



BRAC Annual Report 2010

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

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Front Cover
A member of our Ultra Poor programme holding her child in Pirgacha, Rangpur.

A Lasting Legacy

Aminul Alam: Field Marshall and Changemaker



Aminul Alam (1949-2010) joined BRAC in 1975 and worked closely with Sir Fazle Hasan Abed for more than thirty-five years helping turn vision into reality. Amin was at the heart of our very first field programmes and eventually went on to become a leading figure in the evolution and story of BRAC as we know it today. We want to celebrate his achievements and continue to build on his efforts towards helping women and men realise their potential in Bangladesh and in developing countries around the world.

The story of Aminul Alam and BRAC began in 1975 with a young man, recently graduated from Dhaka University, full of radical ideas about helping the poor in post liberation Bangladesh. It was at this turbulent time, amidst devastating drought and famine, that Amin recalled he had seen truly poor people for the first time. Abed had offered Amin a job in the Rangpur District as part of an emergency relief effort, feeding 15,000 children two meals a day, marking some of BRAC’s earliest work in Bangladesh.

Amin moved to Manikgang to continue his work for BRAC and ended up staying for eight years, leaving him with an experience that would change his views forever. More than thirty years later Amin went on to become a leading figure and much loved member of the BRAC family, working closely with Abed and introducing pioneering ideas towards their shared mission to fight poverty.

Amin made his first visit to Afghanistan in 2002, leading a team of just four people, to start BRAC operations in post war Afghanistan. Tackling the returning flood of refugees, coupled with a challenging political situation, didn’t make for an easy task. More recently, Amin played a crucial role in leading BRAC’s efforts to help victims of Haiti’s earthquake and the devastating floods in Pakistan that ensued last year.

Today, BRAC is the largest NGO in Afghanistan offering education and health services across the country reaching more than 24 million people. Amin’s leadership in expanding BRAC programmes across Bangladesh, and then to 9 countries around the world is undoubtedly one of his most important legacies to BRAC’s work.

“an exceptional person with an exceptional commitment to rural development. BRAC would not be what it is without him”

Sir Fazle Hasan Abed

“he has left a rich legacy to BRAC: of programs firmly in place around the world, of staff and members inspired by his pragmatic vision, and of practical solutions to many of the world’s seemingly intractable problems”

Marty Chen

Chairperson’s Statement

Bangladesh was fortunate in 2010 not to face the catastrophic natural disasters of the preceding two years. Although cyclone Aila struck in February 2009, all through 2010 we were witness to its devastating impact on people’s lives. Millions continued to be marooned, without safe drinking water, with neither homes nor assets. Relief and rehabilitation have limited meaning for this Aila-affected coastal region which is subject to the vagaries of climate change as saline water intrudes deeper inland. Our efforts have therefore been directed to helping the poor adapt to circumstances not of their making. Innovative microfinancing and development models combined with science and technology helped farmers and fisherfolk build new livelihoods.

The global financial crisis had minimal impact on our microfinance programme. But our borrowers were left struggling with larger bills as food prices continued to climb. We noted the decline in loan repayment rates – possibly as borrowers spent more meeting basic needs rather than building up assets or embarking upon an income-generating activity.

The Millennium Development Goals (MDGs) continue to guide our work. By most counts, Bangladesh is on the way to reaching the MDGs. We need to work harder to bring every child to school and, once there, ensure that the child stays long enough to complete primary schooling. We also need to do much more to prevent mothers from dying in childbirth.

As the year drew to a close, we received encouraging news that fewer mothers were dying giving birth to their children. BRAC health professionals and Community Health Promoters, working in close partnership with households, communities and functionaries in public facilities, were able to make a significant dent in reducing maternal deaths. Even if Bangladesh achieves the MDG target (maternal mortality rate of 144 per 100,000 live births), the number will still be 50 times higher than it is in Norway! In order to address this inequity, we need to create and expand the human infrastructure where it is most needed – close to the home – where the vast majority of mothers give birth. By making trained midwives available and accessible to surrounding communities, we can make births safer for mothers. BRAC University’s School of Public Health is planning midwifery education to create this category of medical professionals.



Sir Fazle enjoying his question-answer session in a reception by BRAC staff on receiving the knighthood.

Key MDG challenges remain in the areas of halving hunger and attaining gender equality. We must do all that we can to improve the production and distribution of food, to keep prices low so that the poor are not disproportionately affected, and we must harness the energy, strength and will of the State, the private and non-governmental sector to prevent all forms of gender-based violence. Achieving these goals will mean that there must be concerted and sustained action at every level and each partner must play its role effectively. Men and women must join hands to bring about this change in our homes and communities.



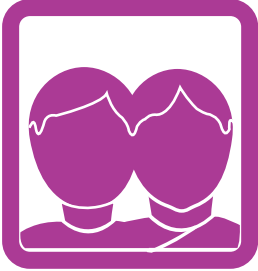


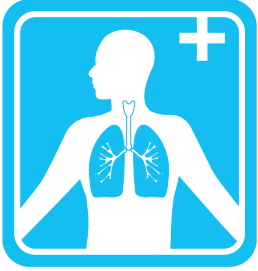


Bangladesh continues to make good progress in reducing poverty. We were greatly heartened by the news that the proportion of people living in poverty had gone down to 30%, but we were also sobered by the thought that millions more continue to live dehumanised lives and that we must work even faster to bring their condition to an end. On this 40th birthday of Bangladesh, we must renew our promise to eradicate poverty from this land forever.


Fazle Hasan Abed KCMG
Founder and Chairperson

Reaching for the Millennium Development Goals: 2010-2015

The Millennium Development Goals (MDGs) are eight international development goals that all 192 United Nations member states have agreed to achieve by the year 2015. The aim of the MDGs is to encourage development by improving social and economic conditions in the world's poorest countries. From the beginning, we have been investing

in a range of programmes in a direct effort to help Bangladesh achieve the eight goals. Our approach aims to complement Government efforts and now with five years to go, it's time to review and accelerate progress.

ERADICATE EXTREME POVERTY AND HUNGER	ACHIEVE UNIVERSAL PRIMARY EDUCATION	PROTE GENDER EQUALITY AND EMPOWER WOMEN	REDUCE CHILD MORTALITY	IMPROVE MATERNAL HEALTH	COMBAT HIV / AIDS MALARIA AND OTHER DISEASES	ENSURE ENVIRONMENTAL SUSTAINABILITY	GLOBAL PARTNERSHIP FOR DEVELOPMENT
							
Goal 1 Eradicate extreme poverty and hunger	Goal 2 Achieve universal primary education	Goal 3 Promote gender equality and empower women	Goal 4 Reduce child mortality	Goal 5 Improve maternal health	Goal 6 Combat HIV/AIDS, malaria and other diseases	Goal 7 Ensure environmental sustainability	Goal 8 Develop global partnership for development
Target: 29% population below poverty line Progress: On track Current status: 30% population below poverty line BRAC Programmes involved: BRAC Programmes involved: Agriculture & Food Security; Community Empowerment; Microfinance; Targeting the Ultra Poor; Gender Justice & Diversity; Advocacy for Social Change Closing the gap: <ul style="list-style-type: none">Create self-employment through our microfinance programmeMaximise the role of farmers in the implementation of agricultural practices and the use of new technologiesProvide grants of small assets to carefully selected ultra-poor households	Target: 100% net enrolment in primary schools 100% primary students reach grade 5 Current status: 92% net enrolment in primary schools 55% primary students reach grade 5 BRAC Programmes involved: Education Closing the gap: <ul style="list-style-type: none">Develop the professional capacity of teachers from Government primary schools, increase community and parent participation in children's educationA total of 252,040 students of BRAC primary Schools participated in the grade 5 completion test of 2009 and 97.4% of them passed the exam against 89% of national pass rate	Target: 1% gender parity in secondary schools 50% women in wage employment Current status: 1.2% gender parity in secondary schools 29% women in wage employment BRAC Programmes involved: Education; Community Empowerment; Human Rights & Legal Aid Services; Gender Justice & Diversity; Microfinance; Advocacy for Social Change Closing the gap: <ul style="list-style-type: none">Empowering adolescent girls through our specially designed microfinance scheme and life skills training clubsEmphasising issues such as women's right to property, gender culture change at household levels and strengthening systems that address gender based violence and abuse	Target: 31 (per 1000 live births) infant mortality Current status: 41 (per 1000 live births) infant mortality BRAC Programmes involved: Health; Water, Sanitation & Hygiene Closing the gap: <ul style="list-style-type: none">Our Shasthya Shebikas, Shasthya Kormis, newborn health workers and skilled birth attendants all work together to deliver child immunization and essential health care services to the communityOur birthing huts provide clean and private birthing places for slum womenDeveloping behaviour change communication tools to address issues such as health and hygiene practices	Target: Maternal mortality 144 (per 100,000 births) Contraceptive prevalence 75% per couple Current Status: Maternal mortality 348 (per 100,000 births) Contraceptive prevalence 60% per couple BRAC Programmes involved: Health; Advocacy for Social Change Closing the gap: <ul style="list-style-type: none">We are working with the Government and partners to scale-up our maternal, neonatal and child health programmes to maximise coverage of regions with the worst mortality recordsOur health centres have been upgraded to offer emergency caesarean sections, newborn care and services like electrocardiograms and ultra-sonogramsPreventive and curative practices are promoted through targeted household visits and engaging local communities	Target: Detection of TB cases 90% Use of treated malaria nets 90% hotspots Current status: Detection of TB cases 70% [2009] Use of treated malaria nets 81% hotspots [2009] BRAC Programmes involved: Health; Education; Advocacy for Social Change Closing the gap: <ul style="list-style-type: none">TB treatment success in 2010 in BRAC covered areas was higher (almost 93%) compared to the national average (almost 85%)Our TB-HIV collaborative project also offers HIV screening tests for TB patients	Target: Use of safe drinking water 89% Use of improved sanitation facility 70% Current status: Use of safe drinking water 86% [2009] Use of improved sanitation facility 54% [2009] BRAC Programmes involved: Disaster, Environment and Climate Change; Water, Sanitation & Hygiene Closing the gap: <ul style="list-style-type: none">Priority is given to the arsenic affected areas and saline prone areas to increase access to safe drinking waterAwareness raising sessions regarding water, sanitation and hygiene practices for different target audiencesImported two desalination plants from China to help support the availability of clean drinking water amongst affected people in disaster prone areas	BRAC Programmes involved: International Programmes; Training Division; Research & Evaluation Division; Advocacy for Social Change Closing the gap: <ul style="list-style-type: none">Negotiations are underway between BRAC and key development partners to enter into a Strategic Partnership Arrangement, which will result in greater flexibility in resource allocation for our development workCollaborative efforts with international organisations in the areas of research, training and impact monitoring

