement of the *Masjid* Council for Community Advancement (MACCA), we develop *khutba* (sermons) based on verses from the Quran and Hadith that refer to cleanliness and hygiene.

We use the popular theatre teams of our Social Development programme to deliver crucial WASH messages to communities – hygiene issues are incorporated in the drama scripts. .

School Sanitation Schools in rural areas either have poor sanitation facilities or none at all. The lack of separate latrines for girls is a major factor in their disproportionately high absentee and dropout rates. To

Hygiene Promotion Activities

577 *Imams* were trained

74,210 sermons (*khutbas*) delivered

5,745 mosque forums held

27 popular theatre shows held

137 debates held



Members of a Village WASH Committee installing a pond sand filter to get pure water at a village in Morelganj.



A WASH Programme Assistant discusses hygiene issues with adolescent girls at a forum in Joypurhat.

address this issue, we work with secondary school authorities to provide separate latrines that have adequate water and waste disposal facilities for girls.

For better management and maintenance of the facilities, School Brigades and School WASH Committees are put in place. A School Brigade has 24 students, selected from grades 6 to 9. They are responsible for the proper use and maintenance of latrines as well as the overall cleanliness of the school premises. A 14-member School WASH committee is formed in each school, with the head master as chairperson and a female teacher as member secretary. To ensure representation of all stakeholders, members of the School Management Committee, guardians and students are also selected as committee members. The committee meets once or twice a month to review activities, including latrine use and maintenance. Teachers develop an action plan for effective implementation and follow-up of WASH activities.

Hygiene Education If school children are given health education and taught good hygienic practices, they can take care of their own health and inform others. School teachers, therefore, are given orientation on WASH issues and teaching methodology in 150 *upazilas*. The teachers then teach their students about health and hygiene using specially designed flip charts and posters. The children are also encouraged to spread the knowledge at home and in their communities.

BRAC Programmes

Advocacy and Human Rights

Gender Justice and Diversity

Human Rights and Legal Aid Services

Social Development





We believe that our mission to build an inclusive society is best attained, and sustained, by empowering the poor and the marginalised, ensuring their rights and addressing discrimination - at home, in the community, under the law and in public life. We therefore work to address the inequalities in society by giving voice to its most vulnerable members and ensuring that they are informed of and fulfill their roles as citizens.

Advocacy and Human Rights Gender Justice and Diversity Human Rights and Legal Aid Services Social Development

Achievements 2009

Advocacy and Human Rights

By 2009, our outreach extended to over **18 million** people in 55 districts

Gender Justice and Diversity

In 2009, 3,000 gender justice educators (50% women) in 10 districts, reached **30,000 households** to prevent domestic violence and gender-based discrimination

Human Rights and Legal Aid Services

In 2009, we joined forces with four rights organisations to file the **first Public Interest Litigation against perpetrators of 'fatwas' (religious edicts) and extra-legal punishments** such as 'dorra' (flogging) meted out to women in rural areas. The High Court directed the government to frame guidelines against *fatwa*.

Social Development:

929 human rights violations were reported of which the majority were related to acid violence. We were the first to report these incidents and provide legal and medical support to the victims

1 million sharecroppers were surveyed and listed in one month by *polli shomaj* groups to determine eligibility for loans under our Agriculture programmes's *Borga Chashi Unnoyon* project

Building an Inclusive and Just Society

As part of our efforts to ensure that the poor are able to realise their potential, four units at BRAC work together to support individuals and communities to become aware of their rights and to organise themselves to create social and political environments that are responsive to their needs.

BRAC's efforts include the systematic prevention and redress of all forms of discrimination and exploitation, ensuring equity and promoting inclusiveness with reference to age, physical ability, ethnic background, gender, religion and sexual orientation.

The units - working together to bring about the necessary changes in attitudes and policies to promote gender equality and human rights, institutionalise rule of law and offer legal aid, create active citizenry and ensure accountable governance - are the Advocacy and Human Rights unit, the Gender Justice and Diversity section, Human Rights and Legal Aid Services programme and the Social Development programme.



Above An adolescent girl volunteers to record the proceedings of a *polli shomaj* meeting in Manikganj.



Left Parveen Akhter of Gazipur district applies for the resolution of a domestic dispute at a BRAC legal aid clinic.

Advocacy and Human Rights

We seek to raise consciousness and change perspectives of individuals, communities and organisations and influence those in positions of authority to review and alter policies to improve practice. Our primary advocacy tools are social communication and media mobilisation.

We work with a diverse range of issues, including the provision of social protection and social reintegration of the extreme poor, awareness-raising of public health issues such as tuberculosis, breast-feeding, stunting and malaria, promoting behavior change with regard to water, sanitation and hygiene and protecting the rights of migrant workers and their families.

Our activities include seminars, workshops, stakeholder meetings from village to national levels, community theatre, fairs, quiz and TV shows, debate competitions held in rural and urban schools and colleges, round-tables with the media and observation of international days.

Safe Migration Facilitation Centre (SMFC)

Bangladesh has 6.5 million migrant workers employed overseas, many of whom fall victim to exploitation by recruitment agencies or their foreign employers due to their lack of knowledge about the migration process as well as labour laws and rights. Our SMFC project works with both potential and returning workers, especially women and youth, providing information on relevant laws and rights, legal support, social arbitration to recover money from middlemen and skills training. The project also raises public awareness on the issue through the media. There are 6 SMFC's in 17 districts and the project works to protect nearly 2 million workers. Through community-based Migration Forums, it has recovered USD 176,000 from middlemen on behalf of the exploited workers.



BRAC Advocacy unit conducts a workshop on human rights for imams in Dinajpur.



A gender justice educator conducts a workshop to prevent domestic violence and gender discrimination.

Gender Justice and Diversity

In order to change attitudes about gender roles and relations in a male-dominated society, we need to build a broad consensus that includes both men and women, to promote a changed mindset through education as well as legal and advocacy programmes. The goal of our Gender Justice and Diversity work is to mainstream gender equality and diversity within BRAC and improve gender relations and build gender sensitivity at home and in places of learning. We are proactive in national and international policy advocacy.

We work to prevent gender-based discrimination and violence by increasing understanding through discussions, workshops and the media. We provide technical support and training to organisations that promote the rights of socially marginalised groups, such as transgenders, sex workers and HIV/AIDS sufferers.

Within BRAC, we work to improve gender relations through training on gender sensitisation and analysis, development of policies such as the Gender Policy and Sexual Harassment Elimination Policy and creation of staff forums and alliances such as the Gender Equality and Diversity Team and the network of Gender Focal Points.

In 2009, we developed a wide range of advocacy materials to combat gender-based discrimination and violence that include 6 docu-dramas, 6 TV commercials and a brochure on the High Court's judgement on Sexual Harassment Elimination Act in Educational Institutions.

Gender Quality Action Learning Programme

Gender Quality Action Learning (GQAL) is a component of our programme for the ultra-poor. Its goal is to prevent domestic violence and gender-based discrimination at the household level. It aims to create positive attitudes towards women's empowerment in rural areas and help develop gender-sensitive relationships within families and communities.

Gender justice educators work with households, raising awareness through 'courtyard' meetings, local government forums, community theatre, film screenings and by speaking to family members and community groups on issues such as women's health, domestic violence, division of labour and access and control of resources.

Households under the GQAL programme report more equality at home, with increased male participation in chores like child care and fetching water, more rest and recreation for women, equitable access to healthcare and nutrition, reduction in domestic abuse and changed perceptions regarding violence against women and women's decision-making in personal and family matters. There is also increased community mobilisation against domestic violence and violations of women's rights in the GQAL working areas.



Above Scene from a popular theatre performed by local artists in Naogaon.



Left An acid victim who received rehabilitation and legal assistance from BRAC.

Human Rights and Legal Aid Services

We view legal empowerment as a pathway out of poverty. Our Human Rights and Legal Aid Services programme promotes the rights of the poor and the disadvantaged by raising awareness about existing laws, empowerment through community mobilisation, capacity building and provision of aid and support to access the legal system.

We offer human rights and legal education, legal aid clinics, alternative dispute resolution services as well as emergency assistance for victims of crimes. These services are provided free of cost by trained paralegal volunteers, panel lawyers and experts.

Our aim is to use the legal system to protect marginalised groups from discrimination and exploitation, reduce violence against women and children, sensitise legal authorities on human rights and gender justice principles, undertake policy advocacy by engaging with the government and building alliances with other organisations.

At the village level, our Human Rights and Legal Education (HRLE) activities target women. We organise workshops for community leaders to raise awareness on gender and human rights. Women paralegal volunteers, known as *shebikas*, are trained to conduct legal literacy courses. These 'barefoot lawyers' are our frontline social justice facilitators who provide legal support to rural women, assist victims of crimes or violence through community networks and work to make justice more accessible to the poor. As the bulk of the local disputes involves conflicts over land ownership, a subset of *shebikas* as well as male volunteers (*sheboks*) receive further training in land measurement and survey and are able to earn an income from providing these services. Local level violations are monitored by human rights implementation committees formed by women who receive HRLE training.

We work with partners to engage policy makers in drafting national legislations on issues such as domestic violence, the National Women's Development Policy, Hindu marriage registration and guidelines on sexual harassment for the University Grants Commission.

Plans are underway to offer legal aid to prisoners and migrant workers, labour rights, workplace injuries and deaths, legal aid services in the Chittagong Hill Tracts, as well as human rights awareness programmes in the West African nations of Sierra Leone and Liberia.

In 2009, our legal aid clinics received 22,629 complaints of which 13,493 were resolved through Alternative Dispute Resolution. Of the 4,428 civil and criminal cases that were filed, 72% were resolved within a year and 91% went in favour of our clients, where the total value of compensation received by our clients was USD 2 million.



A *shebika* uses pictorial charts to describe laws and rights to participants of a Human Rights and Legal Education class in Gazipur.

Social Development

Our Social Development programme aims to enhance the human and social capital of the poor and marginalised, especially women, so that they are aware of their rights and are empowered to claim their entitlements and resist exploitation. We organise rural communities into democratic institutions called *polli shomaj* for building awareness and capacity for collective action to better access public resources. We utilise folk artforms such as popular theatre to disseminate social messages to rural communities and to mobilise them against injustice and rights violations.

At the same time, we help strengthen local government capacity through sensitisation, training and the formation of forums of elected representatives from all levels. Our objective is to help local government to become more transparent and responsive to the needs of the poorest. We address human rights violations through awareness, prevention and support. We increasingly emphasise the engagement of men to help empower women and prevent violence against them. Our experience shows that the participation of men strengthens women's rights and helps promote gender equality.

In 2009, we began a new intervention on democracy and good governance titled "Active Citizens and Accountable Local Government" started in Bogra and Jessore districts in the northwest with support from the United Nations Democracy Fund. It aims to create conditions for more active civic engagement among poor, rural citizens and strengthen capacity of local government for more accountable and effective governance. Our 358 popular theatre troupes wrote 131 new plays and staged 6,099 shows on issues related to gender violence, child marriage, human trafficking, HIV/AIDS, maternal care, rural power conflicts, sanitation and hygiene and the environment. We were successful in having the community take over a community-safety project a year after the pilot was completed.

BRAC Programmes
Disaster, Environment and
Climate Change



In order to respond proactively to the increasing frequency and severity of natural disasters as well as other manifestations of climate change, BRAC's Disaster, Environment and Climate Change programme is moving beyond relief and rehabilitation into institutionalised preparedness, risk reduction and management interventions as well as long term adaptation strategies.



Disaster, Environment and Climate Change

Achievements 2009

Helping Communities Recover

Cyclone Aila hit Bangladesh's low-lying coastal belt on May 25, 2009 affecting more than 3 million people in 63 sub-districts, with tidal surges inundating a large part of the region. Our initial response was to **provide emergency food and shelter**, and then move quickly to assist Aila victims with **sustained water and sanitation facilities as well as livelihood opportunities**. Unrepaired embankments, and the lack of drinking water and dry land for planting crops emerged as major problems

Support for Health, Hygiene, Water and Sanitation

In the wake of Cyclone Aila, we ensured that communities were visited by health workers to **disseminate information on health, nutrition and water borne diseases like diarrhoea, typhoid and skin rashes**. We provided urgently-needed drinking water by digging ponds, sinking deep tubewells and setting up desalination plants. We also constructed 2,400 latrines on high ground and embankments

Restoring Livelihoods

We are working with the Aila-affected communities to rebuild livelihoods through adoption of new technologies. We introduced **salt-tolerant rice crops, fish cultivation and crab fattening** in saltwater inundated areas. Grants of USD 219 were made to farmers to cultivate Genetically Modified Farm Tilapia (GIFT) and culture crabs in pens in submerged farmlands. Those without land were given work to make the pens for fish/crab culture. Through these field demonstrations, DECC will ascertain whether brackish water can be utilised to address food security, which can help us plan for climate change

Previous Spread Women wash clothes on the eroding banks of the Jamuna river. Reducing the poor's vulnerability to river erosion is an important intervention for a deltaic country like Bangladesh.

Programme Description

Frequent natural disasters induced by climatic change adversely affect the lives and livelihoods of tens of millions of Bangladeshis and threaten to slow down, or even reverse, the progress made so far in poverty alleviation. The Disaster, Environment and Climate Change (DECC) programme was established in 2008 as a consequence of lessons learnt while helping communities cope with the devastating effects of cyclone Sidr, which struck in November 2007.

The programme seeks to:

- promote better disaster preparation and management
- increase awareness about climate change and its impact
- undertake research to identify successful risk reduction and coping mechanisms



Above Farida Begum, who lost everything to Cyclone Sidr, gets hybrid corn seeds from BRAC at Sharankhola.



Left Farida, a widow, works to get a good harvest from her cornfield at Uttar Kadamtola village.

Our Approach

From inception BRAC has been quick to respond to natural disasters, reaching out with emergency relief and rehabilitation support. To be more effective, however, we must build up capacity to offer proactive responses – such as empowering communities to prepare for natural disasters and to train themselves to be the first responders when calamities strike. BRAC has to be ready with tools to help affected people move more quickly into recovery mode. Our approach therefore stresses the need to institutionalise disaster management and risk reduction through creation of (a) capacity (b) adaptation strategies and (c) linkages and knowledge generation.

Programme Components

We are strengthening a core team with knowledge and expertise to review relevant risks, calculate probabilities, prepare contingency plans and lay out specific procedures for disasters. This team will deliver training on hazards, risk reduction and responses and use local knowledge and draw on international experience, to prepare BRAC staff to respond to emergency situations so that more lives can be saved and losses mitigated. Surveys of disaster-prone areas will be used as tools for resource allocation and preparedness. The programme will also prepare itself to handle disasters in neighbouring countries and places where BRAC works. Adaptation strategies will be key to meeting the challenges of climate change.

Initiatives

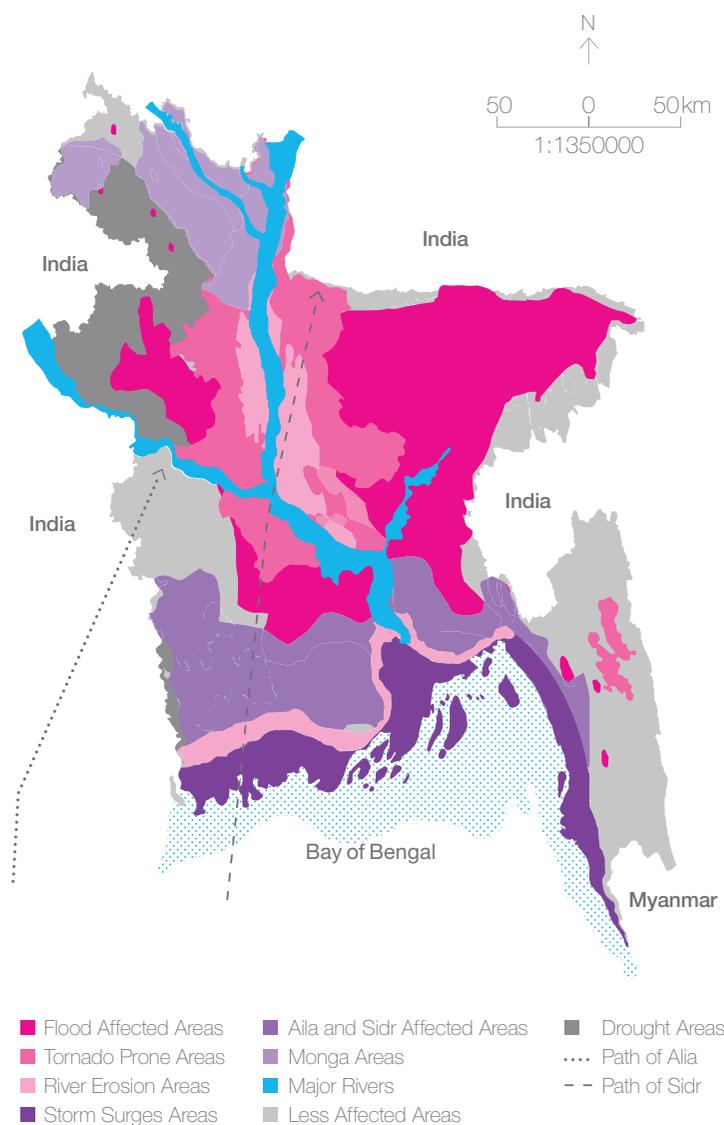
Weather Stations Four weather stations were set up in partnership with the Bangladesh Meteorological Department (BMD) and the Ministry of Environment and Forest to measure, record and ascertain microclimate variabilities. The data will be used to advise local farmers when best to grow seedlings, transplant cereal crops and plan secondary crop plantings. BMD has installed 14 stations in 22 agro-ecological zones; BRAC set up 4 with plans to cover the remaining zones.

Standard Operating Procedures / Standing Orders We are developing standard operating procedures (SOPs) to help organise and streamline BRAC’s rapid response when disasters strike. The procedures include clear-cut operational instructions for field level workers and programme members and for staff training. SOPs will enable us to respond quickly, in pre and post-disaster scenarios, as the trained staff and members will not have to wait for instructions to act. This is particularly important as disasters often disrupt communications.

Geographical Information System (GIS) Our goal is to establish a fully operational GIS unit to facilitate spatial analysis-based research activities focusing on climate change and disaster management.

Partnering to Increase Our Institutional Capacity The Humanitarian Future Programme based at King’s College in London is helping assess our internal long-term future humanitarian crisis management strategy.

Natural Disaster Affected Areas



Bangladesh, a deltaic country, faces annual cyclones, river erosion, heavy rains and floods, landslides, rising sea level and soil salinity. Our populous nation is also prone to other extreme natural events, like earthquakes, tsunamis, droughts and intermittent famines. Given that there is a level of predictability in the occurrence of these natural disasters, we must capitalise on our potential to take on a more proactive role and enhance our adaptive capacity to cope with climate change.

BRAC Enterprises

Aarong



Initiated	1978
Description	Aarong is one of the most unique heritage brands for retail clothing, linen, shoes, accessories and home decor products.
Total Outlets	9

BRAC Dairy



Initiated	1998
Description	BRAC Dairy was established to provide a fair price for milk to the members of BRAC's Village Organisations who invested micro loans received from BRAC for cows.
Dairy Chilling Centres	100

Artificial Insemination



Initiated	2000
Description	Artificial Insemination enterprise was set up to create synergies with the BRAC Dairy enterprise as livestock is considered as an important tool in poverty alleviation.
Service Centres	68

BRAC Poultry



Initiated	1996
Description	BRAC Poultry has contributed to the overall growth of the poultry industry in the country and created income-generating activities for millions of rural poor.
Poultry Farms	6

BRAC Feed Mills



Initiated	1999
Description	BRAC Feed Mills were established in 1999 with the objective to produce quality feed for poultry, cattle and fish.
Feed Mills	2

BRAC Broiler Processing & Marketing



Initiated	2001
Description	BRAC Broiler Processing & Marketing is the largest automated plant in Bangladesh was set up to meet the growing demand for dressed chicken.
Meat Processed	1600 metric tons (approx.)