Saving our Mothers

LOVELY’S STORY

Baby Sumaiya sits wide eyed and smiling in her mother's arms. She has just been given a check-up by Farida, a BRAC *Shasthya Kormi* (Community Health Worker), as they sit in the courtyard of their home. Her mother, Lovely Akhtar, gave birth to baby Sumaiya a year ago and all signs show that mother and baby are thriving.

Across the rural villages and urban slums of Bangladesh, all too often the stories of mothers and babies are unlike that of baby Sumaiya and her mother Lovely. On average, for every 100,000 mothers that give live births, 194 of those mothers will die. Whilst every year, 171,000 babies like Sumaiya perish before reaching the age of five.

The good news is that Bangladesh continues to make impressive gains in reducing maternal mortality. The last 9 years has seen a 40% drop in maternal mortality putting the nation on track to meet Millennium Development Goal (MDG) number 5 by 2015 – but we must try to reach every Lovely and every Sumaiya.

“We must do all we can to stop the unnecessary deaths of mothers and babies. We want to improve women and children’s health not only to reach the Millennium Development Goals by 2015 but to exceed them”

BRAC Founder and Chairperson, **Sir Fazle Hasan Abed**

From its earliest days, BRAC chose to focus its attention on the needs of poor, disadvantaged and socially- excluded women. Over the next five years, we plan to provide millions of poor women in rural and urban areas with effective maternal and child health interventions.

Throughout the country, 80,000 *Shasthya Shebikas* (Community Promoters of Health), *Shasthya Kormis*, skilled birth attendants and BRAC doctors combine their efforts to provide mothers with access to family planning, early detection of pregnancies, pre and post natal checkups, skilled deliveries, hygienic birthing conditions and hospital referrals. Our urban and rural programmes presently reach 25 million women.

We have a holistic approach to poverty alleviation which means that it is not enough to provide maternal child health services but to ensure that poor women and children have access to education, the means to build a livelihood and protect themselves from exploitation. Our support is designed to place every young girl in the best possible position to realise her potential as a woman and as a mother.

Our story, therefore, begins not with healthy baby Sumaiya but with the birth of her mother Lovely.

A baby girl, who comes into the world underweight, is not exclusively breastfed for the first six months and does not receive adequate nutrition in her first two years, is likely to grow up to be anemic and have stunted growth. This means that when she is ready to have her own baby, the likelihood of her dying at childbirth will be 40% greater. Whether she dies or lives, she will give birth to her own underweight baby and the cycle will continue. To break the cycle and prepare a girl for adulthood, we must intervene at key points throughout her life starting with her birth.

The care that is provided to a baby at birth is critical for survival. In the first hour after delivery, BRAC *Shasthya Kormis* and skilled birth attendants are on hand to teach 'kangaroo care' (skin- to-skin contact), distribute a specially designed thermal baby jacket to low birth-weight babies and encourage early initiation of breast feeding. Our trained *Shasthya Kormis* are on hand to provide regular visits, vaccinations and micronutrients to babies until they reach the age of five.

With a healthy start in life, a young girl is ready for school. An education early in life will not only benefit girls in building their futures but will contribute directly to the development of their families and communities. Girls with some level of schooling are more likely to use proper contraception methods, get married later and have fewer and healthier babies than girls who don't go to school. The same girls are more likely to seek medical care for themselves and their families, be better informed about nutrition, teach hygiene and sanitation to their children and send their children to school. For 30 years our Education programme has been providing accessible learning opportunities to girls whose parents are poor, who have special needs and are from ethnic minorities.

Sumaiya's mother, Lovely, was a student at a BRAC non-formal primary school in the village of Baksimul in Mymensingh. Baksimul relied on vegetable growing and fishing for income and many poor families could not afford to send their children to school. When BRAC set up the one-room school in the village, Lovely and her two older sisters were offered their first chance at an education.

As they grew up, Lovely and her sisters were faced with typical adolescent issues. Despite their father being a village doctor (quack), puberty, sexuality and reproduction were taboo topics. The BRAC *Kishori* Club (club for adolescents) provided a safe space for Lovely and her sisters to learn about being a woman, receive sanitary pads and have regular contact with a *Shasthya Kormi*. The club also provided a social space to learn, understand and protect their rights, through a process that encouraged independence and leadership. It was at the *Kishori* Club that Lovely first learnt what 'eve teasing' meant. She began to realise that what she had accepted as part of everyday life was verbal sexual abuse and something that she did not have to put up with. Today, Lovely feels confident about asserting her rights and is better informed about gender equality and justice. Our Human Rights and Legal Aid programme helped Lovely and other young women in her community to equip themselves against discrimination and violence.

BRAC’s Adolescent Development Programme encourages girls graduating from BRAC schools to retain their literacy and life skills even if they leave school early.

Over 8,800 Kishori Clubs across the country provide a safe space for adolescent girls to socialise, learn about health, develop life skills, receive vocational training and become involved in their communities.

When Lovely was 15 years old, her father pressured her to accept a good offer of marriage from a local boy, but Lovely was determined to stand up for her rights. She reminded her parents about the ills of early marriage. One of her sisters had married young and given birth at 17, after which her health had deteriorated.

“I told my parents that I didn't want the same happening to me. I could not stop my sister's marriage, but I could do it for myself. . .I told my father, if you do this, I will run away and that will be humiliating for the whole family. My parents were finally convinced.”

With nine years of schooling behind her, Lovely was ready for marriage at 19. She married a local boy and had their first child within a year. Farida, a BRAC *Shasthya Kormi* , who Lovely knew from her *Kishori* Club days, identified the pregnancy early on and provided pre natal care offered through BRAC’s IMNCS programme. Her pregnancy progressed normally and Farida

*Go to the Health section to learn more about our Improving Maternal, Newborn and Child Survival (IMNCS) programme and its urban counterpart *Manoshi*



Baby Sumaiya and Lovely, both healthy and happy, in Baksimul, Mymensingh.

helped deliver the baby safely at home. The IMNCS and *Manoshi* programmes ensure that rural and urban deliveries are attended by a skilled birth attendant and that they take place in a safe and clean facility.*

Baby Sumaiya came along when Lovely was 23, with one safe birth behind her, Lovely was well prepared to give her second baby girl a healthy start in life.

Shasthya Kormi Farida visited Lovely and baby Sumaiya regularly for the first 42 days, then weekly and then monthly. Lovely is now taking the contraceptive pill and does not plan to have more children for at least another five years. When Farida first started work as a BRAC health worker in 2006, young women didn’t want family planning, pre-natal care or vaccinations, but attitudes have changed now, she says. Lovely’s husband Tarul agrees,

“Even if we have another girl, we will stick to three children. In this age, girls and boys are equal.”

When her children are old enough, Lovely hopes to continue her studies and perhaps become a BRAC teacher or health worker like Farida.

Lovely's story is important because it tells us that it is possible to bring about positive changes in the lives of mothers and children if we can support them at key points in their life cycles.

BRAC Programmes

Health



Improving health and providing essential healthcare

Our Health programme combines promotive, preventive, curative, rehabilitative health care. We focus on improving maternal, neonatal and child health, combating communicable diseases and common health problems. BRAC's Health programme is the result of an integrated approach, including several interventions, to provide a health service that supports human development and works in partnership with our comprehensive approach to development. The key areas of the programme are: essential health care; tuberculosis and malaria control; maternal, neonatal and child health; health facilities and limb and brace centres.

Our Approach

An awareness of the changing health needs, adaptation of technology, cost effectiveness, sustainability and delivery through partnerships with communities and Government are key features in our approach to providing health care to poor people.

We have adopted an epidemiology-experimentation-expansion evaluation model in how we develop and deliver the programme. Lessons learned from our experiences in public health, like the bare-foot doctors of the 1970s, Oral Therapy Extension and Child Survival programmes in 1980s, Women's Health, Reproductive Health and Disease Control programmes in 1990s, have enabled us to expand sustainable and accessible health care to more than 100 million people across Bangladesh. We also collaborate on national projects such as Vitamin-A supplementation and family planning initiatives.

By choosing health volunteers, or *Shasthya Shebikas*, from our Village Organisations (VOs), we are making effective use of resource and are able to ensure sustainability unlike other programmes in the health sector. Volunteers receive basic training and provide door-to-door health education, treat basic illnesses, refer patients to health centres and provide essential health items and medicines; which contribute towards an income for the volunteer.

Our *Shasthya Shebikas* are assessed and monitored by *Shasthya Kormis* who are paid a monthly salary to supervise 10-12 *Shebikas*. *Kormis* conduct monthly health forums and provide antenatal and postnatal care. Around 7,000 *Kormis* are supervised by Programme Organisers who are supervised by the Upazila and District Managers. Medical officers provide overall technical supervision whilst *Kormis* are supported by a team of public health professionals.

Achievements 2010

Essential Health Care

100 million people reached across **64** districts
1,650,673 patients treated by our *Shebikas*
31,174 Ultra Poor patients given health care subsidies

Maternal, Newborn and Child Health

5.7 million people served in urban areas
8,317 deliveries made in birthing huts
426 delivery centres in urban areas
11 million population reached in rural parts

Tuberculosis Control

89.5 million people reached
23,771 cases diagnosed
92% patients cured

Reading Glasses

7.9 million people covered
36,739 people screened
9,573 glasses sold

Vision Bangladesh

612 cataract surgeries completed

First spread

Parul receives an ante-natal check-up from a BRAC health worker in Gazipur.

Programme Components

Essential Health Care (EHC) forms the core of our health programme, combining preventive, promotive, basic curative and referral care, aimed at improving the health of poor people, especially women and children. EHC has seven components: health and nutrition education; water and sanitation; family planning; immunisation; prenatal care; basic curative services and tuberculosis control. In 2002, EHC was adapted to fit the needs of the Ultra-Poor, our poorest members, by offering basic health care and health awareness services as well as financial assistance towards clinical care.

Malaria Control Programme operates in 13 districts across Bangladesh including the Chittagong Hill Tracts (CHT). Our *Shasthya Shebikas* receive a 3-day training course on malaria treatment and prevention to help achieve early diagnosis and prompt treatment of cases.

Tuberculosis Control Programme using a community based approach, our *Shasthya Shebikas* are trained to provide DOTS treatment (Directly Observed Treatment Short-Course), diagnose cases, distribute information on TB and refer suspected cases to nearby outreach smearing centres. Medical Officers initiate treatment, whilst the *Shebikas* conduct the DOTS treatment of TB patients, either at their own home or during home visits. Our TB-HIV collaborative project also offers HIV screening tests for TB patients.

Improving Maternal, Newborn and Child Survival Project (Rural) has been successfully scaled up to ten rural districts across Bangladesh since its launch in 2005; working with the Government and UNICEF. This project aims to provide quality maternal, newborn and child health care using a community based approach to reach the rural poor. Major interventions include capacity development of community health resources, empowerment of women through support groups, provision of maternity and child health related services and referrals to nearby health facilities. *Shasthya Shebikas*, *Shasthya Kormis*, newborn health workers and skilled birth attendants all work together to deliver these services to the community. Preventive and curative practices are promoted through targeted household visits. Our approach has significantly improved pregnancy identification and antenatal care as well as ensuring safe and clean deliveries in rural communities.

Manoshi: Maternal, Newborn and Child Health Initiative (Urban) launched in 2007 in Dhaka and provides community based maternal and child health care services in urban slums, with the support of slum volunteers, skilled community workers and Programme Organisers based in nearby hospitals for emergency cases. Birthing huts provide clean and private birthing places for slum women who usually live in small shacks, with large numbers of family members, which offer unhygienic conditions for giving birth. Each of our huts have two birth attendants, covering around 2,000 households (approx 10,000 people), whilst community midwives are on hand to provide skilled care during deliveries.

Shushasthya (Health Centres) provide accessible and quality outpatient and inpatient services, general laboratory investigations and essential life-saving drugs to the local community. We have also upgraded nine centres to offer emergency caesarean section or newborn care and advanced diagnostics such as electrocardiograms and ultra sonograms.

Limb and Brace Fitting Centres provide low cost, accessible, quality artificial limbs and braces. We provide physiotherapy services and education and counselling to patients and their family members. Our work aims to improve the livelihood capabilities of the physically challenged and help their integration into mainstream society. We currently have centres in Dhaka and Mymensingh.

Reading Glasses for Improved Livelihoods working with Vision Spring, covering 15 districts, specially trained *Shasthya Shebikas* use simple charts to identify near-vision deficiency. They sell ready-to-use spectacles at a nominal price, educate people on eye problems and are trained to refer complicated cases to medical professionals.

Vision Bangladesh is a partnership programme between BRAC and Sightsavers aiming to eliminate preventable blindness in Sylhet by 2014. To date, 1,300 poor people have undergone cataract operations and 7,000 people have been successfully screened.

Alive and Thrive is an initiative to reduce malnutrition in children under the age of two by promoting exclusive breastfeeding and healthy feeding practices. This includes community level counselling, coaching and demonstrations. Following a successful year long pilot this initiative has been expanded to 50 rural Upazilas.

Micro-Health Insurance is a sustainable community health financing model, to empower and improve the well being of poor women and their families, giving poor people access to affordable and quality health care.



Shomola Khatun, a Shasthya Shebika from the village of Chankanda in Jamalpur explains how to use contraceptives to the women in her community.

Challenges

There is an emerging need to tackle the increase in non-communicable diseases, alongside the ongoing burden of communicable diseases, coupled with a lack of accessible and quality health care and medical facilities in Bangladesh. Lack of coverage, skilled workers and accessibility to remote parts of the country continue to present major challenges in how we can provide health care to poor people. Developing effective referral facilities with adequate human resources and logistics will prove essential in reducing maternal and newborn mortality.

Future Plans

Our approach in developing community based interventions recognises that workplaces and urban slums are becoming new settings for delivering effective health interventions. Our approach with EHC, continuing as our core health programme, will be adapted to accommodate the emerging needs of non-communicable diseases, elderly health care, climate change and nutritional initiatives. In our shared effort to build a more 'Digital Bangladesh' we have identified the mobile phone as a key medium for exchanging information. Using ICT will enhance our ability to provide efficient and effective health care, whilst opening up new channels of communication for a lower cost higher reach service.

New Initiatives

We have developed a Mobile Health Project, in partnership with Click Diagnostics Inc, where *Shasthya Kormis* can use mobile phones to share real-time information about their patients, mainly pregnant women and newborns, helping to improve the process of diagnosis and treatment.

Working in partnership with GE Healthcare, we plan to introduce a portable oxygen support device, at community level, in an effort to fight birth asphyxia in newborns. The pilot will launch in January 2011.

BRAC Programmes
Education



Education as empowerment

Our carefully developed pre-primary and primary schools provide free education to children who are left out of the formal school system and, in particular, reach children who are from extremely poor families or ethnic minorities, living in remote areas or have special needs. Working with partner organisations we offer our guidance and technical support, to help schools replicate our successful primary education model in hard to reach areas, like the Chittagong Hill Tracts, haors, baors, chars and coastal areas, and work with non-government rural secondary schools to improve their techniques and curriculum.