BRAC Fisheries



Initiated	1998
Description	BRAC Fisheries supplies fish spawn, prawn PL, fish fry, and fingerling/juvenile in response to the needs of commercial fish farms that have emerged due to the decline in wild stocks.
Fish Hatcheries	12

BRAC Salt Industries



Initiated	2004
Description	Salt Industries was initiated in 2004 to respond to a public health need - the lack of iodized salt in the country.
Total Production	11,149 metric tons

Sanitary Napkin & Delivery Kit



Initiated	1999
Description	Sanitary Napkin and Sterilized Delivery Kit production centre were setup in 1999 to answer public health need of rural women in Bangladesh.
Production Centres	6

BRAC Cold Storage



Initiated	1980
Description	BRAC Cold Storage operates a storage facility in Comilla district to support farmers store their harvested yields.
Capacity	4,000 metric tons

BRAC Tea Estates



Initiated	2003
Description	BRAC Tea Estates were acquired in 2003 and established as an income-generating concern where surplus income is diverted to the development programmes.
Tea Gardens	4

BRAC Sericulture



Initiated	1978
Description	BRAC sericulture organises women to undertake mulberry cultivation, silkworm and seed production, reeling and spinning of silk yarn, and weaving and marketing silk.
Land Under Mulberry Cultivation (in acres)	2,961

BRAC Horticulture



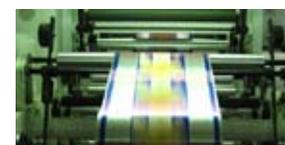
Initiated	1994
Description	BRAC Horticulture initiated with a purpose to produce good quality seedlings and make it available throughout the country.
Horticulture Nurseries	15

BRAC Printers



Initiated	1977
Description	The printing enterprise is a full-service desktop publishing facility and 80 per cent of its materials production is for BRAC's education programme and office requirements.

BRAC Printing Pack



Initiated	2005
Description	The BRAC Printing Pack produces finished flexible packaging materials and provides employment to over 100 workers.
Total Production	1500 metric tons (approx.)

Alternate Energy & Renewables



Initiated	Recycled Handmade Paper: 2000; BRAC Solar: 1998
Description	BRAC Recycled Handmade Paper (RHMP) synthesises paper from materials gathered from several projects and branch offices under BRAC, while BRAC Solar installs solar panels in rural, remote and off-grid areas.
Facilities/unit offices	RHMP Production Unit: 1 BRAC Solar Unit Offices: 276

BRAC Around the World

USA 

Initiated:
2007

An independent charity to raise profile and funds for BRAC globally

UK 

Initiated:
2006

An independent charity to raise profile and funds for BRAC globally

Netherlands 

Initiated:
2009

BRAC International registered as a charity (Stichting).

Haiti 

Initiated:
2008

Providing support to:
Fonkoze, Partners in Health/Zanmi Lasante, CGAP, CHF Partners in Rural Development and Linked Foundation

Support in:
Ultra Poor

Sierra Leone 

Initiated:
2008

Programme focus:
Microfinance, Health, Agriculture, Poultry and Livestock

Population reached:
299,058

Microcredit Group Members:
13,325

Liberia 

Initiated:
2008

Programme focus:
Microfinance, Health, Agriculture, Poultry and Livestock

Population reached:
465,575

Microcredit Group Members:
10,092

Southern Sudan 

Initiated:
2007

Programme focus:
Income Generation for Vulnerable Group Development Programme (IGVGDP), Microfinance, Education, Health and Agriculture

Population reached:
162,659

Microcredit Group Members:
22,303

Sudan (North) initiated in 2008 to support Bank Al Usra in Microfinance.

Key

- Programme Countries
- Affiliate Countries
- Technical Support Countries

Yemen**Initiated:**
2008**Programme focus:**
Social Fund for Development (SFD)**Support in:**
Ultra Poor**Afghanistan****Initiated:**
2002**Programme focus:**
Microfinance, Education, Health,
National Solidarity Programmes,
Capacity Development and
Enterprise Development.**Population reached:**
24.5 million**Microcredit group members:**
204,022**Pakistan****Initiated:**
2007**Programme focus:**
Microfinance and Education**Population reached:**
437,465**Microcredit Group Members:**
62,495**Bangladesh****Initiated:**
1972**Programme focus:**
Microfinance, Education, Health,
Ultra Poor, Social Development,
Human Rights & Legal Services,
Agriculture, Disaster Management &
Climate Change, Gender Equality.**Population reached:**
110 million**Microcredit Group Members:**
8.46 million**India****Initiated:**
2009**Providing support to:**
Bandhan**Support in:**
Ultra Poor**Uganda****Initiated:**
2006**Programme focus:**
Microfinance, Agriculture, Poultry
and Livestock, Health and
Education**Population reached:**
1.6 million**Microcredit Group Members:**
155,960**Tanzania****Initiated:**
2006**Programme focus:**
Microfinance, Livelihood
and Business Development,
Agriculture, and Essential
Community Health Care**Population reached:**
2 million**Microcredit Group Members:**
112,709**Sri Lanka****Initiated:**
2005**Programme focus:**
Sustainable Livelihood and Long-
term Rehabilitation Programme,
Microfinance and Strengthening the
Capacity of Local Non-Government
Organisations**Population reached:**
403,940**Microcredit Group Members:**
1,00,402**Indonesia****Initiated:**
2008**Providing support to:**
Aceh Society Development (ASD)
Cooperatives**Support in:**
Microfinance

Support, Management and Governance

BRAC is governed and managed, not so much as an NGO, but more as a large, multinational organisation that employs the best business practices to ensure relevance and sustainability of its development approaches and the well being of its employees. From our earliest days we invested in research and development to improve the effectiveness and efficiency of our interventions. We provide continuous training to enhance staff capacities at all levels. We uphold the integrity of our work through a process of governance, including financial and operational, that ensures transparency and accountability to all our stakeholders. As a learning organisation, we prioritise the dissemination of experience and knowledge both internally and externally. Various units at BRAC work together to fulfill these functions and they ensure the success of our work.

Research and Evaluation

BRAC's Research and Evaluation Division (RED) provides a sound analytical basis for our programmatic decisions, enabling us to identify new areas of intervention, learn from our mistakes, and share the impact and lessons from our work with academics, other development organisations and agencies around the world. Whereas most in-house research units within NGOs limit themselves to monitoring and evaluating research, RED's efforts are aimed at assisting us at every stage of our programme cycle.

RED identifies hidden needs and problems that require new interventions, explores how a particular intervention needs to be adjusted and evaluates performance in terms of long-term impacts. These steps help us to continue, scale up or re-direct our various programmes. In 2009, RED fielded 79 research projects of which 36 were completed by year end. In terms of the programme cycle, 20 per cent of the 2009 studies were baseline and formative research, 45 per cent operations research, while 35 percent were evaluation/impact studies. The topics covered include economics, microfinance, poverty alleviation, education, environment, health and nutrition, food security, social development and human rights. RED undertakes many of its studies in cooperation with international research and academic institutions. During the year our researchers contributed 20 articles to professional journals, 16 book chapters, 3 books, 2 Ph.D. theses, 6 monographs, 11 working papers, and 5 popular articles to magazines and newspapers.

Human Resources

BRAC's Human Resources Division (HRD) is committed to enhancing transparency, maximising job satisfaction and creating a cohesive work environment for all BRAC employees through constant monitoring and provision of incentives. In 2009, BRAC

was awarded 'Best Employer Award' from Bangladesh's largest online job portal, bdjobs.com, for transparency, good employee relations, practicing diversity and ethics, and institutionalising staff development. Over the course of the year, HRD Field Officers conducted Rights Entitlements and Responsibilities Orientation for 27,063 field staff to create awareness about organisational values, policies, principles ethics and procedures. In 2009, we successfully decentralised the Human Resources Information System and were able to make the data available online to 30 field offices through VPN. This resulted in speedy information flow and increased operational efficiency by providing staff information to other programmes for prompt decision making.

Training

BRAC's Training Division (BTD) works to develop the capacity of all BRAC employees as well as its volunteer workforce through regular and continuous skills training. The department also ensures a participatory approach to training by integrating concepts and practices, and frequently adapting new training technology. BRAC's 20 Training and Resource Centres are located strategically across the country and employ 170 professionals. Training centres have also been set up in Afghanistan, Sierra Leone, Southern Sudan, Tanzania and Uganda.

In addition to programme-specific training, BTD recently initiated a Young Professional programme to encourage the recruitment and retention of top local talent. It also operates the DevPro programme to develop capacities of mid level managers by strengthening their leadership, communication and behavioural competencies through exposure to local, regional and global development thinking and trends.

In order to enhance the financial sustainability of the department and generate income for BRAC, BTD also develops and implements training courses for private and government agencies. A marketing team was formed that resulted in 20% increase in training for external agencies.

In 2009, 105,351 individuals were trained and 21 training courses were organized for external organizations. A total of 15 new courses were designed – such as Supportive Supervision, BRAC Approaches to Comprehensive Development, Creative thinking, Resource Mobilisation and Fund Raising, Strategic Planning, Participatory Monitoring and Evaluation etc.

Finance and Accounts

BRAC's Finance and Accounts Department performs a crucial role within the organisation to improve programme efficiency and promote transparency and accountability. The department collects and stores financial data from all transactions carried out at different cost centres in the organization and processes it for use in decision-making. The department prepares our financial statements in accordance with international reporting standards, for which BRAC has received numerous national and international awards in transparency and financial disclosure.

In 2009, the department brought all branch offices under software coverage so that all payments and receipts could be automated. This year we also received the “Best Presented Accounts and Corporate Governance Disclosures Awards 2008” from the South Asian Federation of Accountants, as well as the top position in the NGO sector in the national awards for Best Published Accounts and Reports 2008 from the Institute of Chartered Accountants of Bangladesh.

Communications

Communications is responsible for telling the BRAC story. The department manages BRAC’s identity, serving as the initial point of contact for both internal and external audiences, ranging from staff members to donors, media and the general public. It facilitates both internal and external communications and handles media relations, provides timely information and perspective about BRAC’s work. The department produces communications resources such as annual reports and films and maintains the corporate website, disseminates information on BRAC’s work and ensures accurate and full representation and understanding of the organisation. Communications is increasingly involved in strengthening internal communications and is seeking new ways to build strong partnerships with various stakeholders.

In 2009, the department successfully oversaw the development of the new BRAC brand, as well as a global web portal.

Administration and Risk Management

BRAC’s Administration and Risk Management (ARM) is the internal control for programmes and provides Management with insights into implementation. Risk management includes Internal Audit, Investigation and Monitoring activities.

Internal Audit Department independently examines and evaluates BRAC’s activities to assist management by providing advice on operations and performances and assessing the effectiveness of internal control. It aims to improve operational efficiency and effectiveness of the management process. The department examines and evaluates whether the risk management, internal control and governance processes in place are adequate and functioning properly and advises management on improvements. The department undertakes routine internal audits and investigations, as well as annual physical verifications of inventory and other assignments required by management to maintain transparency and accountability. Findings are brought to the Audit Review Committee for further action. In 2009, a total of 60 Cost Centres (budget lines) underwent review and audits were conducted on 11,869 Cost Centres. The International audit firm, Ernst & Young, was engaged to provide risk management services for BRAC’s microfinance activities and it transferred findings to the department.

Monitoring Department separately conducts routine cross checking of current programmes through periodic analysis using selected indicators. The data enables Management to determine whether planned, key activities are being undertaken and have the desired

outcomes. The department also ensures greater transparency and accountability of overall management and internal observation procedures. In 2009 the department monitored 197 issues of different programmes, including 48 related to cyclones Aila and expanded to include the monitoring of Aarong, BRAC Printers & Printing pack, Tea Estate and the agricultural rehabilitation programmes in cyclone Sidr and Aila-affected areas.

Procurement Estate and Management Services

The support and services provided by Procurement, Estate and Management Services (PEMS) are crucial for smooth and successful delivery of our programmes. PEMS extend its services through its Procurement, Estate, Security, Visa and Protocol, Logistics and Telecommunication units, the Central Store and its Road Safety Project.

Procurement Department is responsible for the centralised procurement for all programmes, enterprises, support services and affiliated organisations. It ensures economies of scale and cost effectiveness through the formulation and implementation of a procurement plan based on aggregate requirements, optimum use of expertise, efficient storage and distribution systems as well as lower administrative costs. The department ensures transparency through fair and competitive bidding and its purchase procedure follows international guidelines and norms. Additionally, the department is involved in activities such as the liquidation of outdated assets and auctioning of goods. In 2009, a Procurement Management Software system (BPMS) was installed to maintain data systematically, increase transparency and ensure accountability through the creation of an audit trail.

“The procurement process of BRAC is guided by a comprehensive Procurement Manual, introduced in 2007 that is in line with accepted international procurement standards.”

BRAC Institutional Review by DFID, 2009

Estate Department is responsible for procuring and managing BRAC properties spread across Bangladesh, managing and maintaining them at a minimum cost, and protecting them from encroachers. The department preserves ownership records centrally and generates regular management reports. A “Land Management Policy 2010” was framed for efficiency, effectiveness and accountability in the purchase and management of land.

An additional responsibility of the Department is to acquire sites on lease or on a rental basis for accommodating programmes and enterprises. It is also responsible for renting out BRAC premises, collecting and paying rent, administration of lease agreements and maintaining contact with tenants, landlords, police, local authorities and government offices.

BRAC Management



Fazle Hasan Abed
Founder and Chairperson



Mahabub Hossain
Executive Director



Muhammad A. (Rume) Ali
Managing Director
Enterprises and Investments



Md. Aminul Alam
Executive Director
International Programmes



Imran Matin
Deputy Executive Director
International Programmes



Tania Zaman
Director
Chairperson's Office
(Chief of Staff)



Ahmed Najmul Hussain
Procurement, Estate and
Management Services



Anna Minj
Social Development



Babar Kabir
Water, Sanitation and Hygiene
Disaster, Environment and
Climate Change



Faruque Ahmed
Health



Faustina Pereira
Human Rights and Legal
Aid Services



Ishtiaq Mohiuddin
Microfinance



Kishwar Sayeed
Human Resources



Safiqul Islam
Education



Shib Narayan Kairy
Finance and Accounts



Saieed Bakth Mozumder
Tea Estates



Shabbir Ahmed Chowdhury
Training



Sheepa Hafiza
Gender, Justice and Diversity
Advocacy and Human Rights



Sukhendra Kumar Sarkar
Administration and Risk Management



Tamara Hasan Abed
Aarong
BRAC Dairy and Food Project
Ayesha Abed Foundation



Tanwir Rahman
Finance, International Programmes

Governance

Our Governing Body consists of highly distinguished professionals, activists and entrepreneurs who bring their diverse skills and experiences to the governance of BRAC. The Governing Body is assisted by an Audit committee that reviews the financial condition of the organisation in order to recommend appropriate remedial action.

Members of the BRAC Governing Body

Fazle Hasan Abed

Founder and Chairperson
BRAC

Ainun Nishat

IUCN Bangladesh

Debapriya Bhattacharya

Distinguished Fellow
Centre for Policy Dialogue

Faruq A. Choudhury

Chairman
Delta-BRAC Housing
Finance Corp.

Irene Z. Khan

Former Secretary General
Amnesty International

Kazi Aminul Huque

Chartered Accountant

Latifur Rahman

Industrialist

Luva Nahid Choudhury

Director General
Bengal Foundation

Rokia A. Rahman

Industrialist

Shabana Azmi

Actor and social activist (India)

Shafiq ul Hassan (Quais)

Businessman (UK)

Syed Humayun Kabir

Chairman
Renata Ltd.

Taherunnessa Abdullah

Social scientist and
gender specialist

Timothy Evans

Assistant Director-General
WHO (Canada)

Mahabub Hossain (ex-officio)

Executive Director
BRAC

Muhammad A. (Rumeel) Ali (ex-officio)

Managing Director
BRAC Enterprises and
Investments

We have established an office of the ombudsperson with a comprehensive mandate to investigate any incident of misadministration and misuse of power within BRAC. This includes grievances such as corruption, abuse of power or discretion, negligence, oppression, nepotism, rudeness, arbitrariness, unfairness and discrimination. The ombudsperson reports to the Governing Body.

Ombudsperson

Mohammad Abu Hena

Our Supporters

Bilateral

Australian Government's
Overseas Aid Program (AusAID)

Canadian International
Development Agency (CIDA)

Deutsche Gesellschaft für
Technische Zusammenarbeit
(GTZ)

The Embassy of the Kingdom of
the Netherlands (EKN)

European Commission (EC)

Government of the People's
Republic of Bangladesh (GOB)

Norwegian Agency for
Development Cooperation
(NORAD)

Swiss Agency for Development
and Cooperation (SDC)

UK Department for International
Development (DFID)

Multilaterals

International Centre for
Diarrhoeal Diseases Research,
Bangladesh (ICDDR,B)

The Islamic Development Bank

United Nations Children's Fund
(UNICEF)

United Nations Democracy Fund

The World Bank

The World Food Programme

Private Foundations

Aga Khan Foundation

Bill and Melinda Gates
Foundation

Conrad N. Hilton Foundation

Ford Foundation

Nike Foundation

Academic/Research

Institutions

Applied Research & Technical
Services(AEDARTS)

Emory University, USA

Institute of Development Studies
(IDS), University of Sussex, UK

International Research and
Exchanges Board

Karolinska University, Sweden

Oxford University, UK

Stanford University, USA

University of Leeds, UK

National and International Organisations

Agricultural Innovation in Dryland
Africa Project (AIDA)

DIMAGI

Family Health International

Fidells, France

The Global Fund for TB and
Malaria

Hospital for Sick Children

Inter Co-operation Bangladesh

International Committee of the
Red Cross (ICRC)

Land O Lakes

Luftfahrt ohne Grenzen e. V.

Manusher Jonno Foundation

Micro-Nutrient Initiative

OXFAM-NOVIB (Nederlandse
Organisatie Voor Internationale
Bijstand), Netherlands

Plan Bangladesh

The Rotary Foundation

Safer World

Save the Children UK

Save the Children USA

Vision Spring

Others

BRAC UK

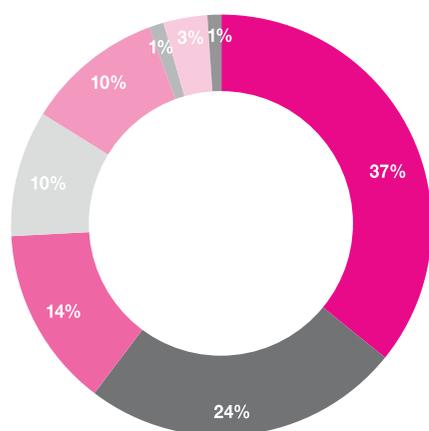
BRAC USA

Donations from individuals

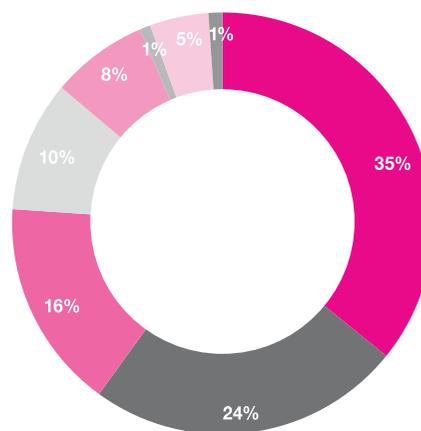
Financials

Revenue Expenditure by Type 2008 - 09

Revenue Expenditure - 2009 Total USD 428 million



Revenue Expenditure - 2008 Total USD 398 million



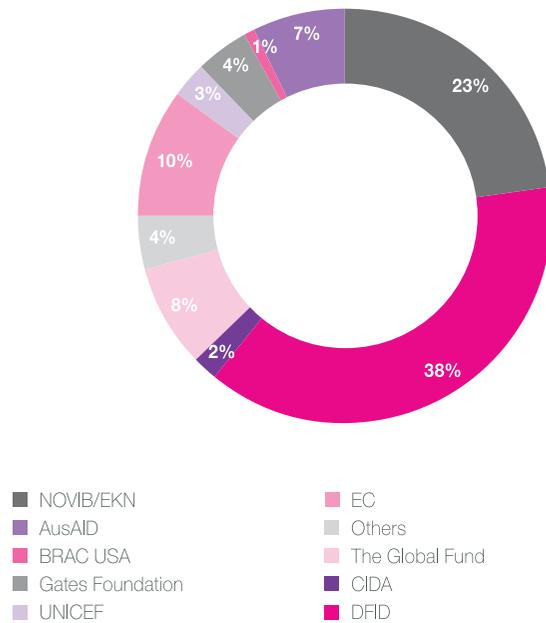
Notes:
 * Social Enterprises includes Income Generating Projects and Programme Support Enterprises
 ** Other includes the following: House Property, Poultry & Livestock Extension Programme, Fisheries Extension Programme, Agriculture & Sericulture Extension Programme, Grant to BRAC University and Research, Monitoring and Evaluation.