Our Approach

Our non-formal schools offer flexible timings and make room for students of varied age whilst operating on a low cost but effective model. The classes are small, with around 33 children per class, and are taught by a female teacher selected and trained from the local community. Free educational materials are given to students with a more hands-on approach to teaching, focusing on student participation, whilst less homework and longer holidays aim to help accommodate children who may never have enrolled in school or had previously dropped out of the formal schooling system owing to family or work commitments.

Preparing for a successful education A pre-primary education has proven to be a significant factor in promoting the success of primary education. Our pre-primary schools aim to familiarise children, under the age of 6, with the alphabet, numbers and a curriculum that focuses on Bangla, Maths and Science over the course of one year. This year 11,765 pre-primary schools were opened with 329,184 students, 61% of them girls, including 13,654 children with special needs.

Programme Components

Supporting the Government Our efforts are to complement the work of the Government and help improve the quality of mainstream formal schools in Bangladesh. In 1998, the Government in fact handed over 44 community schools to us to help improve the quality of education being provided – there are currently 7,940 students, around 54% of them girls, and 231 teachers, around 97% of them female across these schools.

Achievements 2010

4.66 million boys and girls have graduated from our schools

21 children received essential eye operations,
40 children given cleft lip and plate surgery

1,298,516 students have enrolled to date in both our pre-primary and primary schools

8,715 clubs for adolescents operate across the country reaching **225,631** young girls

Special needs students participated in the Special Olympics trials and Afsana Akter, from a BRAC school, was awarded first place in ball throwing qualifying for the official Bangladesh team

Previous spread Ahki Khatun, in Grade 3 at a BRAC Primary School in Jamalpur.

BRAC Schools Our first primary schools opened in 1985 and have since expanded and been developed to cover a 5 year curriculum across 4 years of teaching. A total of 31,670 schools, including 2,308 urban and 1,950 ethnic schools, are currently in operation across Bangladesh. We also support 3,089 secondary schools across the country to help Government efforts in improving the quality of secondary education.

Education for Ethnic Children The use of Bangla as the main language, when teaching children across primary schools in Bangladesh, was standing in the way of a proper education for children from ethnic minority, or indigenous, backgrounds. So that these children could feel free to speak their native languages and receive effective schooling, we established schools for ethnic children in 2001.

Chittagong Hill Tracts Our Multi Lingual Education (MLE) model, adapted from our primary schools model, has been specially developed to suit the learning needs of children from indigenous communities. The students' native languages are adopted as the main teaching medium; the aim being to help children become proficient in Bangla on their own terms. We have been piloting 'mother tongue' based primary education for Chakma children at ten schools in the districts of Rangamati and Khagrachari since 2008.

An Inclusive Education We are committed to increasing the enrolment of children with special needs and through the programme we provide essential support to families and children including corrective surgeries, wheelchairs, crutches, hearing aids, glasses and ramps to make schools more accessible to physically challenged children. We adopt classroom policies like sitting in front or studying in pairs, coloured border boards whilst highlighting special needs issues in textbooks to help raise awareness amongst classmates and teachers.

Empowering Girls

Adolescent Development Programme (ADP) The ADP works by providing clubs, life skills based education, community participation and livelihood training to young girls. Adolescent boys can also attend the clubs, which not only hold reading materials, but also offer a safe place for young people to socialise, play indoor games, sing, dance and exchange views and experiences – all of which may prove difficult or impossible in their family homes.

Social and Financial Empowerment of Adolescents (SoFEA) The SoFEA initiative is about empowering adolescent girls through financial and social support. By giving young girls life skills and livelihood training, coupled with an understanding about saving and financial services, we can help them become self-reliant and build a better future for themselves and their families. Training sessions held at clubs aim to raise awareness on social issues, to help girls understand and protect their rights and make informed decisions, whilst income generating activities are promoted to put these young

women on the path towards financial independence – activities include poultry and livestock rearing as well as vegetable farming or beauty therapy skills. Financial literacy courses give girls some insight into managing a small business, along with access to credit and savings facilities which provide seed capital to help start small businesses.

12,000 girls, between the ages of 11 and 21 years are reached through SoFEA in 360 clubs across Bangladesh

Supporting Higher Education

Medhabikash Uddyog ('Promoting Talent') is a scholarship programme that targets bright students from disadvantaged backgrounds and offers them financial support to help pay for tuition fees. Young people from poor rural communities, who want to study, often find themselves struggling to cover living expenses, despite working part-time jobs or even taking loans from family members, let alone pay for tuition fees. Earlier this year, we celebrated the success of graduates with a two day event that recognised their achievements and role in helping build a stronger nation.

Chhatrabandhu is a Volunteer Tutor programme initiated to offer tuition support to poor students who cannot afford private tuition. We believe that promoting volunteer activities like this, in poor rural communities, can contribute to better student access, higher success rates and better teaching; which in turn can improve the quality of schools and the teaching-learning process.

Community Learning Centres These are multi-purpose community learning facilities, known as *Gonokendros*, which we have set up in non-government secondary schools across rural areas of the country. The centres reach out to everyone, from children to adults, to promote a learning society in poor rural communities. The centres are essentially community libraries, as well as giving internet and computer access, offering a range of reading material that students and members of the local community can borrow. To make them self-sustaining, centres are usually transformed into trusts and managed by a Board. In collaboration with the Ministry of Youth and Sports, centres organise skills development training for the youth.

Currently 80% of Gonokendros are self sustaining
40% are equipped with computer and training facilities

Shah Alam’s story



Shah Alam has learnt to write with his wrists and take part in all his exams.

Shah Alam is in grade 7 at Parulia High School in Hatibandha. He goes to school like many other children his age but, for Shah Alam, his journey there was not an easy one. Shah Alam lost both his hands when he was twelve months old after unknowingly putting them into the stove. Severe burns took away both his hands. His parents were in despair. As Shah Alam grew up his parents were unable to get him admitted to a school because of his disability. His parents did not know how to offer their son a normal life or a basic education.

Shah Alam's parents came to know about the primary schools run by BRAC in the local area. They were reassured that he would receive special care and attention for his individual needs from the teachers. Shah Alam soon started his education at the BRAC primary school in Hatibandha. His parents were very happy with the care he was given.

Today, Shah Alam smiles. He can write with his wrists and loves drawing geometrical shapes. He can finish exams with amazing

dexterity and recently received an A+ in his grade 5 completion test. Shah Alam now dreams of going for higher education. His parents have overcome their past fears. They are very proud of their son. Shah Alam says,

"I want to pursue higher studies at university and become a successful professional, BRAC has helped me lay the building blocks".

BRAC Programmes

Water, Sanitation and Hygiene



BRAC provide and help install sanitary latrines and water filters in remote areas of the country.

Providing access to clean, safe water for everyone

Building on years of experience working with communities, providing water and sanitation facilities, we started our Water, Sanitation and Hygiene (WASH) programme in 2006 in partnership with the Government. Our aim is to provide sustainable integrated WASH services to rural areas and break the cycle of contamination caused by the use of unsanitary latrines, contaminated water and unsafe hygiene practices.

Achievements 2010

- 174,487** monthly meetings were held where at least 80% of members attended
- 6.62** million people were given access to sanitary latrines through WASH
- 694** deep tube wells were installed
- 7** pond sand filter installed
- Celebrated Global Hand Washing Day across **39,870** Village WASH Committees and in **7,808** secondary schools
- 5,348,194** meetings held to promote hygiene awareness in segmented sessions targeting **59,294,509** men, women and children from ages 9 to 11
- 38.8** million people were given hygiene education

Our Approach

The core of the WASH programme lies in the Village WASH Committee (VWC). This committee, made up of people from the village, helps us to identify and assess the needs of individuals and families living in the community. Working with the VWC, along with other local committees, agencies or local NGOs, in the planning and implementation of projects, we ensure the entire village is represented.

The VWC is made up of 11 members, 6 females and 5 males, who meet twice every month to assess the water and sanitation situation of the entire village and identify any issues that need urgent action. We choose two key members from each committee, one female and one male, and provide them with leadership training helping to build the capacity of the committee. They select sites for community water sources, collect money from borrowers and monitor usage and maintenance of latrines.

Programme Components

Safe Drinking Water After installing deep tube wells we regularly run water quality tests to ensure drinking water stays safe, giving

priority to arsenic affected and saline prone areas. We raise awareness in villages on how to keep water clean until drinking it, by keeping glasses clean and keeping water covered or sealed.

Supporting the Ultra-Poor The VWC are responsible for identifying ultra-poor households in the village that may be eligible for Annual Development Programme grants from BRAC and the Government. They will also select poorer households that qualify for microloan support, which can go towards installing sanitary latrines and constructing tube well platforms.

Promoting Hygiene We realise that simply providing access to safe water and sanitation facilities isn't enough – we need to educate people on good hygiene practices too. In our practical approach, to understand how best we can promote good hygiene in communities, we look at everything from socioeconomic factors to any traditional practices, and use innovative communication tools that target women, men, adolescents and children . We work with Imams and the *Masjid* Council for Community Advancement (MACCA) to help us develop *khutbas*, based on verses from the *Quran* and *Hadith*, which refer to cleanliness and hygiene, and work as effective communication channels when working with Muslim communities. School teachers are engaged about teaching children the importance of health and hygiene and are given special flip charts and posters developed by BRAC to use in schools. Children can play a crucial role in helping to spread the knowledge of good and safe hygiene practices to their families and within the local community.

A Girl Problem

Research tells us that schools in rural areas lacking separate washroom facilities will experience significantly higher drop-out rates and absenteeism of female students. This issue is primarily associated with the discomfort many young girls feel, when faced with inadequate washroom facilities during their periods. By improving sanitation facilities, providing separate washrooms and waste management facilities in schools, we can help improve the enrolment rate of adolescent girls in secondary education.

Sanitation in Schools We work with rural schools to help set up Student Brigade made up of 24 students who are each selected from classes 6 to 9. Along with ensuring the overall cleanliness of the school, the brigade is responsible for the proper use and maintenance of washrooms for their classmates. The school Headmaster and a female teacher, also trained as a part of the Student Brigade and along with its student members will meet monthly to review and discuss the school's sanitation needs.

Building Partnerships To help Bangladesh realise the MDGs, the Government has formed WATSAN (Water and Sanitation) committees across the country. As a member of the National Sanitation Taskforce we actively participate in these discussions to support the Government's work. We are working with UNICEF, collaborating with UNJI (United Nations Joint Initiative), to improve water and sanitation in Ukhiya, Cox's Bazar. Free sanitary latrines will be provided to 2,500 ultra-poor families and 40 schools in the area.

Nur's Story



Nur shows off the sanitary latrine installed at his home – one of the few and earliest in his remote village of Alokdia Char.

Nur Muhammad is a teacher at Manikganj Sadar Hafizia Madrasa. He lives with his wife in Alokdia *Char* in Manikganj – an extremely hard to reach area in Bangladesh. *Char* Alokdia cannot be reached by public transport and, after crossing the river, the only way to reach Nur's home is a five kilometre journey by foot.

Char Alokdia is home to many families and households that don't have access to sanitary latrines. The private sector does not provide sanitary latrines there, as it is not profitable whilst transportation to and from the area is challenging. As a result many people like Nur suffer from diseases such as diarrhea. People were not aware of personal hygiene practices such as using soap. Our staff approached Nur and offered him a subsidised latrine. We also gave him advice on hygiene awareness. Like Nur, other residents in the *Char* Alokdia area, realising the importance of hygiene and sanitation, also decided to install latrines and BRAC agreed to cover transport costs.

Today, issues like diarrhea have been greatly reduced in the area and people are better informed of safe hygiene practices. Nur feels, as a teacher and Imam, he understands the importance of good hygiene and is grateful for BRAC's work to help improve sanitation conditions in *Char* Alokdia. Nur says,

"I am a religious teacher and hope to teach my students how to be good human beings and follow the path of goodness. BRAC is helping improve sanitation and hygiene. I hope they keep on working."

BRAC Programmes

Disaster, Environment and Climate Change



Helping communities cope with disaster

Frequent natural disasters induced by climatic change adversely affect the lives of tens of millions of Bangladeshis each year. The effects of climate change are threatening to slow down, perhaps even reverse, the progress made in alleviating poverty. We were already helping poor people cope with the effects of natural disaster, but after cyclone Sidr struck Bangladesh in November 2007, we decided to establish our Disaster, Environment and Climate Change (DECC) programme in December 2008. Our story began in Bhola following the devastating cyclone of 1970 and ensuing relief efforts. Forty years later our focus remains on responding rapidly to natural disasters, with emergency relief and following up with rehabilitation support, to help communities to restore their lives and livelihoods.

Our Approach

We focus on risk reduction, better preparation and development of disaster management plans. By increasing awareness about climate change and carrying out essential research we identify successful coping mechanisms for affected communities. It is important to help empower and prepare those most affected by climate change so families and communities can be proactive in dealing with disaster and recover faster. Our approach to managing and reducing disaster risks cover three key areas including capacity building, developing adaptation strategies and knowledge generation.

Programme Components

Our team of experts review the potential risks, calculate probabilities and finally prepare contingency plans that outline specific procedures for disaster management. We deliver training on how to reduce risks by drawing on local knowledge, supplemented with our international experience, to prepare staff on how best to respond to emergency situations and save as many lives as possible. We carry out surveys in disaster prone areas to help us allocate resource and levels of preparedness.

Achievements 2010

Waste Management Launched as a pilot, the Solid Waste Treatment Plant in Tongi *Pourashava* (municipality) aims to significantly reduce environmental pollution, surface water contamination and improve the environmental health condition of the area. The plant will also produce a significant quantity of organic fertilizer and electricity, which can be used by the local community.

Weather Stations To help support farmers and provide guidance on the best times to grow seedlings or transplant rice crops, we have installed 5 weather stations and plan to install 3 more, in partnership with the Bangladesh Meteorological Department (BMD) and the Ministry of Environment and Forest (MOEF), across the country.

First spread

After surviving the cyclone Aila, a family re-builds their house with assistance from BRAC in the village of Charbara in Shayamnagar.

Standard Operation Procedures (SOP) Essential to the programme is the Standard Operation Procedures (SOP), which we have developed with the help of ADPC Bangkok, to guide our staff in managing disasters. We conducted simulations in disaster prone areas of Bangladesh, with the help of ADPC, to test the practicality and effectiveness of the emergency protocols developed for the SOP. The ‘time-line’ approach we have adopted includes different activities, which correspond to different phases of a disaster, pre-disaster, during and post, from the first 24 to 72 hours. We have also introduced an Incident Command System (ICS), involving all our programmes, to help facilitate a structured and integrated response system that makes effective use of our existing resources. By providing straightforward operational instructions to field staff, along with individuals from the at risk communities we work with, people can respond quickly, in pre and post-disaster situations, rather than wait for instructions particularly when communication lines are often disrupted when disasters occur.

Providing Safe Drinking Water Cyclone Aila created a drinking water crisis by stimulating water borne diseases in affected areas. We are now in the process of setting up two desalination plants in coastal regions of the country which will provide access to clean drinking water. Owing to the likelihood of cyclones and floods, frequency of natural disasters in Bangladesh and the extent of areas affected, imported mobile desalination plants will ensure clean water both before and after natural disasters.

Knowledge Building We have developed training courses in emergency response procedures, including Disaster Risk Reduction (DRR) and raising awareness on climate change, incorporating and adapting best practices from similar international organisations. We aim to train 18,000 of our staff on these issues, and the content of our SOP, who can then provide training and refresher courses to our community health volunteers, teachers, members of the community, including Village Organisation members, on how to effectively manage disasters and be better prepared.

Supporting Food Security and Livelihoods Bangladesh’s rural population is heavily dependent on agriculture as a source of livelihood and employment. Climate change can have devastating effects on farmers and the predicted rise in sea levels threatens low lying coastal farm land. Working with Aila affected communities, and using new technologies, we have introduced salt-tolerant rice crops, fish cultivation and crab fattening in saltwater areas. Seeds for salt tolerant high yielding rice varieties were distributed to 2,679 farmers for cultivation during the *Aman* season and 600 farmers received grants of USD 220 to cultivate genetically improved farmed Tilapia fish and rear crabs using pens and cages.

Preparing Communities We have piloted emergency simulation exercises relating to sea level inundation, cyclones, floods, droughts and landslides in 1,000 villages across the country. Working with communities, our staff will help *Upazila* Disaster Management Committees to understand how best to respond to disasters and manage relief distribution efforts. We are working to provide training to 50,000 community members, 70,000 health volunteers and 200,000 microfinance group members, to help these areas become experts in adaptation strategy, reducing their dependency on external aid.

Mohiuddin’s Story



Mohiuddin with his new saline-water tolerant rice variety.

Mohiuddin Gazi is a rice farmer in Kathalbariya, Shyamnagar. His father was also a rice farmer and the family’s only source of income comes from farming. His farmland produced 400 kilograms of rice, which was enough to take care of his family. Like every year, Mohiuddin was delighted to see his cultivated rice ready for harvest - then cyclone Aila struck in February of 2009. The tidal surge destroyed all the crops in the Shyamnagar region. The salinisation of the land meant it would be impossible to cultivate rice in the area for years. Mohiuddin lost his home and only source of income and could no longer provide for his family. They were surviving on relief supplies, which barely gave them two meals a day.