Contribution of BRAC to Government Exchequer

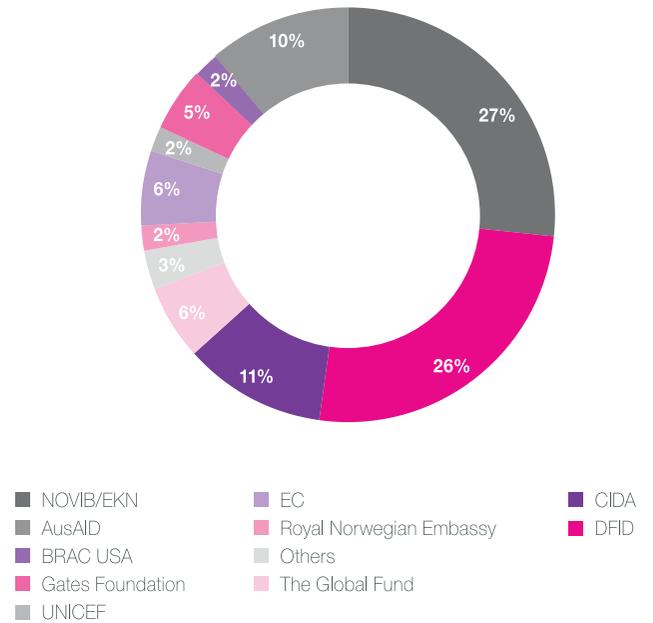
Income Year	2009		2008	
	BDT	USD	BDT	USD
Income Tax deduction at source by third parties	107,787,917	1,573,546	107,552,434	1,575,860
Tax deduction at source from third parties	55,471,904	809,809	61,154,712	896,040
Income Tax deduction at source from Staff salaries	11,197,833	163,472	8,259,134	121,013
VAT collection from customers	166,167,811	2,425,807	177,349,150	2,598,522
Import Duty paid	60,433,961	882,248	9,430,218	138,172
Total	401,059,426	5,854,882	363,745,648	5,329,607

Grant Composition 2008 - 09

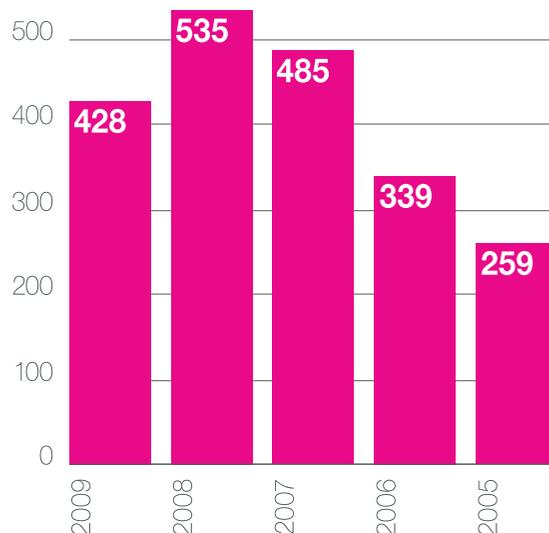
Grants - 2009 Total USD 150 million



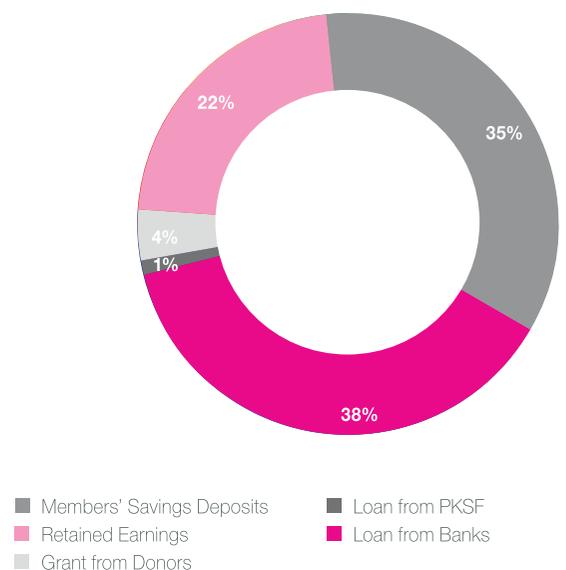
Grants - 2008 Total USD 146 million



Annual expenditure in USD (million)



Microfinance Revolving Loan Fund



Balance Sheet Converted to USD

as at December 31, 2009
(NOT PART OF AUDITED FINANCIAL STATEMENTS)

	2009		2008	
	Taka	US \$	Taka	US \$
ASSETS				
Property, plant and equipment	5,608,688,776	81,878,668	5,607,339,327	82,158,818
Investments in related undertakings	4,814,649,373	70,286,852	2,878,210,799	42,171,587
Investments in securities and others	134,100,000	1,957,664	59,140,000	866,520
Loans to Village Organization members	39,554,248,179	577,434,280	41,542,182,420	608,676,665
Motor cycle loans	752,693,444	10,988,225	684,439,580	10,028,419
Inventories	1,798,339,059	26,253,125	1,716,963,574	25,156,975
Grants and accounts receivable	1,459,379,277	21,304,807	1,054,292,357	15,447,507
Advance, deposits and prepayments	1,479,786,028	21,602,716	2,269,911,533	33,258,777
Term deposits	8,960,883,021	130,815,811	6,616,102,277	96,939,228
Cash in hand and at banks	3,712,998,614	54,204,359	4,880,055,354	71,502,643
TOTAL ASSETS	68,275,765,771	996,726,508	67,308,637,221	986,207,139
LIABILITIES AND NET ASSETS				
Liabilities :				
Deferred income	328,397,210	4,794,120	422,422,160	6,189,336
Term loans	17,239,765,139	251,675,403	22,704,437,727	332,665,754
VO members savings deposits	18,398,618,148	268,592,966	15,764,569,644	230,982,705
Securitized financing	462,360,308	6,749,786	345,083,404	5,056,167
Other long term liabilities	4,537,022,247	66,233,901	3,819,825,051	55,968,133
VO members project & current account	15,125,327	220,808	27,540,740	403,527
Grants received in advance account	1,436,507,867	20,970,918	1,834,102,592	26,873,298
Other current liabilities	1,838,834,554	26,844,300	1,245,272,326	18,245,748
Provision for taxation	278,941,030	4,072,132	191,941,030	2,812,323
Bank overdrafts	4,370,328,157	63,800,411	5,657,677,143	82,896,368
Total Liabilities	48,905,899,987	713,954,744	52,012,871,817	762,093,360
Net Assets:				
Capital fund				
-unrestricted	18,670,754,955	272,565,766	14,766,605,071	216,360,514
-temporarily restricted	699,110,829	10,205,998	529,160,333	7,753,265
	19,369,865,784	282,771,763	15,295,765,404	224,113,779
TOTAL LIABILITIES AND NET ASSETS	68,275,765,771	996,726,508	67,308,637,221	986,207,139

Statement of Income and Expenditure Converted to USD

for the year ended December 31, 2009

(NOT PART OF AUDITED FINANCIAL STATEMENTS)

	Unrestricted		Temporarily Restricted		Total 2009	
	Taka	US \$	Taka	US \$	Taka	US \$
Income						
Donor grants	57,891,835	845,136	11,026,184,327	160,966,195	11,084,076,162	161,811,331
Revenue from:						
- Income generating Projects	4,949,932,304	72,261,785	-	-	4,949,932,304	72,261,785
- Program support enterprises	2,700,866,354	39,428,706	-	-	2,700,866,354	39,428,706
Service charge on loans to VO members	11,745,042,192	171,460,470	-	-	11,745,042,192	171,460,470
Investment income	1,539,563,924	22,475,386	52,828,455	771,218	1,592,392,379	23,246,604
Other income	748,343,608	10,924,724	3,127,419	45,656	751,471,027	10,970,380
Income from House property	94,072,651	1,373,323	-	-	94,072,651	1,373,323
Total income	21,835,712,868	318,769,531	11,082,140,201	161,783,069	32,917,853,069	480,552,600
Expenditure						
Income Generating Projects	4,306,044,733	62,861,967	-	-	4,306,044,733	62,861,967
Program Support Enterprises	2,829,602,416	41,308,064	-	-	2,829,602,416	41,308,064
House property related expenses	77,646,468	1,133,525	-	-	77,646,468	1,133,525
Education Programme	290,013,567	4,233,775	3,813,011,635	55,664,403	4,103,025,202	59,898,178
Challenging the Frontiers of Poverty Reduction Programme	33,424,246	487,945	2,843,200,201	41,506,572	2,876,624,447	41,994,517
Health and Population Programme	69,779,353	1,018,677	3,008,498,543	43,919,687	3,078,277,896	44,938,363
Micro Finance Programme	10,534,750,117	153,791,973	-	-	10,534,750,117	153,791,973
Relief and Rehabilitation	37,882,278	553,026	953,725,603	13,923,002	991,607,881	14,476,027
Poultry & Livestock Extension Programme	20,838,876	304,217	-	-	20,838,876	304,217
Fisheries Extension Programme	27,613,407	403,115	-	-	27,613,407	403,115
Agriculture & Sericulture Extension Programme	45,199,820	659,851	21,073,298	307,639	66,273,118	967,491
Livelihood Development Programme	106,762,753	1,558,580	226,274,005	3,303,270	333,036,758	4,861,850
Grants to BRAC University	8,700,000	127,007	-	-	8,700,000	127,007
Research, Monitoring and Evaluation	4,852,847	70,844	87,309,791	1,274,595	92,162,638	1,345,440
Total expenses	18,393,110,881	268,512,568	10,953,093,076	159,899,169	29,346,203,957	428,411,737
Surplus of income over expenditure before taxation	3,442,601,987	50,256,963	129,047,125	1,883,900	3,571,649,112	52,140,863
Taxation	(87,000,000)	(1,270,073)	-	-	(87,000,000)	(1,270,073)
Net surplus for the year	3,355,601,987	48,986,889	129,047,125	1,883,900	3,484,649,112	50,870,790

Audited Financial Statements of BRAC in Bangladesh

For the year ended 31 December 2009

Baker Tilly Monteiro Heng
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50470 Kuala Lumpur
Malaysia

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12 Kawran Bazar Commercial Area
Dhaka 1215
Bangladesh

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INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF BRAC

Report on the Financial Statements

We have audited the accompanying financial statements of BRAC (registered in Bangladesh as a society under the Societies Registration Act 1860 and operating as a non-government development organisation), which comprise the balance sheet as at 31 December 2009, the statement of income and expenditure, statement of changes in net assets, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The financial statements of BRAC as at 31 December 2008 were audited by other auditors, whose report dated 17 March 2009, expressed an unqualified opinion on those financial statements.

The financial statements of the donor financing projects were audited by firms of Chartered Accountants as disclosed in Note 30 to the financial statements and were reported on by the auditors without any qualification on those financial statements.

Governing Body of BRAC's Responsibility for the Financial Statements

These financial statements, which are set out on pages 01 to 37, are the responsibility of the Governing Body of BRAC.

The Governing Body of BRAC is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies as summarised in Note 2 to the financial statements. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

This report is made solely to the existing Governing Body of BRAC, as a body, in accordance with Clause 37 of the Rules and Regulations of BRAC and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Baker Tilly Monteiro Heng
Chartered Accountants

ACNABIN
Chartered Accountants

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the applicable auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

It is important to recognise that there are inherent limitations in the auditing process. Audits are based on the concept of selective testing of the data underlying the financial statements, which involve judgement regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. Audits are, therefore, subject to the limitation that material errors, fraud or non-compliance with laws or regulations having a direct and material financial statement impact, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion and falsified documentation, an audit designed and executed might not detect a material fraud. Our audit should not be relied to disclose fraud and error that may exist.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respect, the financial position of BRAC as of 31 December 2009 and the results of its operations and its cash flows for the year then ended in conformity with the accounting policies summarised in Note 2 to the financial statements.



Baker Tilly Monteiro Heng
Chartered Accountants
Kuala Lumpur, Malaysia



ACNABIN
Chartered Accountants
Dhaka, Bangladesh

15 March 2010

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)

Balance Sheet
as at 31 December 2009

	Notes	2009 Taka	2008 Taka
ASSETS			
Property, plant and equipment	3	5,608,688,776	5,607,339,327
Investments in related undertakings	4	4,814,649,373	2,878,210,799
Investments in securities and others	5	134,100,000	59,140,000
Loans to Village Organization (VO) members	6	39,554,248,179	41,542,182,420
Motorcycle loans		752,693,444	684,439,580
Inventories	7	1,798,339,059	1,716,963,574
Grants and accounts receivable	8	1,459,379,277	1,054,292,357
Advance, deposits and prepayments	9	1,479,786,028	2,269,911,533
Term deposits	10	8,960,883,021	6,616,102,277
Cash in hand and at banks	11	3,712,998,614	4,880,055,354
TOTAL ASSETS		68,275,765,771	67,308,637,221
LIABILITIES AND NET ASSETS			
Liabilities:			
Deferred income	12	328,397,210	422,422,160
Term loans	13	17,239,765,139	22,704,437,727
VO members' savings deposits	14	18,398,618,148	15,764,569,644
Securitized financing	15	462,360,308	345,083,404
Other long term liabilities	16	4,537,022,247	3,819,825,051
VO members project & current account		15,125,327	27,540,740
Grants received in advance account	17	1,436,507,867	1,834,102,592
Other current liabilities	18	1,838,834,554	1,245,272,326
Provision for taxation		278,941,030	191,941,030
Bank overdrafts	19	4,370,328,157	5,657,677,143
Total Liabilities		48,905,899,987	52,012,871,817
Net Assets:			
Capital fund			
-unrestricted		18,670,754,955	14,766,605,071
-temporarily restricted		699,110,829	529,160,333
		19,369,865,784	15,295,765,404
TOTAL LIABILITIES AND NET ASSETS		68,275,765,771	67,308,637,221

The annexed notes form an integral part of these statements.



Chairperson, Governing Body
BRAC
Dhaka, March 15, 2010



Executive Director
BRAC

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
for the year ended 31 December 2009

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2009 Taka
Income				
Donor grants	20	57,891,835	11,026,184,327	11,084,076,162
Revenue from:				
– Income Generating Projects		4,949,932,304	–	4,949,932,304
– Program Support Enterprises		2,700,866,354	–	2,700,866,354
Service charge on loans to VO members		11,745,042,192	–	11,745,042,192
Investment income	21	1,539,563,924	52,828,455	1,592,392,379
Other income	22	748,343,608	3,127,419	751,471,027
Income from House Property		94,072,651	–	94,072,651
Total income		21,835,712,868	11,082,140,201	32,917,853,069
Expenditure				
Income Generating Projects		4,306,044,733	–	4,306,044,733
Program Support Enterprises		2,829,602,416	–	2,829,602,416
House Property		77,646,468	–	77,646,468
Education Programme		290,013,567	3,813,011,635	4,103,025,202
Challenging the Frontiers of Poverty Reduction Programme		33,424,246	2,843,200,201	2,876,624,447
Health and Population Programme		69,779,353	3,008,498,543	3,078,277,896
Micro Finance Programme		10,534,750,117	–	10,534,750,117
Relief and Rehabilitation		37,882,278	953,725,603	991,607,881
Poultry & Livestock Extension Programme		20,838,876	–	20,838,876
Fisheries Extension Programme		27,613,407	–	27,613,407
Agriculture & Sericulture Extension Programme		45,199,820	21,073,298	66,273,118
Livelihood Development Programme		106,762,753	226,274,005	333,036,758
Grant to BRAC University		8,700,000	–	8,700,000
Research, Monitoring and Evaluation		4,852,847	87,309,791	92,162,638
Total expenditure		18,393,110,881	10,953,093,076	29,346,203,957
Surplus of income over expenditure before taxation		3,442,601,987	129,047,125	3,571,649,112
Taxation	23	(87,000,000)	–	(87,000,000)
Net surplus for the year		3,355,601,987	129,047,125	3,484,649,112

The annexed notes form an integral part of these statements.