Our efforts to improve conditions for those affected by cyclone Aila led us to Mohiuddin Gazi. After speaking with Mohiuddin we offered him BR-23 rice seed, which is a seed partially tolerant to salinity. Mohiuddin was also given fertilizers, pesticides and the money needed to cultivate the land. Today, he produces 600 hundred kilograms of rice, 50% more than before the cyclone, and enough to feed his family and make a profit. Mohiuddin says,

“I am happy that I have been able to get back on my feet after Aila and take care of my family. I don’t know where I would have been without the seeds and assistance BRAC gave me.”

BRAC Programmes

Targeting the Ultra Poor



The villagers of Achingach in Kurigarm attend a PRA meeting to help in the selection of members for our Ultra Poor programme.

Targeting extreme poverty

The poorest people in Bangladesh earn one dollar or less a day. This group struggles to meet its minimal dietary requirement and is forced to spend all its income on food related expenses. It leaves them with little else to spend on other essentials. Our Targeting the Ultra-Poor (TUP) programme works closely with individuals and families to begin the process of livelihood strengthening, asset building and income generating activities to create a pathway out of extreme poverty. The TUP programme, considered to be one of the best approaches for addressing extreme poverty, is being adapted to many settings around the world.

Our Approach

We start with some groundwork to identify and establish contact with the ultra-poor households. We follow up through a process of 'protection, prevention and promotion'. After our initial groundwork, we divide the target population into two groups. The first are assigned to the Special Targeted Ultra Poor (STUP), which takes a grant-based approach comprised of asset transfers supported by life skills and technical training, health care and a flexible savings scheme.

There are some within the ultra-poor who are marginally less deprived. We take a 'grant-plus-credit' approach to these households, which is our 'Other Targeted Ultra Poor' (OTUP) approach. This includes everything offered under the STUP except for any asset transfers and instead offers small flexible microloans. We provide both groups with other essential resources such as improved water and sanitation or agricultural tools.

Our staff visit each household every week to check on the status of the assets and ensure that basic needs are being met. After two years, members graduate out of the programme and are able to access our mainstream Microfinance programme.

With the right assets, skills and better health, poor people can establish sustainable income generating activities to help support

their households. Our aim is to help families and individuals improve the quality of their everyday life through home-based food production, better nutritional understanding, greater buying capacity and lessening their vulnerability to food insecurity and climate change.

Programme Components

Transferring assets We transfer assets to the members of our STUP programme which they can use to engage in income generating activities. We choose assets according to need, capacity and the local conditions, so that recipients can make the best use of the assets they are given. The assets can be cows, chickens, seedlings, fabric for sewing or a small patch of leased land. We also provide a weekly subsistence allowance to support any costs associated with the maintenance and use of the transferred assets.

Developing the right skills Literacy, numeracy and budget management training are also part of the two year programme to equip women from ultra poor households to gain productive returns from the asset transfers.

Achievements 2010

- 54,500 women given assets
- 22,000 loans distributed to women
- 76,000 women received subsistence allowances
- 76,000 women given skill development training
- 270,000 households receiving STUP support
- 329,000 households receiving OTUP support

Personalised health and financial support Healthcare is offered as a protective measure during the initial period of asset and income building as one incidence of illness can be a serious setback for someone trying to come out of extreme poverty.

Engaging the local community We work closely with rural community leaders to help create a protective and enabling environment for members of ultra-poor households. A 'Village Poverty Reduction Committee (*Gram Daridro Bimochon* Committee) made up of 9 to 11 persons from local elites, educated persons or elders of the community and representatives of ultra poor households formed to safeguard interests of ultra poor households.

Influencing national policies advocating for the ultra poor's rightful share of national resources is an important part of BRAC's agenda. Our Advocacy for Social Change programme partners with Parliamentarians, media, schools and youth to create awareness and mobilise resources.

Youth engagement In 2010 we organised school and college debates, quizzes and seminars on the topic of poverty in Bangladesh resulting in thousands students committing to a scheme, where they contribute a fraction of their daily tiffin money to a fund, which so far has donated just over 100,000 taka to around 623 ultra-poor students.

Advocating for the poorest communities Entertainment channels like popular theatre, video and audio shows were used to create active learning environments in villages and build social activism, in the communities where we work, through groups called Jogajog (communication) forums.

Future Plans

Our goal is to continue sharing our experiences and knowledge with like-minded organisations that share our vision of eradicating extreme poverty in Bangladesh and elsewhere. Five partner NGOs have adapted and are currently implementing our programme in Bangladesh. We provided technical assistance to organisations in Afghanistan, Canada, Ethiopia, Haiti, Honduras, India, Pakistan, Peru and Yemen to help implement our approach. As urban poverty becomes a real issue, we shall adapt our programme to support the urban poor. We plan to reach 300,000 households and 1,500,000 people through our Ultra-Poor programme by 2016.

Monjuara's Story



Monjura Begum and her family live in their new home rebuilt by members of the Village Poverty Alleviation Committee.

Monjuara Begum stitches clothes on her sewing machine to earn a small living. Her soft smile tells a story of change. She lives in Bhurungamari, Kurigram – one of the poorest regions of Bangladesh. Living in extreme poverty, Monjuara's home was badly rundown, and a lack of income generating skills, left her unable to pay for her children's education. In 2009, Monjuara's story came to the attention of the 'Village Poverty Reduction Committee', a group set up by BRAC as part of the Ultra-Poor programme, who help us assess the needs of the village and families or households that need help. After evaluating her situation, we gave Monjuara a sewing machine, along with specialist training, and installed a tube well to help improve the living condition of her household.

That was one year ago. Monjuara is now earning enough money to pay for her children's education, help with family expenses, and still has money left over each month. Her son goes to school and her daughter will soon start. Monjuara's husband, who works as a painter for local shops, is happy with the financial support he now gets from his wife.

Through our Ultra-Poor programme we have been able to help many people like Monjuara. Following the guidance of village committees, a process of asset transfer and skills training, healthcare and social empowerment, we can help people out of extreme poverty. Today, Monjuara is happy with her life. She says

"I hope to go further in my life and have more financial freedom. I thank BRAC for helping me in my hour of need."

BRAC Programmes

Microfinance



Members of a microfinance group attend a VO meeting to pay their weekly installments in the village of Dhopakudi.

Investing for a better quality of life

We first initiated our microfinance activities in 1974 to offer poor people access to financial services along with health, education and relief. The programme gave poor women the option to borrow money to put towards income generating activities and encouraged its members to save regularly in order to protect themselves against economic shocks. Whilst we continue to work under the same philosophy today, our Microfinance programme has grown tremendously over the years and continues to develop innovative products and services to serve different segments of the population.

Our Approach

Our programme offers a secure means of borrowing as a pose to local moneylenders often used by people from poor communities. Our borrowers, most of whom are women, use the loans to engage in various income generating activities to build a livelihood for themselves and for their families. We bring our collateral free credit and savings services to the doorsteps of the landless poor, marginal farmers and small entrepreneurs who are not served by conventional banks.

In our holistic approach to poverty alleviation we see microfinance as one of many tools that work together to address the various causes of poverty. In addition to providing access to finance,

we ensure that our borrowers are supported, have the ability to exchange information and raise their levels of awareness on health, social and legal issues. Also, through our 'credit-plus' approach we work to strengthen the enterprises that our borrowers invest in, giving them access to quality supplies, training and support in marketing their products to reduce vulnerability to market failures.

Programme Components

Village Organisations Organising the poor is at the heart of our work. Our Village Organisations (VOs) are made up of around 30 to 40 women from the local community and act as platforms for poor

women to come together, share information and raise awareness on issues concerning their daily lives.

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

Microenterprise loans (*Progoti*) These loans, which range from USD 700 to 10,000 are given to both male and female entrepreneurs to support and help expand existing small enterprises which are too small to qualify for credit from mainstream banks. Borrowers generally use these loans to finance shops and small-scale manufacturing activities.

A ladder of opportunity We have developed a 'ladder' of financial services to target different poverty groups because we understand that the financial needs of the poor are diverse. The most vulnerable are the extreme poor who do not benefit from microfinance – for this group we have developed a grant-based programme that incorporates asset transfers with non-financial support; our Ultra Poor programme. Similarly, we have launched, with the help of the Government, a specific customised product for marginal farmers, which combines access to finance with technical support. Another specialised microloan scheme aims to financially empower adolescent girls, helping them continue their education, build savings and receive livelihood training to start smaller home-based enterprises.