Chairperson, Governing Body
BRAC
Dhaka, March 15, 2010



Executive Director
BRAC

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
for the year ended 31 December 2008

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2009 Taka
Income				
Donor grants	20	38,706,037	9,783,418,325	9,822,124,362
Revenue from:				
– Income Generating Projects		4,541,369,528	–	4,541,369,528
– Program Support Enterprises		2,649,039,605	–	2,649,039,605
Service charge on loans to VO members		10,265,858,263	–	10,265,858,263
Investment income	21	1,003,691,788	20,723,622	1,024,415,410
Other income	22	589,262,413	10,326,492	5,99,588,905
Income from House Property		93,577,802	–	93,577,802
Total income		19,181,505,436	9,814,468,439	28,995,973,875
Expenditure				
Income Generating Projects		3,947,828,653	–	3,947,828,653
Program Support Enterprises		2,628,845,524	–	2,628,845,524
House Property		87,894,144	–	87,894,144
Education Programme		486,519,266	3,908,998,159	4,395,517,425
Challenging the Frontiers of Poverty Reduction Programme		209,717,000	2,505,065,550	2,714,782,550
Health and Population Programme		88,034,303	1,955,962,779	2,043,997,082
Micro Finance Programme		9,696,673,450	–	9,696,673,450
Relief and Rehabilitation		14,662,345	1,224,795,990	1,239,458,335
Poultry & Livestock Extension Programme		31,365,838	–	31,365,838
Fisheries Extension Programme		29,850,378	1,033,314	30,883,692
Agriculture & Sericulture Extension Programme		42,748,731	7,272,202	50,020,933
Livelihood Development Programme		189,309,926	39,890,972	229,200,898
Grant to BRAC University		15,924,766	–	15,924,766
Research, Monitoring and Evaluation		-	67,552,872	67,552,872
Total expenditure		17,469,374,324	9,710,571,838	27,179,946,162
Surplus of income over expenditure before taxation		1,712,131,112	103,896,601	1,816,027,713
Taxation	23	(20,500,000)	–	(20,500,000)
Net surplus for the year		1,691,631,112	103,896,601	1,795,527,713

The annexed notes form an integral part of these statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)

Statement of Changes in Net Assets

for the year ended 31 December 2009

	Capital Fund		Total Net Assets
	Unrestricted	Temporarily Restricted	
	Taka	Taka	
At 1 January 2008	13,074,137,119	389,869,369	13,464,006,488
Net surplus for the year	1,691,631,112	103,896,601	1,795,527,713
Transferred from Motorcycle Replacement Fund	836,840	35,394,363	36,231,203
At 31 December 2008	<u>14,766,605,071</u>	<u>529,160,333</u>	<u>15,295,765,404</u>
At 1 January 2009	14,766,605,071	529,160,333	15,295,765,404
Net surplus for the year	3,355,601,987	129,047,125	3,484,649,112
Transferred to relief and rehabilitation fund	(50,000,000)	-	(50,000,000)
Non-operating appreciation in Related Undertakings	5,97,796,886	-	5,97,796,886
Transferred from Motorcycle Replacement Fund	7,51,011	40,903,371	41,654,382
At 31 December 2009	<u>18,670,754,955</u>	<u>699,110,829</u>	<u>19,369,865,784</u>

The annexed notes form an integral part of these statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)

Statement of Cash Flows

for the year ended 31 December 2009

Notes	2009 Taka	2008 Taka
Cash flows from operating activities:		
Surplus of income over expenditure before taxation	3,571,649,112	1,816,027,713
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Loan loss provision	2,072,849,102	1,588,589,068
Depreciation	4,19,373,632	3,96,550,703
Gain on disposal of property, plant and equipment	(30,377,018)	(5,041,476)
Loss on disposal of property, plant and equipment	4,3,531,766	-
Loss on dilution of related undertakings	-	(1,852,489)
Share of results in related undertakings	(733,954,022)	(220,767,071)
Reversal of impairment in value of investment in related undertakings	(446,881)	796,022
Donor grants - amortisation of investment in property, plant and equipment	(83,985,495)	(60,861,600)
Interest on fixed deposits and bank accounts	(857,991,476)	(804,170,268)
Adjustments for other accounts:		
(Increase)/ Decrease in service charge outstanding on loans to VO members	(54,252,354)	1,29,373,281
(Increase)/ Decrease in inventories	(81,375,485)	(80,306,159)
(Increase)/ Decrease in advances, deposits and prepayments	790,125,505	(354,629,386)
(Increase)/ Decrease in accounts receivable, net	(27,756,866)	(123,579,888)
(Increase)/ Decrease in motorcycle loans	(68,253,864)	(118,061,273)
Increase/ (Decrease) in other current liabilities	5,93,562,227	5,00,191,419
Increase/ (Decrease) in deferred income	31,614,928	93,965,098
Increase/ (Decrease) in Bank overdrafts	(1,287,348,986)	(1,224,322,702)
Net cash provided by operating activities	4,296,963,825	1,531,900,992
Cash flows from investing activities:		
Increase/ (Decrease) in loans to VO members	(30,662,507)	(9,273,853,792)
(Increase)/ Decrease in fixed deposits pledged with financial institutions	3,279,888,591	(697,914,380)
(Increase)/ Decrease in fixed deposits unpledged	4,85,004,176	3,400,787,921
(Increase)/ Decrease in short term deposits unpledged	(6,109,673,511)	-
(Increase)/ Decrease in investments in related undertakings	(617,645,751)	(852,517,299)
Interest received on fixed deposits and bank accounts	857,991,476	804,170,268
Purchase of property, plant and equipment	(494,527,401)	(535,277,345)
Proceeds from disposal of property, plant and equipment	6,0,649,572	5,041,476
Dividends received from related undertakings	1,3,404,966	2,499,990
(Investments in)/Realisation of investment in securities and others	(74,960,000)	(14,854,294)
Net cash used in investing activities	(2,630,530,389)	(7,161,917,455)

BRAC
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Statement of Cash Flows
for the year ended 31 December 2009

Notes	2009 Taka	2008 Taka
Cash flows from financing activities:		
Grants received during the year	10,256,780,816	9,960,971,420
Grants utilised during the year for:		
-operational expenditure & micro-finance	(11,000,090,667)	(9,761,262,762)
-investment in property, plant and equipment	(23,103,215)	(43,660,839)
-motorcycle replacement funds	(8,511,713)	(50,304,259)
Net increase/(decrease) in securitised financing	117,276,904	273,298,053
Increase/ (Decrease) in term loans	(5,464,672,588)	2,562,430,055
Increase/ (Decrease) in VO members savings deposits	2,634,048,504	2,297,381,625
Increase/ (Decrease) in other long term liabilities	6,671,971,96	6,74,633,175
Increase/(Decrease) in VO members project and current accounts	(12,415,413)	2,481,625
Net cash (used in)/ provided by financing activities	<u>(2,833,490,176)</u>	<u>5,915,968,093</u>
Net (decrease)/increase in cash and cash equivalents	(1,167,056,740)	2,85,951,630
Cash in hand and at bank, beginning of the year	<u>4,880,055,354</u>	<u>4,594,103,724</u>
Cash in hand and at bank, end of the year	11 <u>3,712,998,614</u>	<u>4,880,055,354</u>

The annexed notes form an integral part of these statements.

BRAC
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Notes to Financial Statements

As at and for the year ended 31 December 2009

1 Introduction:

BRAC, a development organization, was formed in 1972 under the Societies Registration Act 1860. Although it was first set up to resettle refugees in post-war Bangladesh, BRAC later redesigned its strategies in accordance with its philosophy of poverty alleviation and empowerment of the poor. At present, BRAC has a large number of development programs that cover the areas of health, education, credit, employment and training for the poor people of Bangladesh. BRAC carries out licensed banking activities through the BRAC Bank Ltd. and also earns from various income generating projects such as Aarong Rural Craft Centre, BRAC Printers and Printing Pack, BRAC Dairy and Food project, BRAC Tea Estates, and various programme support enterprises such as poultry farms, feedmills, seedmills and prawn hatcheries.

2 Summary of Significant Accounting Policies:

BRAC prepares its financial statements on a going concern basis, under the historical cost convention, except for investments in shares in listed companies classified within investment in securities and others, which are stated at fair value. BRAC generally follows the accrual basis of accounting or a modified form thereof for key income and expenditure items. The financial statements have been prepared in accordance with comprehensive guidelines and policies as disclosed in the forthcoming paragraphs. The financial statements are expressed in Bangladesh Taka.

The significant accounting policies followed in the preparation and presentation of these financial statements are summarized below.

2.1 Basis of preparation of financial statements

BRAC maintains its books of account and records on a programme or project-wise basis. The Head Office maintains records of all treasury, investment and management functions. All cash balances, including those held for programmes, are held by the Head Office and transferred to programmes as required. Balances between projects are eliminated upon combination for the purposes of presentation of the financial statements.

These financial statements include the financial statements of BRAC and, on an equity accounted basis, those of the related undertakings set out in Note 4 in which BRAC has equity interests through which it exercises control or significant influence. As stated in Note 2.4, BRAC, being a society under the Societies Registration Act, 1860, is not subject to any requirement to prepare consolidated financial statements.

In contrast to the ownership of equity interest in related undertakings, BRAC also extends gratuitous grants or provides donor liaison assistance to certain organisations that, in some instances may bear names with resemblance to BRAC, viz BRAC University, BRAC Afghanistan, BRAC Sri Lanka, BRAC Tanzania, BRAC Uganda, BRAC Southern Sudan, BRAC Pakistan, BRAC Liberia and BRAC Sierra Leone. However, no equity is held in these entities, and BRAC's financial statements therefore do not include the financial information of these entities.

BRAC's accounting records and financial statements are maintained and presented in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and internal reporting into funds established according to their nature and purposes based on the existence or absence of donor-imposed restrictions.

In the combined financial statements, funds have been classified within either of two net asset categories - temporarily restricted and unrestricted. Accordingly, the net assets of BRAC and changes therein are classified and reported as follows:

2 Summary of Significant Accounting Policies (contd.) :

2.1 Basis of preparation of financial statements (contd.)

- **Temporarily restricted net assets** - Net assets subject to donor-imposed restrictions that permit BRAC to use or expend the assets as specified. The restrictions are satisfied either by the passage of time and/or by actions of BRAC. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, any balances of temporarily restricted net assets are either returned to donors in accordance with donor agreements or utilized consequent to donor and management agreements on a temporarily restricted or unrestricted basis.

In cases where restrictions expire, it is BRAC's policy to effect the reclassification of assets from temporarily restricted net assets to unrestricted net assets via transfers within the balance sheet.

- **Unrestricted net assets** - Net assets that are not subject to any donor-imposed restrictions or which arise from internally funded activities. This category of net assets include amongst others, amounts designated by BRAC for income generating activities, programme support enterprises, micro-financing activities and self-financing social development activities.

2.2 Functional and presentation currency

These financial information are presented in Taka in the financial statements, which is BRAC's functional currency. Except as indicated, financial information have been rounded off to the nearest Taka.

2.3 Foreign currency transactions and translations

Foreign currency transactions are converted into equivalent Taka at the ruling exchange rates on the respective dates of such transactions as per BAS-21 "The effect of Changes in Foreign Exchange Rates".

Monetary assets and liabilities denominated in foreign currencies as at 31 December 2009 have been converted into taka at the exchange rates prevailing at that date.

Translation gains and losses

Monetary assets and liabilities denominated in foreign currencies as at 31 December 2009 have been converted into taka at the exchange rates prevailing at that date.

The resulting exchange translation gains and losses are recognised in the statement of income and expenditure.

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

	Dec. 2009 Taka	Dec. 2008 Taka
United States Dollars	68.61	68.45
Euro	96.78	94.57
Great Britain Pound	106.73	97.01
Indian Rupee	1.74	1.74

BRAC's foreign currency denominated assets and liabilities are disclosed in Note 25.

2.4 Non-consolidation

BRAC, being a society registered under the Societies Registration Act, 1860 is not subject to any requirement on the preparation of consolidated financial statements. Accordingly, BRAC's investments in related undertakings wherein the effective equity interests are more than 50% are accounted for by the equity method as explained in Note 2.14, together with related undertakings in which the effective equity interests are between 20% and 50%.

2.5 Donor Grants

Income from donor grants is recognized when conditions on which they depend have been met. Substantially, BRAC's donor grants are for the funding of projects and programmes, and for these grants, income is recognized to equate to expenditure incurred on projects and programmes. For donor grants which involve funding for fixed assets, grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed assets concerned. For donor grants provided to purchase motorcycles for specific projects, the related accounting treatment given as per policies stated in Note 2.18.

2 Summary of Significant Accounting Policies (contd.) :

2.5 Donor Grants (contd.)

All donor grants received are initially recorded at fair value as liabilities in Grants Received in Advance Account. For grants utilized to purchase fixed assets and motorcycles, the donor grants are transferred to deferred income accounts whilst for grants utilized to reimburse programme-related expenditure, the amounts are recognized as income. Donor grants received in-kind, through the provision of gifts and/or services, are recorded at fair value (excluding situations when BRAC may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants). Income recognition of such grants follows that of cash-based donor grants and would thus depend on whether the grants are to be utilized for the purchase of fixed assets or expended as programme-related expenditure.

Grant income is classified as temporarily restricted or unrestricted depending upon the existence of donor-imposed restrictions. For completed or phased out projects and programmes, any unutilized amounts are dealt with in accordance with subsequent donor and management agreements.

For ongoing projects and programmes, any expenditure yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as grant receivable.

2.6 Revenue Recognition

Income generating projects - Aarong Rural Craft Centre, BRAC Printers and Printing Pack and BRAC Dairy and Food Project.

Programme Support Enterprises- mainly comprising poultry farms, feedmills, seedmills, fish and prawn hatcheries, horticulture nurseries, chilling centres, broiler rearing and meat marketing, salt production and marketing recycle paper production and health product related activities.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns, discount and VAT. Revenue is recognised at the time when significant risks and rewards of ownership have been transferred to the buyer and recovery of consideration is probable. Transfer of risks and rewards occur for the sale of goods, when the product is delivered to the distributor/customers along with dispatch documents and invoices.

Micro finance program- Service charge on loans to VO members

Service charges on loans to VO members are recognized on an accrual basis as income. The recognition of service charge ceases when a loan is transferred to non-interest bearing loan as described in Note 2.11. Service charge is included in income thereafter only when it is realized.

Investment income

Interest on bank accounts, fixed deposits, debentures

Interest income on bank accounts, fixed deposits and debentures are recognised on accrual basis.

House Property Income

House Property Income is recognised on accrual basis whether cash received or not. In case of advance rent, it is adjusted with the monthly rent received from tenants.

Dividend income

Dividend income from shares is recognised when BRAC's right to receive the payment is established.

Other income

Other income are recognized when BRAC's right to receive such income has been reasonably determined.

2.7 Expenses

Programme related expenses arise from goods and services being distributed to beneficiaries in accordance with the programme objectives and activities. BRAC's Head Office overhead expenses are allocated to various projects and programmes at a range of 5% to 10% of their costs, based on agreement with donors or management's judgement.

2 Summary of Significant Accounting Policies (contd.) :

2.8 Property, plant and equipment

An asset which meets the following criteria is recognised as property, plant and equipment:

- i) Its expected useful life is more than three years;
- ii) Its cost exceeds Tk. 2,000.
- iii) It is tangible; and
- iv) Economic benefit is generated from it.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided for on a straight-line basis over the estimated useful lives at the following annual rates:

No depreciation is charged on freehold land and construction work-in-progress.

Item	Annual Depreciation Rate (%)
Buildings	4-10
Furniture & Fixtures	10-20
Equipment	15-33.3
Vehicles	20
Bicycles	20
Machinery	20
Deep tube wells and tanks	20
Hatcheries	20
Motorcycles	20
Camp/Poultry/Livestock sheds	20
Crates/Mannequins/Samples	33.33

Repair and maintenance costs are expensed in the period of occurrence.

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the organization and its cost can be reliably measured. The costs of the day-to-day servicing of property and equipment are recognized in the statement of income and expenditure as incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income and expenditure, when the asset is derecognized.

2.9 Loans to VO Members

BRAC's activities include providing micro-finance loans to group members without collateral, on a service charge basis under various programmes. Loans inclusive of service charge are stated net of provision for loan losses.

2.10 Provision for Loan Losses

BRAC generally provides for loan losses at 2% of loan disbursements made. Management regularly assesses the adequacy of the loan loss provision based on the age of the loan portfolio. At the year end, BRAC calculates the required provision for loan losses based on the loan classification and provisioning methodology which is shown below and any adjustments, if required, are made and accounted for in the financial statements for the year.

Loan Classification	Days in Arrears	Provision required
Standard	Current (no arrears)	3%
Watchlist	1 - 30	5%
Substandard	31 - 180	20%
Doubtful	181 - 350	75%
Loss	Over 350	100%

2 Summary of Significant Accounting Policies (contd.) :

2.11 Loans written off

Loans within their maturity period are classified as "Current loans". Loans which remain outstanding after one month of their maturity period are considered as "Late loans". Late loans which remain unpaid after one year are classified as "Non-Interest Bearing Loans" (NIBL). The total amount of NIBL, which are considered bad and have no possibility of recovery, is referred to the Governing Body of BRAC for approval of write off, generally within one year from the date when a loan is transferred to NIBL. Generally loans are written off twice a year i.e. July and December. Any collections realised from loans previously written off are credited to the statement of income and expenditure.

2.12 Securitisation of Micro Finance Loans

BRAC has entered into an asset securitization financing arrangement involving the sale of a designated pool of micro finance loan receivables ("Designated Loans") originating from its micro finance programme, in return for financing through a trust formed for this purpose, known as the BRAC Micro Credit Securitisation Trust ("the Trust"). Eastern Bank Limited (EBL) is working as Trustee in the securitization arrangement. The investors are FMO, Citi Bank N.A., The City Bank and Pubali Bank.

Under this arrangement, the Trust purchases the Designated Loans from BRAC and in turn, finances the purchase of the Designated Loans by issuing asset backed securities.

BRAC retains the responsibility for collections and administering of the Designated Loans from VO members. Cash flows from the loan collections are remitted, based on agreed terms, to the Trustee according to the repayment patterns as per the VO loan agreements. Under the current arrangement, all the Designated Loans sold are for a maturity period of not more than 12 months.

Apart from the sale of the Designated Loans, BRAC is also obligated to ensure that collateral represented by other microfinance loan receivables ("Collateral Loans") valued at not less than 50% of the Designated Loan outstanding balance, is maintained as additional security for the financing arrangement. In addition, BRAC is required to make a security deposit to the Trustee which may be applied towards payments for any amounts due to the Trustee in the event of insufficient funds.

In the event of default by the VO members, BRAC is obliged to replace, substitute or reassign the Designated Loans or Collateral Loans in accordance with agreed pre-set criteria. As a result, the Designated Loans do not meet the derecognition requirements and are therefore recognized in the financial statements even though they have been legally sold.

Funds received from the sale of the Designated Loans are recorded as a liability in the Securitised Financing Account, as stated in Note 15. Upon collection from VO members, BRAC is required to remit the collections based on the agreed terms to the Trustee, and this is accounted for through the Securitised Financing Account. Any prepayment of loans are separately accounted for, and applied as payments against the Securitised Financing Account as the loans mature.

2.13 Provision for Liabilities

Provisions for liabilities are recognised when BRAC has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.14 Investment in Related Undertakings

Related undertakings refer to separately-established undertakings in which BRAC has effective equity interests of more than 20%. Details of these undertakings are disclosed in Note 4.

2 Summary of Significant Accounting Policies (contd.) :

2.14 Investment in Related Undertakings (contd.)

BRAC's investments in these undertakings are accounted for by the equity method whereby the investments are initially recorded at cost and subsequently adjusted to reflect BRAC's share of results for each period added to or deducted from the respective investment costs, from the dates of their acquisition and to the dates of their disposal. On disposal, gains or losses representing the difference between the proceeds on disposal and the carrying value of the undertakings at the date of disposal are recognised in the statement of income and expenditure. Gains or losses on dilution of interest in related undertakings, representing the difference in BRAC's share of net assets before and after the dilution concerned is also recognised in the statement of income and expenditure. Any changes in the net assets in the related undertakings other than by the effect of operating results are directly accounted for as a separate item in the equity with corresponding increase/ decrease in the investment. Provision is also made for any impairment if the carrying amount of an investment exceeds its recoverable amount.

2.15 Investment in Securities and Others

All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments in shares of listed companies are subsequently measured at fair value, with unrealized gains or losses recognized in the statement of income and expenditure. Fair value is generally determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date, adjusted for transaction costs necessary to realize the asset.

Other long-term investments which are intended to be held to maturity, such as debentures and private debt securities, are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortized cost, apart from the amortization process which is dealt with through the statement of income and expenditure, any gain or loss is recognized in the statement of income and expenditure when the investment is disposed of or suffers a permanent diminution in value.

2.16 Accounts Receivable

Accounts receivable arise principally from BRAC's income generating activities and programme support enterprises, and are stated net of provision for doubtful debts. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date. Bad debts are written off when identified.

2.17 Inventories

Retail inventories are stated at cost based on selling price less average mark-up, and other inventories are stated at cost. Cost is determined using the weighted average basis. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Provision is made for obsolete or slow moving items, to reduce their carrying amounts to net realizable value.

Expenditure is recognized at the moment when such inventory delivered or consumed; obsolete inventories are written off.

In case of write off of inventories, such amount is recognized as an expense in the period.

2.18 Motorcycle Replacement Fund

Applicable donor funds are utilized for providing motorcycles to project or programme staffs and these funds are held in a replacement fund. The cost of providing motorcycles to staff is recovered through monthly salary deductions. Donor funds received and utilized for the purchase of motorcycles are transferred to Motorcycle Replacement Fund, and then to Capital Fund over a period of five years, being the average estimated useful life of the motorcycles.

2.19 Self - Insurance Funds

BRAC has created a self-insurance fund to cover the risks of cyclone and fire on its properties and motorcycles. This self-insurance fund is based on estimates by the Governing Body, and as from 2001, by reference to external actuarial valuations. It is held as a provision within 'Other long term liabilities', as depicted in Note 16, and is not externally funded.

2 Summary of Significant Accounting Policies (contd.) :

2.19 Self - Insurance Funds (contd.)

BRAC also sets aside monthly amounts equivalent to 3% of the basic salary of employees, to constitute the group self-insurance fund. This fund is to cover liabilities arising out of death and other permanent injuries suffered by the employees. The terms of employment provide for payment in the event of death or permanent injury, of amounts ranging from 12 months' equivalent of basic salary in the first year of employment, to 50 months' equivalent of basic salary in the 10th year of employment onwards. The self-insurance fund for employees is held as a provision, also within 'Other long term liabilities' and is not externally funded. It is based on estimates by the Governing Body, and as from 2001, by reference to external actuarial valuations.

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediate following financial periods have been determined based on actuarial valuations carried out in 2008 in respect of the funds, and are disclosed in Note 16 to the financial statements. It is BRAC's policy to carry out actuarial reviews at least every three years to assess the adequacy of the provisions in respect of these funds.

2.20 Employee Gratuity and Redundancy Fund

BRAC makes provisions for an Employee Gratuity and Redundancy fund, on the basis of two months' basic salary for each completed year's service for each permanent employee (based on basic salary of the last month). The fund is held as a provision within 'Other long term liabilities', as depicted in Note 16, and is not externally funded. Gratuity is to be disbursed upon retirement of employees whilst redundancy disbursements are to be made as a one-time termination benefit in the event of cessation of service from BRAC on grounds of redundancy.

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediate following financial periods have been determined based on actuarial valuation carried out in 2008, and are disclosed in Note 16 to the financial statements. It is BRAC's policy to carry out actuarial reviews at least every three years to assess the adequacy of the provision in respect of the fund.

2.21 Employee Provident Fund

BRAC maintains recognised contributory provident fund for its eligible permanent employees. The fund is operated by the Board of Trustees. All confirmed employees are contributing 10% of their basic salary as subscription of the fund. BRAC also contributes equal amount of the employees' contribution to the fund.

2.22 Taxation

Under the Income Tax Ordinance (ITO), 1984, BRAC is subject to taxation for some of its projects and keeps their provision for taxation for its various projects i.e. Aarong, Printers & Printing Pack, Non agro Support Program, Self financing Social Development Program and House Property as referred in Note 23. As per Sixth Schedule, Part- A, Para- 1A of ITO 1984, income from Microfinance activities are tax exempted.

BRAC submits its Return for Tax for the organization as a whole. BRAC generally shows its provision for taxation under self financing social development project head in the segmental financial information.

2.23 Borrowing Costs

Borrowing costs are interest and other costs that BRAC incurs in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case these costs are capitalised as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

2 Summary of Significant Accounting Policies (contd.) :

2.24 Impairment of Assets

At each balance sheet date, BRAC reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use.

An impairment loss is recognised as an expense in the statement of income and expenditure immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exists or have decreased.

2.25 Goodwill

Goodwill represents the excess of the cost of acquisition over BRAC's interest in the fair value of the identifiable assets and liabilities of investments in related undertakings at the date of acquisition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.24 above except that an impairment loss for goodwill is not reversed unless the specific external events that caused the impairment loss is reversed by a subsequent external event. Goodwill arising on the acquisition of related undertakings is included within the respective carrying amounts of the related undertakings concerned.

2.26 Financial Instruments

Financial instruments are recognised in the balance sheet when BRAC has become a party to the contractual provisions of the instrument.

a) Investments in Related Undertakings

Investments in related undertakings are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.24.

b) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified and an estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

c) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

d) Interest-Bearing Borrowings

Interest-bearing bank loans, overdrafts and securitised financing are recorded at the amount of proceeds received, net of transactions costs. For borrowings made specifically for the purpose of acquiring a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investments of funds drawdown from that borrowing facility.

All borrowing costs are recognized as an expense in the statement of income and expenditure in the period in which they are incurred. The carrying values of these financial instruments approximate their fair values due to their short term maturities.

2 Summary of Significant Accounting Policies (contd.) :

2.27 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances at the end of the year. Included in cash and bank balances are donations which are received through donor grants. By virtue of donor agreements, the manner in which such donations are to be applied may be restricted to specific projects and/or assets.

2.28 Related parties

The loans provided to the related parties are unsecured and settlement occurs through bank transfer. There have been no guarantees provided or received for any related party receivables or payables.

Disclosures relating to Related Parties are stated in Note 4 and Note 24.

2.29 Contingent liability

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organization; or

Any present obligation that arises from past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognized in the financial statements as this may results in the recognition of income which may never be realized.

2.30 Events after the balance sheet date

Events after the balance sheet date that provide additional information about the organization's position at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed.

2.31 General

Certain comparative figures have been reclassified to conform with the current year's presentation.

3. Property, plant and equipment

Group of fixed assets	Cost				Depreciation				Amount in Taka		
	Opening balance 01-01-2009	Additions during the year	Transferred during the year	Disposals and written offs during the year	Closing balance 31-12-2009	Opening balance 01-01-2009	Charged during the year	Adjustment for disposals and written offs during the year	Closing Balance 31-12-2009	Written down value 31-12-2009	Written down value 31-12-2008
Freehold land	2,374,733,181	22,271,847	-	(2,696,461)	2,394,308,567	-	-	-	-	2,394,308,567	2,374,733,181
Buildings	2,811,921,325	-	188,113,667	(26,656,093)	2,973,378,899	8,64,326,599	137,087,088	-	1,001,413,687	1,971,965,212	1,947,594,726
Furniture & fixtures	6,04,159,601	34,461,258	-	(1,484,917)	637,135,942	3,84,107,708	45,202,569	(668,212)	428,642,065	2,08,493,877	220,051,893
Equipment	1,291,856,219	55,038,545	-	-	1,346,894,764	9,40,038,673	9,2,138,351	-	1,032,177,024	3,14,717,740	351,817,546
Vehicles	4,19,926,522	36,250,904	-	(10,052,000)	446,125,426	2,83,441,291	37,600,457	(9,132,000)	3,11,909,748	134,215,678	136,485,231
Bicycles	35,523,603	-	-	(1,638,362)	33,885,241	21,923,134	1,697,887	(1,638,362)	21,982,659	11,902,582	13,600,469
Machineries	8,28,191,715	106,288,366	-	(55,796,109)	878,683,972	4,68,866,803	74,844,450	(15,662,356)	5,28,048,897	350,635,075	359,324,912
Deep tubewells and tanks	11,633,553	124,320	-	-	11,757,873	7,955,390	1,563,541	-	9,518,931	2,238,942	3,678,163
Hatcheries	11,555,425	576,895	-	-	12,132,320	7,755,792	1,553,985	-	9,309,777	2,822,543	3,799,633
Camp/Poultry/Livestock sheds	201,289,795	1,429,465	-	-	202,719,260	80,707,857	11,456,211	-	92,164,068	110,555,192	120,581,938
Motorcycles	4,506,345	-	-	(2,581,308)	1,925,037	1,354,487	1,42,467	-	1,496,954	428,083	3,151,858
Construction work-in-progress	34,260,518	223,456,260	(188,113,667)	-	69,603,111	-	-	-	-	6,960,311	34,260,518
Crates/Mannequins/ Samples/Antiques	101,468,940	14,629,541	-	-	116,098,481	63,209,681	1,6,086,626	-	7,9,296,307	3,6,802,174	38,259,259
Total 2009	8,731,026,742	494,527,401	-	(100,905,250)	9,124,648,893	3,123,687,415	4,19,373,632	(27,100,930)	3,515,960,117	5,608,688,776	5,607,339,327
Total 2008	8,203,315,596	535,277,345	-	(7,566,199)	8,731,026,742	2,734,702,911	396,550,703	(7,566,199)	3,123,687,415	5,607,339,327	

Allocation of depreciation:

	Dec. 2009	Dec. 2008
i) included in cost of sales of commercial projects	35,541,563	29,462,830
ii) included in programme related expenses	383,832,069	367,087,873
	419,373,632	396,550,703

An amount of Tk. 83,985,495 (2008: 60,861,600) has been transferred to the statement of income and expenditure from Deferred income - investment in fixed assets to cover the depreciation charge for donor funded fixed assets as disclosed in Notes 12 & 20.

Landed properties with an aggregate net book value of Tk. 1,024,045,904 (2008: 1,024,045,904) have been pledged to secure term loans and overdraft facilities as disclosed in Notes 13 and 19 to the financial statements.

4 Investments in related undertakings

Related undertakings	2009				
	Shares Taka	Share of Reserves Taka	Loans Taka	Provision for impairment in value Taka	Total Taka
BRAC Bank Ltd.	1,464,730,703	2,078,786,026	-	-	3,543,516,729
BRAC Industries Ltd.	24,999,900	1,711,973	-	-	26,711,873
BRAC BD Mail Network	186,162,000	(135,579,676)	26,582,274	-	77,164,598
Documenta TM Ltd	2,400,000	3,196,137	-	-	5,596,137
BRAC Services Ltd.	10,000,000	(55,671,418)	56,960,416	(11,288,998)	-
Delta BRAC Housing Finance Corp. Ltd.	50,000,000	161,250,590	-	-	211,250,590
BRAC Karnafuli Tea Company Ltd	243,908,025	(19,694,731)	267,984,703	-	492,197,997
BRAC Kaiyachara Tea Company Ltd	63,300,695	(906,125)	45,366,388	-	107,760,958
BRAC Banshkhali Tea Company Ltd	27,719,870	(46,300,162)	159,255,419	-	140,675,127
BRAC Kodala Tea Company Ltd	81,680,954	(25,732,446)	106,298,870	-	162,247,378
Bangladesh Netting Factory	17,071,429	(1,672,188)	32,128,745	-	47,527,986
	2,171,973,576	1,959,387,980	694,576,815	(11,288,998)	4,814,649,373

Related undertakings	2008				
	Shares Taka	Share of Reserves Taka	Loans Taka	Provision for impairment in value Taka	Total Taka
BRAC Bank Ltd.	954,821,142	732,231,767	-	-	1,687,052,909
BRAC Industries Ltd.	24,999,900	1,673,708	-	-	26,673,608
BRAC BD Mail Network	178,160,000	(84,202,976)	5,500,000	-	99,457,024
Documenta TM Ltd	2,400,000	3,040,088	-	-	5,440,088
BRAC Services Ltd.	10,000,000	(48,896,992)	50,632,871	(11,735,879)	-
Delta BRAC Housing Finance Corp. Ltd.	50,000,000	123,389,655	-	-	173,389,655
BRAC Karnafuli Tea Company Ltd	243,908,025	(22,074,170)	241,528,803	-	463,362,658
BRAC Kaiyachara Tea Company Ltd	63,300,695	(4,574,962)	45,196,387	-	103,922,120
BRAC Banshkhali Tea Company Ltd	27,719,870	(36,850,837)	131,156,687	-	122,025,720
BRAC Kodala Tea Company Ltd	81,680,954	(21,498,964)	88,918,017	-	149,100,007
Bangladesh Netting Factory	17,071,429	(1,194,279)	31,909,860	-	47,787,010
	1,654,062,015	641,042,038	594,842,625	(11,735,879)	2,878,210,799

	2009	2008
Represented by:		
Share of net tangible assets	3,941,114,731	2,104,410,347
Goodwill on acquisition	178,957,827	178,957,827
Loans	694,576,815	594,842,625
	4,814,649,373	2,878,210,799

4 Investments in related undertakings (contd)

Related undertakings (All Incorporated in Bangladesh)	2009	2008	Principal activities
BRAC Bank Ltd.	37.18	33.51	Banking business, listed on the Dhaka and Chittagong Stock Exchanges
BRAC Industries Ltd.	99.9	99.9	Cold storage
BRAC BD Mail Network Ltd.	39.7	39.7	Internet service provider
BRAC Services Ltd.	100.0	100.0	Hospitality
Delta BRAC Housing Finance Corp.Ltd.	20.37	20.37	Housing finance, listed on the Dhaka and Chittagong Stock Exchanges
Documenta TM Ltd.	80.0	80.0	Software development
BRAC Karnafuli Tea Company Ltd.	99.9	99.9	Tea plantation
BRAC Kaiyachara Tea Company Ltd.	99.9	99.9	Tea plantation
BRAC Banshkhali Tea Company Ltd.	99.9	99.9	Tea plantation
BRAC Kodala Tea Company Ltd.	99.1	99.1	Tea plantation
Bangladesh Netting Factory	94.0	94.0	Poultry Processing

BRAC's investments in the related undertakings are represented by its share in the respective net tangible assets, goodwill and loans extended.

Loans represent finance provided for working capital and earn 12% (2008: 12%) interest per annum. These loans have no fixed repayment terms.

Included in share of reserves in 2009 is a non-distributable portion amounting to Tk 546,819,135 (2008: Tk 468,753,685).

The market value of BRAC Bank Ltd shares at 31 December 2009 was Tk. 687.50 per share (2008: Tk 828.00) and Tk.685.8 per share (2008: Tk.825.75) on the Dhaka ("DSE") and Chittagong ("CSE") Stock Exchanges respectively.

The market value of Delta BRAC Housing Finance Corporation Ltd. shares at 31 December 2009 was Tk. 1,627 per share and Tk. 1,590 per share on the DSE and CSE respectively.

Significant events during the year:

BRAC Bank Ltd.

On July 06, 2009, BRAC Bank Ltd. allotted 1,592,304 ordinary shares of Tk.100 each at a ratio of 1:30 to BRAC through a bonus issue exercise.

On December 10, 2009, through a back to back Block Market sale and purchase arrangement, BRAC acquired 755,280 ordinary shares of Tk. 100 each in BRAC Bank Ltd from another shareholder, International Finance Corporation (IFC) at Tk. 675 per share. Following the acquisition, BRAC's equity interest in BRAC Bank Ltd. increased from 33.51% to 37.18%.

5. Investments in securities and others

	2009 Taka	2008 Taka
DBH 1st Mutual Fund	6,000,000	-
Bangladesh Bank Bonds	74,100,000	59,140,000
	<u>134,100,000</u>	<u>59,140,000</u>

The Bangladesh Bank Bonds earned interest at 8.5% (2008: 8.5%) per annum respectively during the year.

6. Loans to Village Organisation (VO) members

	Principal outstanding Taka	Service charge receivable Taka	Loan loss provision Taka	Total Taka
At January 1, 2009	44,804,962,315	98,048,915	(3,360,828,810)	41,542,182,420
Additions	75,680,757,000	11,745,042,192	(2,072,849,102)	85,352,950,090
Realisation	(75,719,833,227)	(11,621,051,104)	-	(87,340,884,331)
Write-off	(886,238,040)	(69,738,734)	955,976,774	-
At December 31, 2009	<u>43,879,648,048</u>	<u>152,301,269</u>	<u>(4,477,701,138)</u>	<u>39,554,248,179</u>

Loans to VO members bear annual service charges as follows:

Micro-credit	10% -15% (2008: 12.5% - 15%) per annum on loan disbursed
Housing loans	10% (2008: 10%) per annum on loan disbursed

Repayments are made in weekly/monthly instalments.

The loan principal outstanding and loan loss provision are analysed as follows:

Loan Classification	Days in Arrears	Loan Outstanding 2009 Taka	Loan loss Provision 2009 Taka	Loan Principal 2008 Taka	Loan loss Provision 2008 Taka
Standard	Current (no arrears)	38,553,025,391	1,156,590,762	40,682,070,340	813,641,407
Watchlist	1 - 30	1,965,285,960	98,264,298	679,353,369	33,967,668
Substandard	31 - 180	362,851,506	72,570,301	1,131,725,168	226,345,034
Doubtful	181 - 350	977,264,731	732,948,548	99,754,946	74,816,210
Loss	Over 350	2,173,521,729	2,173,521,729	2,212,058,492	2,212,058,492
Additional provision for AILA		-	2,43,805,500	-	-
		<u>44,031,949,317</u>	<u>4,477,701,138</u>	<u>44,804,962,315</u>	<u>3,360,828,810</u>

Loans to VO members include certain securitised loan receivables as follows :

	2009 Taka		
	Principal	Interest	Total
Securitised VO Loans	3,982,152,230	669,227,289	4,651,379,519
Less : Collections from VO members in respect of securitised loans	3,555,377,451	631,168,611	4,186,546,062
	<u>426,774,779</u>	<u>38,058,678</u>	<u>464,833,457</u>

6. Loans to Village Organisation (VO) members (contd.)

In July 2006, BRAC entered into an asset securitization financing arrangement involving the sale of a designated pool of micro finance loan receivables ("Designated Loans") to Eastern Bank Limited ("EBL" or "Trustee"), to raise funds of up to an aggregate of USD 180 million (approximately Taka 12.6 billion) over a period of 6.5 years. Under the arrangement, 12 tranches will be drawn, out of which 5 tranches had already been drawn.

Designated Loans are assigned to BRAC Micro Credit Securitization Trust ("the Trust") set up for this purpose. Under this arrangement, the Trust purchases the Designated Loans from BRAC and in turn, finances the purchase of the Designated Loans by issuing asset backed securities, represented by the Designated Loans, to investors or beneficiaries of the Trust.

BRAC retains the responsibility for collections and administering of the Designated Loans from VO members. Cash flows from the loan collections are remitted, based on agreed terms, to the Trustee according to the repayment patterns as per the VO loan agreements. Under the current arrangement, all the Designated Loans sold are for a maturity period of not more than 12 months. In the event of default by the VO members, BRAC is obliged to replace, substitute or reassign the Designated Loans or Collateralised Loans in accordance with agreed pre-set criteria. As a result, the Designated Loans do not meet the derecognition requirements and are therefore recognized in the financial statements even though they have been legally sold.

Apart from the sale of the Designated Loans, BRAC is also obligated to ensure that collateral represented by other microfinance loan receivables ("Collateral Loans") valued at not less than 50% of the Designated Loan outstanding balance is maintained as additional security for the financing arrangement. In addition, BRAC is required to make a security deposit to the Trustee which may be applied towards payments for any amounts due to the Trustee in the event of insufficient funds. At 31 December 2009, the Collateral Loans amount to Taka 233,103,236 in addition to the nominal value of the Designated Loans of Taka 464,833,457.

7. Inventories

	2009 Taka	2008 Taka
Seeds and feed	431,012,621	627,949,563
Medical supplies and consumables	39,346,773	50,546,711
Printing and stationery	142,829,847	168,882,773
Handicraft goods	982,849,324	666,238,260
Dairy products	97,755,074	82,675,479
Programme materials	104,545,420	120,670,788
	1,798,339,059	1,716,963,574

8. Grants and accounts receivable

Grants receivable (Note 17)	582,061,017	204,730,963
Interest receivable on fixed deposits and bank accounts	282,426,959	326,567,912
Other accounts receivable	620,153,491	535,447,544
	1,484,641,467	1,066,746,419
Provision for doubtful debts	(25,262,190)	(12,454,062)
	1,459,379,277	1,054,292,357

Included in interest receivable on fixed deposits is Tk. 43,147,154 (2008: Tk. 308,328,417) receivable after 12 months.