Challenges and Opportunities

After several years of impressive growth, having reached more and more people, this past year we have focused on improving the working standards of our staff and risk management practices. We developed and piloted several new savings and credit services to cater to the diverse and changing financial needs of poor people and those we are already helping. Whilst we will continue to innovate and introduce new services for our members, we plan to launch a long-term savings option. This will offer old-age security to the rapidly growing segment of Bangladesh's population, who will reach retirement age in the coming years.

In the year ahead, we will also focus on improving our staff-member interface to ensure an effective and accessible means through which borrowers can seek redress against any grievances. Working with other microfinance institutions, we want to move towards a greater sharing of information to reduce incidences of multiple lending, which can often lead to over-indebtedness.

Munni's Story



Munni started making biscuits by hand and now runs a factory with 17 employees and has a monthly income of 150,000 taka month.

Akhteri Begum Munni sits with a warm smile and her healthy little baby radiating success. Munni Akhter, along with her husband owns and runs Tumpa Biscuit Factory where they make 'moa', a local type of biscuit. It all began in 1988 when they used to make the biscuits by hand. In 2006 she joined our 'Dabi' scheme, through the Microfinance programme, and took out her first loan of 5,000 taka for materials for making biscuits. In 2008 she applied for our 'Progoti' scheme and was granted a loan of 100,000 taka to put towards machinery for her factory. She will soon take her last loan of 500, 000 taka to expand and invest in better, faster machinery.

Today, her biscuit factory is continuously expanding to meet a high demand with a huge increase in production. Munni and her husband's income has sky rocketed to 150,000 taka a month and now they are selling their biscuits across all of Bangladesh. They are hoping to expand to India and Burma. From making their biscuits by hand, they have expanded to beyond anything they could have imagined, and believe this is just the start. Today they have not only established a factory but have created employment for 17 people. Munni says,

"I have always had potential and dreamt of living a better life. BRAC has been a helping hand in achieving it".

BRAC Enterprises



Workers inside Manikganj BRAC Nursery tend the plants that will be sold in local markets.

Social enterprises are businesses with a social purpose and an element of environmental promotion and sustainability. The social purposes of the businesses derive from the ways in which they contribute to improving the lives of the poor. Our development programmes help us identify 'gaps' where social enterprises can increase the productivity of members' assets, generate surplus for the organisation and offer an improved quality of livelihood for poor people and communities. The surpluses generated by the social enterprises make us more self-sustaining, allow us to finance innovative pilots and help grow the business itself so that increasing numbers of poor people can become self-reliant. Our social enterprises therefore serve several functions to form an important part of our integrated approach to poverty alleviation.

BRAC as a social entrepreneur A large number of our microfinance loans are used to buy livestock which can pose high risks for borrowers owing to poor breeding, limited veterinary services and shortages in cow feed. We launched our Dairy and Food Project to provide a market to members of our Village Organisations who borrow to invest in cows. By buying milk from these women at a fair price, the Dairy and Food Project ensures a reliable demand and good return for the milk being produced by these rural entrepreneurs.

Today **BRAC Dairy**, not only secures fair prices for its rural entrepreneurs, but has expanded to offer cattle development and technical training, vaccinations and feed cultivation facilities. BRAC Dairy collects milk from 92 collection and chilling stations located across the country including 10 that are located in ultra-poor areas.

Our enterprises strive to offer solutions to social problems and opportunities to poor people so that they can invest with confidence and create a road to self-reliance.

With the same goals in mind we successfully run a number of social enterprises that continue to fill crucial 'gaps' and serve as innovative solutions to help build livelihoods for the poor.

Here are some of the innovative social enterprises we have launched:

Aarong Bangladesh has a long history of folk arts and crafts and women in village communities are especially familiar with these traditional techniques. Realising the potential for generating incomes for poor rural women, we initiated Aarong in 1978 as a fair trade organisation to sell and promote local arts and crafts. We reached out to remote areas, where poverty is high and job opportunities limited, to offer a means through which rural artisans could access markets

and earn a steady and fair income. *Aarong* village production centres are located within walking distance of where the women live so that they can easily carry out their handicraft work. We provide artisans with the designs, raw materials, product development and the promotion and marketing of their products.

Today, Aarong employs more than 65,000 artisans, 80% of whom are women, and has grown to become a leading brand and retailer.

BRAC Poultry is a pioneering venture, set up in 1996, that has significantly contributed to the development of the poultry industry in Bangladesh whilst creating more income generating activities for millions of poor people. We saw that local chickens were generally undernourished and that egg production was poor in villages. By providing the right technology and training, we could help villages produce better chickens, more meat and more eggs, which in turn meant an improved diet and income for families and for entire villages. This enterprise produces day-old chicks and runs a diagnostic lab whilst providing essential support to poultry farmers.

BRAC Fisheries was created to supply fish spawn, prawn PL, fish fry and fingerling to help address the needs of commercial fish farms owing to the recent decline of wild fish stocks. We run eight prawn hatcheries, four carp hatcheries, one tilapia hatchery, one marine fish breeding centre and one cage aquaculture unit.

Sanitary Napkin and Delivery Kits production centre was set up in 1999, in response to public health needs of schoolgirls and poor women in rural areas. Our Education programme identified that the absenteeism of young girls was due to inadequate hygiene facilities during menstruation. The girls were also embarrassed to ask male members of the family to buy sanitary napkins. The solution was to ensure that affordable napkins were easily available to them. Our Community Promoters of Health sell the sanitary napkins and essential delivery kits at the doorsteps of users and help promote hygienic practices amongst poor girls and women.

Our market-based approach is a development model for providing essential products and services to the poor.

Our other enterprises:

- BRAC Chicken
- BRAC Cold Storage
- BRAC Feed Mills
- BRAC Nursery
- BRAC Poultry Rearing Farms
- BRAC Printers
- BRAC Printing Pack
- BRAC Recycled Handmade Paper
- BRAC Salt Industries
- BRAC Sericulture
- BRAC Solar
- BRAC Tea Estates



Women boil cocoons to extract fine silk threads at our Reeling Centre in Taraganj, Rangpur.

Investing for the Future

We have sponsored entities like BRAC Bank Limited and Delta-BRAC Housing, which are not related to our development programmes, but offer protection and sustainability of our work. They are investments that, like our social enterprises, offer the potential of financial returns and generate a social value. BRAC Bank was first set up to support small and medium enterprises, which were not supported by traditional banks at that time. Delta-BRAC Housing is a specialist finance body established to support potential middle-income homeowners through loans and property services. Our investments are therefore socially responsible, offer clear accountability and strong governance.

BRAC Bank makes room for entrepreneurs by lending to small and medium enterprises and creating greater opportunities to help build businesses.

GOING GREEN

We know that poverty is a major factor in environmental degradation and we are committed to ensuring our enterprises focus on using renewable energy sources. We are promoting and encouraging the use of solar home systems along with developing the use of bio-gas as a means of energy in small rural households for lighting and cooking. The bio-gas initiative is already being used on our poultry farms and our Recycled Handmade Paper products target the corporate urban market.

Realising Potential: **Creating Entrepreneurs**



Marium from Shahjadpur in the district of Shirajganj, owns 7 cows and several calves all of which have been artificially inseminated. "Before BRAC started Aarong Milk, we only had one buyer for our milk so we had to accept whatever price was offered. Now there is competition, so we can get the best possible price. The BRAC AI worker helps us look after our cows."

BRAC Dairy fills an important gap in our development work by helping milk producers access markets while providing them with a fair price for their efforts. However, we can achieve more when we identify innovative livelihoods that can help transform people into entrepreneurs.

In 1987, we started working with the Government's Livestock Department on a vaccination programme that trained paravets from the local area. The qualified paravets could then earn an income by buying supplies from us and selling veterinary services to the local community. We launched our Artificial Insemination (AI) programme with this aim in mind. AI workers would help strengthen our dairy enterprise by providing farmers with access to semen of hybrid cattle breeds that yield more milk along with training on how to care for livestock. Cows inseminated by the AI workers would produce healthy offspring capable of producing more milk. In 2000, our BRAC Bull and Buck Station in Mymensingh started producing frozen semen to support our efforts to boost both incomes and milk production.

Today, the Artificial Insemination programme offers training and work to more than 2,000 artificial livestock inseminators.

Through our development work, like our Health, Human Rights and Legal Aid Services and Education programmes, we have created a range of 'entrepreneurs' by helping the rural poor, especially women, improve their skill set and build a higher earning capacity to become more self-reliant.