9. Advance, deposits and prepayments

Advances:		
Employees	193,434,196	275,753,204
Suppliers	395,480,337	1,021,794,382
Advance for tax	487,213,090	352,127,337
	1,076,127,623	1,649,674,923
Deposits for facilities and utilities	16,214,874	100,597,734
Debt service reserve for securitised financing	92,278,411	262,911,071
Prepayments	295,165,120	256,727,805
	1,479,786,028	2,269,911,533

10. Term deposits		2009 Taka	2008 Taka
Fixed deposits pledged with financial institutions (Notes 13 and 19)		2,217,230,385	5,497,118,976
Fixed deposits unpledged		633,979,125	1,118,983,301
Short term deposit unpledged		6,109,673,511	-
		8,960,883,021	6,616,102,277
11. Cash in hand and at banks			
Cash in hand		152,845,732	242,973,757
Cash at banks		3,560,152,882	4,637,081,597
		3,712,998,614	4,880,055,354
12. Deferred income			
Investment in Fixed assets (Note-12.1)		268,064,212	328,946,492
Motorcycle Replacement Fund (Note-12.2)		60,332,998	93,475,669
		328,397,210	422,422,160
12.1. Investment in Fixed assets			
At 1 January 2009		328,946,492	346,147,253
Transfer from Grant received in advance	17	23,103,215	43,660,839
Transfer to Income and Expenditure (unrestricted)	20	(57,891,835)	(38,706,037)
Transfer to Income and Expenditure (temporarily restricted)	20	(26,093,660)	(22,155,563)
		268,064,212	328,946,492
12.2. Motorcycle Replacement Fund			
At 1 January 2009		93,475,668	79,402,613
Transfer from Grant received in advance	17	8,511,713	50,304,259
Transfer to Capital Fund (unrestricted)		(751,011)	(836,840)
Transfer to Capital Fund (temporarily restricted)		(40,903,371)	(35,394,363)
		60,332,998	93,475,669

13. Term loans

	2009 Taka	2008 Taka
* Standard Chartered Bank (SCB)	3,978,142,857	3,173,771,428
Citi Bank NA [guaranted by OPIC & IFC]	1,993,750,000	2,718,750,000
Pubali Bank Ltd. (PBL)	901,66,748	1,577,397,275
FMO, Netherlands	1,222,678,571	1,467,214,286
Mercantile Bank Ltd.	198,019,036	1,300,000,000
Palli Karma Shahayak Foundation (PKSF)	623,333,326	1,296,666,636
Agrani Bank Ltd.	870,800,000	1,126,800,000
IIDFC Ltd.	860,000,000	950,000,000
The Trust Bank Ltd.	180,808,887	846,423,781
Citi Bank NA [local currency syndication]	494,000,000	646,000,000
AB Bank Ltd.	512,748,128	620,812,761
Prime Bank Ltd.	-	607,142,856
Norfund, Norwegian	489,071,429	586,885,714
* HSBC Bank Ltd.	377,500,000	562,500,000
Eastern Bank Ltd.	669,478,117	482,735,404
Shahjalal Islami Bank Ltd.	406,872,457	460,760,445
National Bank Ltd	400,195,106	398,268,287
Bangladesh Krishi Bank (BKB)	183,333,331	383,333,331
Bank Asia Ltd.	147,342,070	317,055,510
Janata Bank Ltd.	412,388,291	243,101,811
Mutual Trust Bank Ltd.	222,848,516	235,552,701
* Commercial Bank of Ceylon Ltd.	161,040,000	234,400,000
Bangladesh Commerce Bank (BCB) Ltd.	150,864,832	216,665,085
* Rajshahi Krishi Unnyon Bank (RAKUB)	349,333,500	210,025,000
Dutch Bangla Bank Ltd.	384,824,308	202,210,076
Uttara Finance & Investment Ltd.	-	189,030,224
Southeast Bank Ltd.	138,944,883	187,501,259
NCC Bank Ltd.	75,328,609	181,748,077
Sonali Bank Ltd.	200,000,000	156,498,563
BASIC Bank Ltd.	265,984,891	150,432,443
* Rupali Bank Ltd.	222,500,000	150,000,000
IPDC of Bangladesh Ltd.	46,316,000	116,970,734
MIDAS Financing Ltd.	49,916,130	116,666,665
Jamuna Bank Ltd.	51,619,574	99,378,126
Uttara Bank Ltd.	58,333,333	91,666,667
State Bank of India	60,000,000	90,000,000
IDLC Finance Ltd.	-	89,506,636
Export Import Bank of Bangladesh (EXIM) Ltd.	170,428,923	70,435,163
Premier Leasing and Finance Ltd.	-	45,554,175
Phonix Financing and Investments Ltd.	-	41,102,820
Standard Bank Ltd.	13,663,690	38,473,788
United Commercial Bank Ltd. (UCBL)	-	25,000,000
The City Bank Ltd.	112,500,000	-
One Bank Ltd.	51,239,596	-
Islamic Development Bank (IDB)	343,450,000	-
	<u>17,239,765,139</u>	<u>22,704,437,727</u>

13. Term loans (contd.)

	2009 Taka	2008 Taka
Term Loans are analysed as follows:		
Amount repayable within 12 months	10,108,942,583	13,091,359,002
Amount repayable after 12 months:		
- Repayable after 12 months and within 24 months	3,599,642,482	4,324,990,297
- Repayable after 24 months and within 36 months	1,879,978,299	2,580,610,984
- Repayable after 36 months and within 48 months	1,063,779,612	1,515,872,178
- Repayable after 48 months and within 60 months	5,874,222,163	653,626,705
- Repayable after 60 months -		537,978,561
	7,130,822,556	9,613,078,725
	<u>17,239,765,139</u>	<u>22,704,437,727</u>

All repayment obligations in respect of the term loans were met and no amounts were in arrears as at 31 December 2009.

* Secured by fixed deposits amounting to Tk. 568,332,721 (2008: Tk.1,580,173,721) and properties amounting in aggregate to Tk. 472,498,556 (2008: Tk 472,498,556)

The term loans were obtained to support various micro finance and development projects undertaken by BRAC and for working capital purposes. The loans are repayable at various intervals, i.e., monthly, quarterly, half-yearly, annually and bi-annually and bear the following interest rates:

	2009	2008
PKSF	7%	5%-7%
Other financial institutions	6%-15%	6%-16%

14. VO members' savings deposits

	2009 Taka	2008 Taka
Opening balance	15,764,569,644	13,467,188,019
Deposits during the year	11,822,933,239	14,231,140,038
Withdrawals during the year	(9,188,884,735)	(11,933,758,413)
Closing balance	<u>18,398,618,148</u>	<u>15,764,569,644</u>
VO members' savings deposits are analysed as follows:		
Compulsory savings	7,048,954,136	5,675,245,072
Own savings	11,349,664,012	10,089,324,572
Total	<u>18,398,618,148</u>	<u>15,764,569,644</u>

The rate of interest paid in respect of savings deposits by VO members was 5% - 10% (2008: 5%) per annum.

BRAC has two types of savings deposits initiatives, namely, Own savings and Compulsory savings, Monthly savings and Term deposit, with a view to facilitating and encouraging savings by VO members.

- Own savings:** Each VO member deposits a minimum amount of Tk. 5 in a weekly meeting. The amount to be deposited weekly is fixed by the VO member at the inaugural meeting of the year up to a maximum amount of Tk.20 per week.
- Compulsory savings:** When loans are disbursed to VO members, 5% of the loan sanctioned is deducted at source at inception and recorded under "saving deposits" of the VO member loan. This deducted amount is considered as "deposit against loan disbursed".
- Monthly savings:** Each VO member can save for 3 years, 5 years, 8 years and 10 years. The monthly savings varies between Tk. 100 to Tk. 1,000.
- Term deposits:** Each VO member can save 1 to 10 years for a fixed time period. The amount will be between Tk.10,000 to 100,000.

14. VO members' savings deposits (contd.)

Rules for Savings withdrawals:

- (a) The entire amount of savings deposits of a VO member will be refunded when the member retires or is terminated from membership.
- (b) After one year of becoming a VO member 50% of savings deposits may be withdrawn to meet special requirements such as marriage of offspring, illness, etc.
- (c) Loan outstanding balance including service charge on loan is to be fully repaid by a VO member before withdrawal of the entire amount of savings deposits.
- (d) If the savings deposit balance of a VO member is less than Tk 2,000 after part withdrawals, no interest will be paid on the remaining balance. Moreover, if a VO member withdraws deposits more than twice in a year, no interest will be paid for that financial year.
- (e) VO member can withdraw his/ her entire monthly savings and term deposits any time before the maturity date of savings deposits.

15. Securitised financing

	2009 Taka	2008 Taka
Financing for securitised receivables	894,661,804	1,442,488,351
Interest Charge	15,022,545	58,570,026
	<u>909,684,349</u>	<u>1,501,058,377</u>
Less: Repayments	<u>447,324,041</u>	<u>1,155,974,973</u>
	<u>462,360,308</u>	<u>345,083,404</u>

The amounts financed are in return for the sale of an identified pool of microfinance loan receivables ("Designated Loans") and in addition BRAC is also obligated to ensure that collateral represented by other microfinance loan receivables ("Collateral Loans") valued at not less than 50% of the Designated Loan balance is maintained as additional security. At 31 December 2009, the value of Designated Loans and Collateralised Loans amounted to Taka 464,833,457 and Taka 233,103,236 respectively.

The financing bears interest at effective rates ranging between 6.53% to 12.48% per annum.

All repayment obligations in respect of the term loan have been met and no amounts were in arrears as at 31 December 2009.

16. Other long term liabilities

	2009 Taka	2008 Taka
Employee gratuity and redundancy fund	3,504,754,781	2,993,355,591
Self-insurance fund		
- Employees	255,704,828	240,328,641
- BRAC properties and motorcycles	436,213,832	381,477,640
	<u>691,918,660</u>	<u>621,806,281</u>
Other funds		
- Special fund for scholarship	4,419,905	4,098,141
- Relief and rehabilitation fund	130,806,416	2,835,360
- Emergency fund	182,528,033	182,528,033
- Staff welfare fund	22,594,452	15,201,645
	<u>4,537,022,247</u>	<u>3,819,825,051</u>

16. Other long term liabilities (contd.)

An actuarial valuation of the employee gratuity and redundancy fund as at 31 December 2008 was performed by an independent professional actuary. Based the valuation, there was an excess provision of Tk 33,721,000. The principal assumptions applied in the actuarial valuation, which were consistent with a similar valuation carried out in 2005, included official mortality tables in Bangladesh, an interest rate of 8% which is the average rate of interest expected to be realised over the applicable period and a rate of salary increase of 7% per annum.

An actuarial valuation of the self-insurance fund for employees as at 31 December 2008 was performed by an independent professional actuary. Based on the valuation, there was an excess provision of Tk 46,418,000. The principal assumptions applied in the actuarial valuation, which were consistent with a similar valuation carried out in 2005, included official mortality rates in Bangladesh.

The indicative excess provisions in respect of the self-insurance fund for employees and the employee gratuity and redundancy fund, amounting to an aggregate of Tk 80,139,000. have not been written back, but will be considered in determining future provisions.

BRAC also commissioned an investigation report by an independent professional actuary on the properties and motorcycles self-insurance fund as at 31 December 2008. Similar to the valuation carried out in 2005, the investigation report addressed BRAC's properties and motor cycles within and outside the Dhaka City Corporation areas. The investigation report set out a recommendation that to attain a satisfactory financial position required for the self-insurance fund, an additional provision of Tk 55,000,000 would be required. BRAC intends to accrete its properties and motorcycle self-insurance fund provision to attain the recommended additional Tk 55,000,000 over a period of two years commencing 2008. Accordingly, Tk 55,000,000 has been accreted in the financial year 2008 and 2009.

The Special fund for scholarship represents the Catherine H. Lovel memorial fund which will subsequently be utilized for a scholarship programme for poor girls. It is represented by specific fixed deposits, from which interest is added to the fund.

The Relief and Rehabilitation fund for disaster and climate change represents recoveries from prior disbursements of grants for rehabilitation, and is held as a liability. In 2009, additional amount of Tk.50,000,000 has been accreted from net surplus of income generating projects. This fund will be utilized to meet outgoings during natural disasters and climate change.

The Emergency fund represents receipts from service charges from prior disbursements of grants under the donor funded Micro-credit Rehabilitation Project to assist micro-credit borrowers in the event of natural disasters such as floods, typhoons and cyclones. The fund is represented by a specific bank balance from which interest is added to the fund.

The staff welfare fund represents deductions from the staff salary which are utilised to defray medical expenses incurred by staff and, under certain instances, their families. The fund is managed by a staff committee who decide upon the quantum to be disbursed as well as the eligibility of staff family members for benefits.

17. Grants received in advance account

	Note	2009 Taka	2008 Taka
At 1 January		1,834,102,592	1,623,732,366
Receivables as at 1 January		(204,730,963)	(100,104,297)
		<u>1,629,371,629</u>	<u>1,523,628,069</u>
Donations received during the year	26	10,256,780,816	9,960,971,420
Transferred to deferred income:			
-Investment in fixed assets	12	(23,103,215)	(43,660,839)
Motorcycle replacement fund	12	(8,511,713)	(50,304,259)
Transfer to Statement of Income and Expenditure for expenditure during the year	20	(11,000,090,667)	(9,761,262,762)
		<u>854,446,850</u>	<u>1,629,371,629</u>
Receivables as at 31 December		582,061,017	204,730,963
At 31 December		<u>1,436,507,867</u>	<u>1,834,102,592</u>

18. Other current liabilities

	2009 Taka	2008 Taka
Liabilities for expenses	948,335,600	551,993,353
Liabilities for goods	454,054,168	302,201,664
Advances received for training, publications, supplies etc.	436,444,786	391,077,309
	<u>1,838,834,554</u>	<u>1,245,272,326</u>

19. Bank overdrafts

* Pubali Bank Ltd.	2,071,292,241	2,219,964,603
Prime Bank Ltd.	424,417,050	687,624,708
* Bangladesh Krishi Bank (BKB)	-	559,299,084
IFC Bank Ltd.	243,081,399	368,977,360
State Bank of India	13,245,254	342,760,061
Dhaka Bank Ltd.	160,728,873	281,909,832
Standard Bank Ltd.	105,033,580	187,820,954
National Bank Ltd.	158,927,168	180,029,011
United Commercial Bank Ltd.	239,526,830	175,753,450
Premier Bank Ltd.	92,147,674	168,096,787
The Trust Bank Ltd.	284,393,260	128,757,318
Uttara Bank Ltd.	112,717,188	117,493,325
Bank Alfalah Ltd.	84,823,741	106,148,640
Dutch Bangla Bank Ltd.	121,144,901	57,049,774
* Sonali Bank Ltd.	45,029,850	40,416,428
Bank Asia Ltd.	86,407,571	33,432,470
* Rupali Bank Ltd.	74,894,282	1,301,374
Janata Bank Ltd.	-	774,054
* Agrani Bank Ltd.	17,919,238	67,910
South East Bank Ltd.	34,598,057	-
	<u>4,370,328,157</u>	<u>5,657,677,143</u>

* The bank overdrafts are secured by fixed deposits amounting to Tk.1,648,897,664 (2008: Tk 3,916,945,255) and properties amounting in aggregate to Tk. 551,547,348 (2008: 551,547,348).

The bank overdrafts were obtained for BRAC's micro-finance programme and to finance working capital requirements. The bank overdrafts bear interest at 11% -13% (2008: 9.25% -14.5%) per annum, and are repayable within 12 months.

20. Donor grants

	Notes	2009 Taka	2008 Taka
Donor grants recognised in the Statement of Income and Expenditure:			
Transferred from grants received in advance	17	11,000,090,667	9,761,262,762
Transferred from deferred income:			
amortisation of investment in fixed assets			
- unrestricted	12	57,891,835	38,706,037
- temporarily restricted	12	26,093,660	22,155,563
		83,985,495	60,861,600
		<u>11,084,076,162</u>	<u>9,822,124,362</u>

21. Investment income	2009 Taka	2008 Taka
Interest on bank accounts and fixed deposits	857,991,476	804,170,268
Debenture interest	-	921,594
In respect of investments in related undertakings:		
- Share of profits less losses	733,954,022	221,972,059
- (Increase)/ Decrease of Provision for impairment losses	446,881	(796,022)
- Dilution loss of Delta BRAC Housing Finance Corporation	-	(1,852,489)
	734,400,903	219,323,548
	1,592,392,379	1,024,415,410

22. Other income		
Gain on disposal of property, plant and equipment	30,377,018	5,041,476
Partial reimbursements on cost of programme supplies	122,819,810	52,679,727
Training income	487,884,949	404,440,029
Sale of waste materials	54,765,964	60,304,234
Interest received on loans and advances	51,634,217	66,670,621
Foreign exchange gain - unrealised	3,989,069	10,452,818
	751,471,027	599,588,905

23. Taxation		
Income taxation charge for the year	87,000,000	20,500,000

Although some of the income of BRAC is taxable under Income Tax Ordinance 1984, the tax authority has been exercising their discretionary power over the years in assessing BRAC's income and tax thereon. On this process BRAC has always been charged with an arbitrary and exorbitant amount of tax every year from the assessment year 1991-92. Being aggrieved, BRAC has naturally preferred legal process against the order of the authority. Respective files have been awaiting verdict at different levels of legal jurisdictions. As a result there has been created a large amount contingent liabilities (liabilities of uncertainties) of Tk. 3,301,407,775 against tax liability for the assessment years from 1991-92 to 2007-08. BRAC have obtained stay orders from High Court Division of Supreme Court against the settlement of such liabilities. It is pertinent to mention that BRAC has an amount of Tk. 539,700,714 paid as advance tax over the years. BRAC is of the view that the basis of taxation is inappropriate and therefore, BRAC will not be liable to taxation. Accordingly, the amount have not been provided for in the financial statements 31 December 2009.

24. Related Party Disclosures	2009 Taka	2008 Taka
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in addition to Note 4, other transactions regarding to related parties are stated below:

Sl.#	Name of Related Party	Nature of Transactions		
1.	BRAC Bank Ltd.	Fixed deposits	558,430,868	1,758,052,076
		Short term deposit	6,109,683,511	-
		34 Bank Accounts (2008: 31)	957,004,509	1,894,175,715
2.	Delta BRAC Housing Finance Corp Ltd.	Fixed deposits	537,957,059	581,778,355

25. Foreign currency denominated monetary assets and liabilities		
Resident Foreign Currency Deposits (in US\$)	442,815,581	392,568,551
Resident Foreign Currency Deposits (Euro)	18,247,446	17,613,374
Resident Foreign Currency Deposits (in GBP)	16,673,572	14,950,373
Cash at bank (in US\$)	13,657,682	14,453,323
Cash at bank (in Euro)	919,200	1,451,632
Cash at bank (Indian Rupee)	174	174
Cash at bank (in GBP)	115,380	401,178
	115,380	401,178

26. Financial Instrument**a) Financial Risk Management Objectives and Policies**

BRAC's financial risk management policy seeks to identify, appraise and monitor the risks facing BRAC whilst taking specific measures to manage its interest rate, foreign exchange, liquidity and credit risks. BRAC does not, however, engage in speculative transactions or take speculative positions, and where affected by adverse movements, BRAC has sought the assistance of donors.

b) Interest Rate Risk

BRAC's exposure to interest rate fluctuations is mitigated by fixed interest rate borrowings as well as fixed interest rates applicable to loans extended to VO members and VO members saving deposits. BRAC does not engage in speculative transactions or take speculative positions on its interest exposure.

c) Foreign Exchange Risk

BRAC's foreign exchange risks comprise transaction risk which arise from donor grants received in currencies other than the local currency and minimal foreign currency deposits and cash at bank placed with licensed financial institutions. BRAC is exposed to foreign currency fluctuations, mainly in respect of donor grants denominated in United States Dollars, Great Britain Pound and the Euro.

Foreign exchange exposures in transactional currencies other than the local currency are monitored via periodic project cash flow and budget forecasts and are kept to an acceptable level.

d) Liquidity Risk

BRAC manages its debt maturity profile, operating cash flows and the availability of funding so as to meet all refinancing, repayment and funding needs. As part of its overall liquidity management, BRAC maintains sufficient levels of cash or fixed deposits to meet its working capital requirements. In addition, BRAC maintains banking facilities of a reasonable level.

e) Credit Risk

The credit policy of BRAC requires all credit exposures to be measured, monitored and managed proactively. Exposure to credit risk is monitored on an ongoing basis by the commercial ventures' respective management teams. BRAC does not have any significant exposure to any individual customer or counterparty.

27. Schedule of donation received

Name of the projects	Donor	2009 Taka	2008 Taka
BRAC Education Program	EKN	909,851,327	1,563,706,880
	NOVIB	105,067,575	53,416,100
	DFID	1,323,634,000	775,413,019
	CIDA	43,307,936	331,750,003
	AusAID	387,004,000	212,218,555
	NORAD	-	192,963,488
	Sub Total	2,768,864,838	3,129,468,045
Challenging the Frontiers of Poverty Reduction Programme	NOVIB	46,796,182	37,206,901
	AusAID	15,018,940	498,012,555
	DFID	2,197,944,946	1,372,231,786
	CIDA	163,231,722	752,157,586
	Sub Total	2,422,991,790	2,659,608,828
BRAC University Institute of Education Development	EKN	50,000,000	12,782,240
	NORAD	-	(6,967,923)
	SDC	32,741,968	21,390,078
		82,741,968	27,204,395
BRAC University Institute of Education	Plan Bangladesh Institute of Dev. Studies-Sussex	10,927,104	9,945,299
		-	1,745,382
		10,927,104	11,690,681
MA in Governance and Development Program	EKN	-	50,397,584
	World Bank	2,083,690	2,082,000
		2,083,690	52,479,584
Cyclone Relief and Rehabilitation Activities	NOVIB	34,777,005	46,874,788
	Conrad N. Hilton Foundation	-	409,859
	Ford Foundation	-	34,154,900
	AusAID	-	94,815,000
	DFID	-	398,788,738
	BRAC USA	899,532	150,713,477
	WFP	-	772,562
	Local contribution	393,230	6,123,504
	36,069,767	732,652,828	
Flood Relief and Rehabilitation Activities	Plan Bangladesh	-	14,356,296
	UNICEF	-	14,811,060
	NOVIB	-	43,971,772
		-	73,139,128
Improving Maternal Neonatal & Child Survival Program (MNCS)	AusAID	305,550,000	191,698,310
	EKN	44,687,244	68,196,876
	DFID	163,392,975	-
		513,630,219	259,895,186
AILA Relief & Rehabilitation	BRAC USA	22,039,824	-
	Luftfahrt ohne Grenzen e. V.	46,779,303	-
		68,819,127	-
Pilot project of distributing reading glass in Manikganj	Vision Spring	629,748	1,315,559
Early Childhood Development Support Program	AKF	3,240,000	1,975,000
Char Development and Settlement Program	EKN	29,543,496	28,316,340
Atta Fortification Program	WFP	55,861,612	60,162,670
Northwest Crop Diversification Project	GOB	14,715,563	5,191,837
HIV/AIDS Prevention Project	UNICEF	-	3,047,620
School Feeding Program	Land O Lakes	3,611,520	5,227,200
Northwest Microfinance Expansion Program	AusAID	-	4,990,809
TB Control Program	The Global Fund	608,640,779	425,191,291
Social Protection Package for Retrenched State Owned Enterprise Workers	DFID	162,806,235	25,989,125

Name of the projects	Donor	2009 Taka	2008 Taka
Tree Improvement project	Inter Co-operation Bangladesh	6,055,475	5,863,960
Improving Sexual and Reproductive Health	Institute of Dev. Studies-Sussex	9,252,044	8,229,467
Pathway of Women Empowerment of research project	Institute of Dev. Studies-Sussex	9,445,127	9,916,336
BRAC Water, Sanitation and Hygiene Program	EKN	1,186,352,302	829,597,069
Malaria Control Program	The Global Fund	241,709,864	181,329,195
Deepening Democracy, Building Citizenship and Promoting Participation	Institute of Dev. Studies-Sussex	685,548	3,956,556
Eurasia /South Asia teaching excellence and achievement	International Research and Exchanges Board	1,973,922	2,281,335
Safe Migration Facilities	Manusher Jonno Foundation	13,109,493	20,713,974
Maternal, Neonatal and Child Health	Bill and Melinda Gates Foundation	404,967,608	496,489,089
BRAC Non-formal Primary Education Program	EC	231,141,872	219,357,003
Revealing the Challenges of Urban Bangladesh DOTS Program	University of Leeds	1,076,421	913,626
Vitamin A Captul Supplementation for Unreached Children in Hard to Reach areas	Micro-Nutrient Initiative	689,507	6,285,966
Early Learning for Child Development Project (ELCDP)	UNICEF	211,399,588	146,609,961
BRAC Innovation Fund towards a new Dimention of Adolescent Development Program	NOVIB	638,941	6,150,249
BRAC Limb Centre and Brace Centre	International Committee of the Red Cross (ICRC)	686,600	898,346
Mainstreaming Nutrition in to BRAC Program	ICDDRDB	1,643,658	3,426,383
Community Based Postnatal Care Study in Bangladesh	Save the Children	2,576,638	4,559,436
Prevention & Control of HIV among High Risk Population	Save the Children	12,795,571	32,698,950
Indoor Air Polution and Health in Developing Countries Survey	Standford University	6,820,096	2,266,917
Improving Recognition Prolonged Labor and Birth with Unsile Academic	Emory University	341,102	2,910,915
Impact of Oral Supplementation with Sprinkles on Infection morbidity	Hospital for Sick Children	-	1,909,396
HIV/AIDS Targeted Intervention among Clients of Sex Workers	UNICEF	4,812,256	12,602,823
BRAC Economic and Social Development Program in Aceh	NOVIB	-	25,911,247
Community Safety Pilot project	Safer World	81,090	958,757
Maternal Perinatal Depressive Symptom on Infant Dev.	Karolinska University-Sweden	550,400	728,124
Post SIDR Livelihood Rehabilitation Program	EC	760,480,404	341,564,392
Cyclone SIDR Emergency Health & Nutrition Response in Bangladesh	Save the Children	2,090,841	29,699,997
BRAC New Innitiative of HRLS	GTZ	885,054	1,187,446
Pro-Poor Growth for South Africa and Asia	Oxford University	4,270,465	4,329,556
Distributing Essential Information over Mobile Phones	DIMAGI	6,769,412	2,464,200
Adolscent Development Program	UNICEF	97,937,287	46,983,894
Screening of Tube Well in Bangladesh Arsenic	The Rotary Foundation	420,486	630,729
BRAC International Coference on Scaling Health Innovations	BRAC USA	13,458,115	-
Increase Case Detection in Low Performing Sub-districts Including Hill Tract	Fidelis, France	23,948,401	-
National Food Security Nutritional Surveillance Project	EC	71,354,119	-
Promoting Child Sensetive Disaster Risk and Cyclone & Flood Pron Area	Save the Children	1,869,825	-
Support to Farmers in north-west Bangladesh during Monga through the introduction of Agriculture	AIDA	15,063,581	-
VCT Services BRAC TB Cetnre	Family Health International	3,586,241	-
TQI-SEP Innovation and Development	GOB	2,806,108	-
Alive and Thrive Project	Applied Research & Technical Services(AEDARTS)	71,963,322	-
Social and Financial Empowerment of Adolescents (SOFEA)	BRAC USA	45,894,576	-
TOTAL		10,256,780,816	9,960,971,420

28. Segmental financial information

	Unrestricted										Temporarily restricted		Total 2009 Taka
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Project Taka	House Property (Building) Taka	Total Unrestricted Taka	Development Projects Taka	Total		
											Taka	Taka	
Property, plant and equipments	505,809,137	134,365,337	332,784,940	695,598,841	2,626,849	1,135,327,099	2,405,422,946	196,766,106	5,408,701,255	199,997,521	5,608,688,776		
Investments in related undertakings	-	-	-	-	-	-	4,814,649,373	-	4,814,649,373	-	4,814,649,373		
Investments in securities and others	-	-	-	-	-	-	134,100,000	-	134,100,000	-	134,100,000		
Loans to Village Organization (VO) members	-	-	-	-	-	39,554,248,179	-	-	39,554,248,179	-	39,554,248,179		
Motor cycle loans	-	-	2,413,461	9,043,241	20,899	322,658,261	14,016,205	-	348,152,067	404,541,377	752,693,444		
Inventories	982,849,324	125,863,577	97,755,074	451,271,231	13,489,185	72,214,500	51,666,009	-	1,795,108,900	3,230,159	1,798,339,059		
Grants and accounts receivable	51,818,693	184,419,238	26,877,317	275,075,495	15,973,827	70,859,774	288,547,118	5,556,773	919,128,235	540,251,042	1,459,379,277		
Advance deposits and prepayments	104,470,908	80,390,717	32,762,216	85,655,508	459,504	388,447,319	670,203,299	19,116,779	1,381,506,250	98,279,778	1,479,786,028		
Inter-programme current account	(130,678,319)	(313,706,421)	33,649,376	51,193,275	7,862,291	-	347,585,922	-	(4,093,876)	4,093,876	-		
Fixed deposits	-	-	-	-	-	2,054,169,106	6,906,713,915	-	8,960,883,021	-	8,960,883,021		
Cash in hand and at banks	131,926,839	30,992,551	54,753,297	(305,071,240)	2,427,449	4,490,304,682	(2,591,169,951)	643,967,394	2,458,131,011	1,254,867,603	3,712,998,614		
Total Assets	1,646,196,582	242,324,999	580,995,681	1,262,766,351	42,860,004	48,088,228,920	13,041,734,836	865,407,042	65,770,514,415	2,505,251,356	68,275,765,771		
Liabilities and net Assets													
Liabilities:													
Deferred income	-	-	-	-	-	170,468	151,711,950	-	151,882,418	176,514,792	328,397,210		
Term loans	90,166,748	-	-	200,000,000	-	16,749,598,391	200,000,000	-	17,239,765,139	-	17,239,765,139		
VO members savings deposits	-	-	-	-	-	18,398,618,148	-	-	18,398,618,148	-	18,398,618,148		
Securitized financing	-	-	-	-	-	462,360,308	-	-	462,360,308	-	462,360,308		
Other long term liabilities	-	-	-	-	-	182,528,083	4,156,264,008	-	4,537,022,247	-	4,537,022,247		
VO members project & current account	166,494,522	31,735,684	-	-	-	14,826,107	299,220	-	15,125,327	-	15,125,327		
Grants received in advance account	-	-	-	-	-	-	-	-	-	1,436,507,867	1,436,507,867		
Other current liabilities	99,837,440	19,803,607	88,488,199	236,244,741	19,955,755	766,048,617	413,143,233	2,195,094	1,645,716,686	193,117,868	1,838,834,554		
Provision for taxation	-	-	-	-	-	-	278,941,030	-	278,941,030	-	278,941,030		
Bank overdrafts	-	-	-	-	-	-	4,370,328,157	-	4,370,328,157	-	4,370,328,157		
Total Liabilities	356,498,710	51,539,291	88,488,199	436,244,741	19,955,755	36,574,150,072	9,570,687,598	2,195,094	47,099,759,460	1,806,140,527	48,905,899,987		
Net assets- Capital fund	1,289,697,872	190,785,708	492,507,482	826,521,610	22,904,249	11,514,078,848	3,471,047,238	863,211,948	18,670,754,955	699,110,829	19,369,865,784		
Total Liabilities and Net assets	1,646,196,582	242,324,999	580,995,681	1,262,766,351	42,860,004	48,088,228,920	13,041,734,836	865,407,042	65,770,514,415	2,505,251,356	68,275,765,771		

Balance Sheet as at December 31, 2009

Assets:

Property, plant and equipments
Investments in related undertakings
Investments in securities and others
Loans to Village Organization (VO) members
Motor cycle loans
Inventories
Grants and accounts receivable
Advance deposits and prepayments
Inter-programme current account
Fixed deposits
Cash in hand and at banks

Liabilities and net Assets

Liabilities:

Deferred income
Term loans
VO members savings deposits
Securitized financing
Other long term liabilities
VO members project & current account
Grants received in advance account
Other current liabilities
Provision for taxation
Bank overdrafts
Total Liabilities

Net assets- Capital fund

Total Liabilities and Net assets

28. Segmental financial information (cont'd.)

	Unrestricted										Temporarily restricted	
	Unrestricted										Development Projects	
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Project Taka	House Property (Building) Taka	Total Unrestricted Taka	Total Taka	Total 2008	
Property, plant and equipments	489,109,932	118,612,518	302,049,895	859,410,321	2,774,805	1,174,011,405	2,247,569,536	217,014,554	5,410,552,566	196,786,361	5,607,339,927	
Investments in related undertakings	-	-	-	-	-	-	2,878,210,799	-	2,878,210,799	-	2,878,210,799	
Investments in securities and others	-	-	-	-	-	-	59,140,000	-	59,140,000	-	59,140,000	
Loans to Village Organization members	-	-	-	-	-	41,542,182,420	-	-	41,542,182,420	-	41,542,182,420	
Motor cycle loans	-	2,314,038	-	9,266,280	21,354	231,908,700	40,869,324	-	284,379,696	400,059,884	684,439,580	
Inventories	666,238,260	166,841,286	82,675,479	652,417,882	11,603,709	119,584,561	14,866,749	-	1,714,227,906	2,735,668	1,716,963,574	
Grants and accounts receivable	46,116,263	44,621,085	8,415,530	393,872,800	12,857,500	127,142,401	275,703,466	6,425,357	915,154,402	139,137,955	1,054,292,357	
Advance deposits and prepayments	104,898,504	239,050,269	43,373,258	132,669,579	3,647,264	873,610,076	736,559,688	17,092,413	2,150,901,051	119,010,482	2,269,911,533	
Inter-programme current account	23,797,983	(383,018,117)	95,023,096	(4,947,502)	-	-	269,144,540	-	-	-	-	
Fixed deposits	-	-	-	-	-	1,274,404,467	5,341,697,810	-	6,616,102,277	-	6,616,102,277	
Cash in hand and at banks	92,211,777	32,769,157	45,280,330	(840,130,899)	873,122	1,220,335,451	1,791,796,320	623,091,780	2,966,247,038	1,913,808,316	4,880,055,354	
Total Assets	1,422,372,719	218,896,198	579,131,626	1,202,558,441	31,777,754	46,563,179,481	13,655,558,232	863,624,104	64,537,098,555	2,771,538,666	67,308,637,221	
Liabilities and net Assets												
Liabilities:												
Deferred income	-	-	-	-	-	225,379	207,854,118	-	208,079,497	214,342,663	422,422,160	
Term loans	120,000,000	-	79,999,995	320,000,000	-	20,229,152,784	1,955,284,948	-	22,704,437,727	-	22,704,437,727	
VO members savings deposits	-	-	-	-	-	15,764,569,644	-	-	15,764,569,644	-	15,764,569,644	
Other long term liabilities	-	-	-	-	-	345,083,404	-	-	345,083,404	-	345,083,404	
Securitized financing	147,420,294	27,428,274	-	-	-	182,528,033	3,462,448,450	-	3,819,825,051	-	3,819,825,051	
VO members project & current account	-	-	-	-	-	271,391,539	401,201	-	275,407,740	-	275,407,740	
Grants received in advance account	118,586,998	14,114,388	68,597,197	305,635,991	17,726,861	244,237,115	265,592,369	16,838,339	1,051,339,248	1,834,102,592		
Other current liabilities	-	-	-	-	-	-	191,941,030	-	191,941,030	198,933,078	1,245,272,326	
Provision for taxation	-	-	-	-	-	-	5,657,677,143	-	5,657,677,143	-	5,657,677,143	
Bank overdrafts	-	-	-	-	-	-	-	-	-	-	-	
Total Liabilities	386,017,292	41,542,662	148,597,192	625,635,991	17,726,861	36,792,935,898	11,741,199,259	16,838,339	49,770,493,484	2,242,378,333	52,012,871,817	
Net assets- Capital fund	1,036,355,427	177,353,536	430,534,434	576,922,450	14,050,893	9,770,243,583	1,914,358,973	846,785,765	14,766,605,071	529,160,333	15,295,765,404	
Total Liabilities and Net assets	1,422,372,719	218,896,198	579,131,626	1,202,558,441	31,777,754	46,563,179,481	13,655,558,232	863,624,104	64,537,098,555	2,771,538,666	67,308,637,221	

Balance Sheet as at December 31, 2008

Assets:

Property, plant and equipments
Investments in related undertakings
Investments in securities and others
Loans to Village Organization members
Motor cycle loans
Inventories
Grants and accounts receivable
Advance deposits and prepayments
Inter-programme current account
Fixed deposits
Cash in hand and at banks

Liabilities and net Assets**Liabilities:**

Deferred income
Term loans
VO members savings deposits
Other long term liabilities
Securitized financing
VO members project & current account
Grants received in advance account
Other current liabilities
Provision for taxation
Bank overdrafts

Total Liabilities**Net assets- Capital fund****Total Liabilities and Net assets**

28. Segmental financial information (cont'd.)

	Unrestricted										Temporarily restricted		Total 2009
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Project Taka	House Property (Building) Taka	Total Unrestricted Taka	Total Unrestricted Taka	Development Projects		
											Taka	Taka	
Income													
Donor grants	-	-	-	-	-	54,911	57,836,924	-	57,891,835	11,026,184,327	-	11,084,076,162	
Revenue from													
- Income Generating Projects	2,701,948,345	787,144,302	1,460,839,657	-	-	-	-	-	4,949,932,304	-	-	4,949,932,304	
- Program Support Enterprises	-	-	-	2,583,290,064	117,576,290	-	-	-	2,700,866,354	-	-	2,700,866,354	
Service charge on loans to VO members	-	-	-	-	-	11,745,042,192	1,338,260,948	-	11,745,042,192	-	-	11,745,042,192	
Investment income	-	-	-	-	-	201,302,976	12,677,075	-	1,539,563,924	52,828,455	-	1,592,392,379	
Other income -internal	(4,473,338)	(8,203,737)	-	-	-	-	-	-	-	-	-	-	
Other income	35,214,535	9,604,950	4,991,914	28,403,249	539,849	317,955,419	351,633,692	-	748,343,608	3,127,419	-	751,471,027	
Income from house property	-	-	-	-	-	-	-	94,072,651	94,072,651	-	-	94,072,651	
Total income	2,732,689,542	788,545,515	1,465,831,571	2,611,693,313	118,116,139	12,264,355,498	1,760,408,639	94,072,651	21,835,712,868	11,082,140,201	11,082,140,201	32,917,853,069	
Expenditure													
Income generating projects	2,224,046,608	740,112,651	1,341,885,474	-	109,262,783	-	272,159,016	-	4,306,044,733	-	-	4,306,044,733	
Program Support Enterprise	-	-	-	2,448,180,617	-	-	-	-	2,829,602,416	-	-	2,829,602,416	
House Property	-	-	-	-	-	-	-	77,646,468	77,646,468	-	-	77,646,468	
Education Programme	-	-	-	-	-	-	290,013,567	-	290,013,567	3,813,011,635	-	4,103,025,202	
Challenging the Frontiers of Poverty Reduction	-	-	-	-	-	-	33,424,246	-	33,424,246	2,843,200,201	-	2,876,624,447	
Health and Population Programme	-	-	-	-	-	-	69,779,353	-	69,779,353	3,008,498,543	-	3,078,277,896	
Micro Finance Programme	-	-	-	-	-	10,534,750,117	-	-	10,534,750,117	953,725,603	-	10,534,750,117	
Relief and Rehabilitation	-	-	-	-	-	-	37,882,278	-	37,882,278	20,838,876	-	58,721,154	
Poultry & Livestock Extension Programme	-	-	-	-	-	-	20,838,876	-	20,838,876	27,613,407	-	48,452,283	
Fisheries Extension Programme	-	-	-	-	-	-	27,613,407	-	27,613,407	45,199,820	-	72,813,227	
Agriculture & Sericulture Extension Programme	-	-	-	-	-	-	45,199,820	-	45,199,820	226,274,005	-	271,473,825	
Livelihood Development Programme	-	-	-	-	-	-	106,762,753	-	106,762,753	8,700,000	-	115,462,753	
Grant to BRAC University	-	-	-	-	-	-	8,700,000	-	8,700,000	4,852,847	-	13,552,847	
Research, Monitoring and Evaluation	-	-	-	-	-	-	4,852,847	-	4,852,847	10,953,093,076	-	10,953,093,076	
Total Expenses	2,224,046,608	740,112,651	1,341,885,474	2,448,180,617	109,262,783	10,534,750,117	917,226,163	77,646,468	18,393,110,881	10,953,093,076	10,953,093,076	29,346,203,957	
Surplus of income over expenditure before taxation	508,642,934	48,432,864	123,946,097	163,512,696	8,853,356	1,729,605,381	843,182,476	16,426,183	3,442,601,987	129,047,125	-	3,571,649,112	
Taxation	-	-	-	-	-	-	(87,000,000)	-	(87,000,000)	-	-	(87,000,000)	
Net surplus stated in statement of income & expenditure before inter-progr. allocations	508,642,934	48,432,864	123,946,097	163,512,696	8,853,356	1,729,605,381	756,182,476	16,426,183	3,355,601,987	129,047,125	-	3,484,649,112	
Inter-programme allocations	(255,300,489)	(35,000,692)	(61,973,049)	86,086,454	-	14,229,884	201,957,892	-	(50,000,000)	-	-	(50,000,000)	
Net surplus/(deficit) for the year after inter-programme allocations	253,342,445	13,432,172	61,973,048	249,599,150	8,853,356	1,743,835,265	958,140,368	16,426,183	3,305,601,987	129,047,125	-	3,434,649,112	

28. Segmental financial information (cont'd.)

	Unrestricted										Temporarily restricted	
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Project Taka	House Property (Building) Taka	Total Unrestricted Taka	Temporarily restricted		
										Development Projects Taka	Total Taka	
Income												
Donor grants	-	-	-	-	-	398,728	3,830,309	-	3,870,607	9,783,418,325	9,822,124,362	
Revenue from												
- Income Generating Projects	2,395,264,070	8,627,666,623	1,283,338,835	-	-	-	-	-	4,541,369,528	-	4,541,369,528	
- Program Support Enterprises	-	-	-	2,545,093,509	1,039,946,096	-	-	-	2,649,039,605	-	2,649,039,605	
Service charge on loans to VO members	-	-	-	-	-	1,026,858,263	-	-	10,265,858,263	-	10,265,858,263	
Investment income	-	-	-	-	-	2,811,171,629	722,520,159	-	1,003,691,788	20,723,622	1,024,415,410	
Other income - internal	(20,510,322)	(35,899,662)	-	-	-	56,409,984	-	-	-	-	-	
Other income	1,537,7418	9,405,255	4,091,789	-	-	1,827,29,370	3,77,658,581	-	5,89,262,413	10,326,492	599,588,905	
Income from house property	-	-	-	-	-	-	-	93,577,802	93,577,802	-	93,577,802	
Total income	2,390,131,166	8,36,272,216	1,287,430,624	2,545,093,509	103,946,096	10,730,157,990	1,194,896,033	93,577,802	19,181,505,436	9,814,468,439	28,995,973,875	
Expenditure												
Income Generating Projects	1,985,053,161	789,850,975	1,172,924,517	-	-	-	-	-	3,947,828,653	-	3,947,828,653	
Program Support Enterprise	-	-	-	2,531,205,903	97,639,621	-	-	-	2,628,845,524	-	2,628,845,524	
House Property	-	-	-	-	-	-	-	87,894,144	87,894,144	-	87,894,144	
Education Programme	-	-	-	-	-	-	4,86,519,266	-	4,86,519,266	3,908,998,159	4,395,517,425	
Challenging the Frontiers of Poverty Reduction	-	-	-	-	-	-	2,09,717,000	-	2,09,717,000	2,505,065,550	2,714,782,550	
Health and Population Programme	-	-	-	-	-	-	8,8,034,303	-	8,8,034,303	1,955,962,779	2,043,997,082	
Micro Finance Programme	-	-	-	-	-	9,696,673,450	-	-	9,696,673,450	-	9,696,673,450	
Relief and Rehabilitation	-	-	-	-	-	-	1,4,662,345	-	1,4,662,345	1,224,795,990	1,239,458,335	
Poultry & Livestock Extension Programme	-	-	-	-	-	-	3,1,365,838	-	3,1,365,838	-	31,365,838	
Fisheries Extension Programme	-	-	-	-	-	-	2,9,850,378	-	2,9,850,378	1,033,314	30,883,692	
Agriculture & Sericulture Extension Programme	-	-	-	-	-	-	4,2,748,731	-	4,2,748,731	7,272,202	50,020,933	
Livelihood Development Programme	-	-	-	-	-	-	1,89,309,926	-	1,89,309,926	39,890,972	229,200,898	
Grant to BRAC University	-	-	-	-	-	-	1,5,924,766	-	1,5,924,766	-	15,924,766	
Research, Monitoring and Evaluation	-	-	-	-	-	-	-	-	-	67,552,872	67,552,872	
Total Expenses	1,985,053,161	789,850,975	1,172,924,517	2,531,205,903	97,639,621	9,696,673,450	1,108,132,553	87,894,144	17,469,374,324	9,710,571,838	27,179,946,162	
Surplus of income over expenditure before taxation	405,078,005	4,642,241	1,14,506,107	13,887,606	6,306,475	1,033,484,540	86,763,480	5,683,658	1,712,131,112	103,896,601	1,816,027,713	
Taxation	-	-	-	-	-	-	(20,500,000)	-	(20,500,000)	-	(20,500,000)	
Net surplus stated in statement of income & expenditure before inter-progr. allocations	405,078,005	46,421,241	114,506,107	13,887,606	6,306,475	1,033,484,540	6,626,348	5,683,658	1,691,631,112	103,896,601	1,795,527,713	
Inter-programme allocations	(202,538,742)	(8,415,773)	-	(14,043,231)	(3,522,492)	-	2,28,520,238	-	-	-	-	
Net surplus for the year after inter-programme allocations	202,539,263	38,005,468	114,506,107	(155,625)	2,783,983	1,033,484,540	294,783,718	5,683,658	1,691,631,112	103,896,601	1,795,527,713	

29. Statement of Functional Expenses

	Unrestricted										Temporarily restricted		Total 2009
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Project Taka	House Property (Building) Taka	Total Unrestricted Taka	Development Projects Taka	Total 2009 Taka		
Salaries and benefits	270,162,363	14,366,128	48,272,304	122,105,692	2,937,094	3,813,556,680	48,745,052	-	4,320,145,313	3,604,345,862	7,924,491,175		
Travelling and transportation	21,814,542	2,717,662	31,532,209	37,523,491	278,083	304,254,198	13,533,909	-	411,654,094	453,657,677	865,311,771		
Teachers' salaries	-	-	-	-	-	-	-	-	-	-	985,165,081		
Teachers' training	-	-	-	-	-	-	-	-	-	-	249,018,528		
School rent and maintenance	-	-	-	-	-	-	-	-	-	-	140,546,328		
Stationery, rent and utilities	68,614,796	4,076,830	20,995,116	7,541,040	779,742	70,869,392	19,582,535	97,352	192,556,803	229,554,899	422,111,702		
Maintenance and general expenses	51,517,016	2,143,045	14,623,426	13,896,187	588,249	102,687,123	41,791,304	2,435,850	229,682,200	90,709,606	320,391,806		
VO members' training	-	-	-	-	-	-	4,560,000	-	4,560,000	649,790,217	654,350,217		
Staff training and development	2,254,716	-	135,236	2,717,105	-	18,524,174	2,529,795	-	26,161,026	276,834,384	302,995,410		
Programme supplies	-	-	-	1,342,198	32,415	88,895,500	15,641,232	-	105,911,345	4,210,248,576	4,316,159,921		
Interest on VO members' savings deposits	-	-	-	-	-	1,015,786,386	-	-	1,015,786,386	-	1,015,786,386		
Interest on long term loans	-	-	7,878,581	68,553,542	65,647	2,888,903,402	-	-	2,965,401,172	-	2,965,401,172		
Bank overdraft interest and charges	28,880,065	1,677,636	-	-	-	99,256,410	392,837,747	-	522,651,858	-	522,651,858		
Cost of goods sold- income generating projects	1,714,026,111	709,817,295	1,158,818,915	-	-	-	-	-	3,582,662,321	-	3,582,662,321		
Cost of goods sold- agro-indus and dev. enterprises	-	-	-	2,052,994,932	103,413,321	-	-	-	2,156,408,253	-	2,156,408,253		
Publicity, advertisement and sales commissions	19,196,832	-	9,873,627	58,272,013	180,509	-	7,828,178	-	95,351,159	25,342,197	120,693,356		
Loan loss provision for loans to VO members	-	-	-	-	-	2,072,849,102	-	-	2,072,849,102	-	2,072,849,102		
Depreciation of property, plant and equipment	47,084,737	2,789,055	49,329,271	77,238,921	681,372	59,167,749	89,317,395	20,343,848	345,952,348	378,797,21	383,832,069		
Provision for bad and doubtful debts	495,430	2,525,000	426,789	5,995,496	306,351	-	-	-	9,749,066	-	9,749,066		
Grants to BRAC University	-	-	-	-	-	-	8,700,000	-	8,700,000	-	8,700,000		
Allocation to self- insurance fund	-	-	-	-	-	-	-	54,769,418	54,769,418	-	54,769,418		
Property, Plant and Equipment written off	-	-	-	-	-	-	272,159,016	-	272,159,016	-	272,159,016		
	2,224,046,608	740,112,651	1,341,885,474	2,448,180,617	109,262,783	10,534,750,117	917,226,163	77,646,468	18,393,110,881	10,953,093,076	29,346,203,957		

Included in cost of goods sold of (Printers and Printing Pack) is depreciation of property, plant and equipment amounting to Tk. 35,541,563

29. Statement of Functional Expenses (cont'd.)

	Unrestricted											Temporarily restricted	
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Project Taka	House Property (Building) Taka	Total Unrestricted		Temporarily restricted		
									Taka	Taka	Development Projects	Taka	
Salaries and benefits	242,341,170	11,779,548	42,812,856	122,144,368	2,633,641	3,814,708,332	130,823,020	-	4,367,242,935	2,889,363,357	-	7,256,606,292	
Travelling and transportation	16,310,489	2,216,866	28,492,033	34,473,831	302,964	215,975,219	58,521,220	-	356,292,622	422,704,225	-	778,996,847	
Teachers' salaries	-	-	-	-	-	-	-	-	-	1,081,807,968	-	1,081,807,968	
Teachers' training	-	-	-	-	-	-	-	-	-	-	-	392,449,463	
School rent and maintenance	-	-	-	-	-	-	-	-	-	-	-	214,405,525	
Stationery, rent and utilities	67,718,527	2,460,923	15,173,758	10,501,960	731,677	120,793,124	19,549,617	5,507,258	242,436,844	204,884,561	-	447,321,405	
Maintenance and general expenses	35,533,049	2,605,569	11,426,887	20,633,319	275,246	144,339,055	51,777,655	8,112,320	274,708,100	101,371,954	-	376,075,054	
VO members' training	-	-	-	-	-	-	20,050,000	-	20,050,000	486,753,201	-	506,803,201	
Staff training and development	4,395,074	-	221,206	701,498	2,762	20,654,469	18,696,326	-	44,671,335	321,561,031	-	366,232,366	
Programme supplies	-	-	-	-	-	-	98,145,244	-	175,731,017	3,514,297,483	-	3,690,028,500	
Interest on VO members' savings deposits	-	-	-	-	-	-	-	-	691,516,942	-	-	691,516,942	
Interest on long term loans	-	-	-	-	-	-	-	-	2,991,306,932	-	-	2,991,306,932	
Bank overdraft interest and charges	38,247,426	5,508,563	-	71,696,816	-	77,585,773	-	-	677,575,024	-	-	677,575,024	
Cost of goods sold of income generating projects	1,526,031,517	761,063,354	1,020,157,427	-	-	44,084,678	589,733,645	-	3,307,252,298	-	-	3,307,252,298	
Cost of goods sold of agro-industries & dev. ent.	-	-	-	-	-	-	-	-	2,264,644,851	-	-	2,264,644,851	
Publicity, advertisement and sales commissions	18,048,834	-	3,832,272	11,547,298	92,723,334	-	-	-	47,349,913	49,769,768	-	97,139,681	
Loan loss provision for loans to VO members	-	-	-	-	11,271	-	-	-	1,588,589,068	-	-	1,588,589,068	
Depreciation of property, plant and equipment	36,427,075	1,991,152	42,203,347	78,998,423	686,784	66,050,448	91,000,822	18,546,520	335,904,571	31,183,302	-	367,087,873	
Provision for bad and doubtful debts	-	2,225,000	1,370,957	8,586,874	271,231	-	-	-	12,454,062	-	-	12,454,062	
Grants to BRAC University	-	-	-	-	-	-	15,924,766	-	15,924,766	-	-	15,924,766	
Allocation to self- insurance fund	-	-	-	-	-	-	-	55,728,046	55,728,046	-	-	55,728,046	
	1,985,053,161	789,850,975	1,172,924,517	2,531,205,903	97,639,621	9,696,673,450	1,108,132,553	87,894,144	17,469,374,324	9,710,571,838	-	27,179,946,162	

Included in cost of goods sold of (Printers and Printing Pack) is depreciation of property, plant and equipment amounting to Tk. 29,462,830.

30 Donor financing Projects

The financial statements of certain donor financing projects were audited by the following firms of Chartered Accountants:

Sl. #	Name of Project	Name of Auditors	Period of Financial Statements
1	BRAC Education Program	Ernst & Young and S.F. Ahmed & Co	July 2008 to June 2009
2	BRAC Non-formal Primary Education Programme	S.F. Ahmed & Co	November 2008 to November 2009
3	Challenging the Frontiers of Poverty Reduction Programme	Ernst & Young and S.F. Ahmed & Co	January to December 2009
4	BRAC University Institute of Education Development	S. F. Ahmed & Co	March 2008 to March 2009
5	MA in Governance and Development Program	S. F. Ahmed & Co	August 2008 to September 2009
6	BRAC Water, Sanitation and Hygiene Program	S. F. Ahmed & Co	May 2008 to June 2009
7	Post SIDR Livelihood Rehabilitation Program *	S. F. Ahmed & Co	June 2008 to November 2009
8	Distributing Essential Information over Mobile Phones	S. F. Ahmed & Co	May 2008 to April 2009
9	Char Development and Settlement Program	S. F. Ahmed & Co	July 2008 to June 2009
10	BRAC Innovation Fund towards a new Dimension of Adolescent Development	J. R. Chowdhury & Co	September 2008 to August 2009
11	BRAC Economic and Social Development Program in Aceh	J. R. Chowdhury & Co	February 2008 to October 2009
12	Support to Farmers in north-west BD in Monga through the introduction of Agriculture	J. R. Chowdhury & Co	December 2008 to June 2009
13	Cyclone Relief and Rehabilitation Activities	J. R. Chowdhury & Co	January to December 2009
14	Social Protection Package for Retrenched State Owned Enterprise Workers	J. R. Chowdhury & Co	January to December 2009
15	Malaria Control Program	ACNABIN	July 2008 to April 2009
16	Northwest Microfinance Expansion Program	ACNABIN	July 2008 to June 2009
17	TB Control Program	ACNABIN	July 2008 to June 2009
18	TB Control Program Phase II	ACNABIN	July 2008 to June 2009
19	Pathway of Women Empowerment of research project	A. K. Deb & Co	Feb 2009 to January 2010
20	Eurasia/South Asia teaching excellence and achievement program	A. K. Deb & Co	September 2008 to September 2009
21	Vitamin A Capsule Supplementation for Unreached Children in Hard to Reach Areas	A. K. Deb & Co	May 2008 to April 2009
22	Improving Recognition Prolonged Labor and Birth with Unskill Academic	A. K. Deb & Co	November 2008 to October 2009
23	National Food Security Nutritional Surveillance Project	A. K. Deb & Co	July 2008 to June 2009

* Factual finding report was issued by the auditor for this project.

Key Statistics

Coverage

Population	110 million out of 147 million
Districts	64 out of 64
Staff Distribution	4.5% (head office) 95.5% (field)

Personnel

Category	Male	Female	Total
Full Time Staff	38,804	9,399	48,203
BEP Teachers	565	64,794	65,359
Health workers	-	7,247	7,247
Total	39,369	81,440	120,809

Volunteer Workforce

Health volunteers	80,000
Human rights legal education volunteers	5,519
Artificial insemination workers	1,859
Panel lawyers	416
Panel doctors	166

Annual Expenditure

Year	Amount (in millions USD)	Donor contribution
1980	0.78	100 %
1985	2.3	97 %
1990	21.25	68.2 %
1995	63.73	54 %
2000	152	21 %
2005	259	24 %
2009	460	30 %

Microfinance

Village organisations (VOs)	295,507
VO members	8.36 m
Borrowers	6.24 m
Cumulative disbursement	BDT 430,708 m (USD 6,982.07 m)
Disbursement in 2009	BDT 75,680 m (USD 1,104.83 m)
Outstanding loan	BDT 44,032 m (USD 642.8 m)
Repayment rate	99.29%
Average loan size	BDT 19,064 (USD 278.30)
Savings of VO members	BDT 18,398 m (USD 268.59 m)
Cost per unit of money lent	5.90%

Ultra Poor

Number of women who received asset grant	272,000
Number of women who received soft loan	894,912

Education

Primary Schools

Currently running	38,250
Current students	1.12 m
Graduates	4.11 m
Cost per child per year	USD 32.2

Pre-primary schools

Currently running	26,350
Current students	0.70 m
Cost per child per year	USD 24.9

Secondary School Teacher Training

Total teachers trained	32,264
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Continuing Education

Adolescent centres	8,868
Adolescent members	233,018
Community libraries	2,195

Health

Pregnant women received ante-natal care	3.81 m
Manoshi population coverage	14.5 m
Malaria cases tested (BSE/RDT)	161,880
Tuberculosis population coverage	88.5 m
Tuberculosis patients treated	274,093
People detected with presbyopia	69,361
Reading glasses sold	30,769

Water, Sanitation and Hygiene

Total latrine installed/repaired	5 m
Total participants in cluster meetings	61.5 m

Human Rights & Legal Aid Services

Human Rights & Legal Education classes held	149,415
Graduates	3,460,875
Complaints resolved by ADR	65,214
Cases sent to court	19,492

Social Development

Polli Somaj formed	11,830
Capacity development of local govt. members	5,160 (female)
Popular theatre shows staged	119,321
Human rights violation reported	9,173

Social Enterprises

Total assets	BDT 4,525 m (USD 66.05 m)
Gross revenue	BDT 7,717 m (USD 112.65 m)
Net revenue	BDT 853 m (USD 12.46 m)

Note: Figures as of 31 December, 2009
Effective exchange rate for 2009: USD 1 = BDT 68.5

Notes

Notes



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