Entrepreneurs making a difference in communities

Artificial Inseminators offer 'door-to-door' artificial insemination services and educate farmers on housing, feeding, water management, disease prevention, cattle breed selection and milking of livestock helping to educate and raise awareness amongst the local community. Our Bull and Buck production centre provides bull semen and liquid nitrogen, enabling the entrepreneurs to effectively carry out their work, whilst they earn a livelihood, by charging a fee for some of the services they provide such as artificial insemination and cattle de-worming. Along with training and supervision we offer access to loans, free training, quality supplies from BRAC, on-going supervision and refresher training, so they can successfully provide services that help support rural farmers and improve national cattle breeds. These entrepreneurs are self-employed and simply use our business model to provide essential community services at an affordable cost in agriculture, livestock, health and other crucial areas. The entrepreneurs, who are able to generate an income through the community services they provide, include Community Promoters for Health, also known as *Shasthya Shebikas*, who help support our Health programme, and our Community Promoters for Legal Education, known as 'barefoot lawyers', who help support our Human Rights and Legal Aid Services programme.



Bazlur Rashid's Story

Working as a settlement worker in Mymensingh, and earning as little as 600 taka a month, Bazlur was struggling to support his family. Bazlur suddenly fell ill for around six months and, owing to his prolonged absence, his employer refused to take him back once he had recovered. For the next four years he was unemployed and finding a new job proved difficult with his lack of specialist training or experience. One day, Bazlur heard about BRAC and how he could receive training on vaccinating cows.

Bazlur soon became a trained paravet and started vaccinating cows for local farmers, allowing him to generate an income of up to 2,000 taka a month, for every two to three hundred cows vaccinated. He developed his skillset further and took up a year-long training course in Savar on one of BRAC's dairy farms. Bazlur has continued to build on his expertise and in 2000 received specialist training from Mymensingh University through BRAC.

Bazlur now works as an Artificial Inseminator and treats around 800 cows a month that earns him an income of up to 15,000 taka. Today, Bazlur is happy knowing he can comfortably educate his daughters and get them married. He has purchased a motorbike and some land using the money he has been able to save from his monthly income. Bazlur says,

"BRAC gave me specialised training and helped me to develop my skills. Without them I would have worked as an unskilled labourer. Today, I can use these skills to move forward in life."

We are supporting entrepreneurs like Bazlur by offering access to free training, and all the materials they need, helping to build livelihoods and support poor people in becoming self-reliant.



Bazlur received training as an AI worker in 2000 and has recently been awarded for inseminating the highest number of cows in a year in Bangladesh.

BRAC Programmes

Agriculture and Food Security



A farmer uses BRAC Aloron hybrid rice seeds in the village of Bogi Santh Ghar in Sharankhola.

Building food security for a brighter future

Working alongside the Government we are trying to help Bangladesh achieve self-sufficiency in food production to ensure food security and reduce hunger and malnutrition, through increased environmentally sustainable agricultural production. Our work provides support to local farmers across the country, through agricultural research and development, quality seed production, distribution and marketing and the use of proven agricultural technologies.

Achievements 2010

- 6 new submergence tolerant rice varieties were evaluated and developed for use under flash flood prone areas of Bangladesh
- 85,672 commercial farmers across the country receive assistance in vegetable cultivation
- 5 Vietnamese rice varieties of short maturity were evaluated for use during the Aus season
- 30,000 farmers, both men and women, were provided hands-on training on improved crop cultivation
- 1250 MT hybrid rice, 884 MT hybrid maize, 4700 MT potato seeds, 530 MT high yielding rice and 52 MT of vegetable seeds were marketed to help increase productivity and achieve food security

Our Approach

By developing and promoting the use of high-yielding varieties of seed, crop intensification, shorter maturity crop varieties and growing new types of crops we are trying to increase food production in the country. As rising agricultural wages start to affect poorer farmers, we are working to ensure a balance between the mechanisation of farming practices whilst continuing to help create employment opportunities in agriculture by working closely with local farmers and farming families.

Programme Components

Research and development Our two agricultural research and development centres are carrying out applied research focusing on plant tissue culture, vegetables, rice and maize including the development of hybrids. Our teams of researchers have also conducted adaptability trials of exotic varieties to grow at scale

across the country. We work closely with both national and international research organisations and a number of multinational seed companies for validating improved technologies with farmer participatory experiment.

Climate change and food security We are exploring the effects of high temperatures on hybrid rice, to combat the effects of climate change in Bangladesh, and monitoring the performance of hybrid rice in water logged conditions to improve its cultivation across southern regions of the country – including salt and submergence tolerant rice that can be grown in flood prone areas.

Building livelihoods as part of our rehabilitation efforts for the victims of cyclone Aila, we started repairing and reconstructing damaged roads to help people return to their homes. Working with those worst affected we helped create small scale business entrepreneurship, home stead gardening for the production of vegetables, pond fisheries, rickshaw van distribution and pond excavation for drinking water. Through our crop intensification programme we have helped increase food availability and introduced maize and sunflower, in 'fallow' land areas, to continue to help build livelihoods for the victims of Aila.

Plant biotechnology and testing Our plant biotechnology laboratory helps us to produce disease free plantlets of various crops, such as potato, banana, stevia and strawberry, by rapid reproduction. Plantlets are 'hardened' in green houses before the seedlings are distributed in the field. We use our soil testing laboratory to test soil samples ensuring higher productivity of the land.

Producing, distributing and marketing better quality seeds We produce high quality seeds of both hybrid and inbred varieties of rice, maize and different vegetables on our own farms as well as through contract growers. We have sourced a number of hybrid varieties from other countries and imported seeds which have a high potential and adaptability in Bangladesh's climate. Our two automatic Seed Processing and Packing Plants process around 5500 MT of seed per year, which we sell to dealers, who then sell to local markets or outlets, where farmers can buy their seeds.

Helping local farmers through our agriculture extension project a total of 136,320 village organisations (VO) and around 500,000 local farming families are given training and access to farming technologies and credit services to help boost land productivity and income. We especially target three key areas including disaster prone coastal areas in the south, northern monga (drought) prone areas and sharecroppers.

'Borga Chashi' development project The Bangladesh Bank offered us a refinancing facility of 500 crore taka, around USD 75 million, at 5% interest, so that we could offer soft loans to tenant farmers with a specially tailored recovery plan. The project aims to reach 300,000 tenant farmers across Bangladesh over the next three years, along with providing access to better technology and modern farming practices.

Meherjaan's Story



Meherjaan from Boroshundi in Manikganj has rented 24 decimals of land using a loan from BRAC and now harvests crops for a living.

Akhteri Begum Munni Meherjaan is a sharecropper from the village of Boroshundi in Manikganj. She rents land and harvests crops for a living and currently rents 24 decimals of land for farming. Meherjaan basically pays rent for the land, buys seeds and then sells crops to make a profit. Sounds like a simple equation – except paying rent and still getting the best out of her land has not been so simple for Meherjaan.

Meherjaan used to harvest potatoes and every season she'd make a total profit of 4,000 taka. Life was a struggle and the idea of expanding seemed impossible whilst still paying rent for her land. Meherjaan heard about our seeds and was approached by BRAC staff working in the local area. She started farming maize with our hybrid seed variation. She received advice from our agricultural experts on better farming techniques, pesticide usage and how to achieve higher yields. Meherjaan was also given access to loans to help her buy new materials and for renting land.

Today, Meherjaan is really happy with her increased profits. She makes more than 8,000 taka every season after paying all expenses and can harvest twice a year instead of just once when she was farming potatoes. Being given access to financial support from BRAC has enabled her to expand her farm land and Meherjaan now dreams of growing her farm further in the future. She says,

"My boost in income means I can invest more and make more profit. The financial support and the advice I have received has helped me get more produce and make more money for my family".

BRAC Programmes

Human Rights and Legal Aid Services



Hasna Hena, a 'barefoot lawyer' is explaining the family laws of the country using a flipchart to the women in her community in the village of Ghaghota para, Rangpur.

Path to Freedom

The disadvantaged and marginalised are likely to have little or no access to fair legal representation leaving them vulnerable and unable to protect their human rights. Legal empowerment plays a crucial role in giving a voice to the poor and helping to empower communities. Providing access to legal services is an important part of the fight against poverty, helping to build positive and sustainable change.

We provide vulnerable individuals with the means to protect themselves from exploitation and discrimination at home and within their communities. This programme includes legal education, legal aid and support services to help ensure poor people have fair and equal access to justice through 541 Legal Aid Clinics across Bangladesh. We provide free legal aid services to poor people, making the formal legal mechanism more accessible, and allowing us to support the survivors of rape, acid throwing, trafficking, sexual abuse, and other forms of rights violations. We offer shelter and psychological counselling to survivors. Whilst working with the formal legal system and other development organisations to help sensitise authorities on human rights issues, we also reach out to family members and witnesses to help rehabilitate all those affected. Through our work we aim to engage policy makers on national legislation like the recent National Women's Development Policy and Hindu marriage registration.

Our 'barefoot lawyers', or *Shebikas*, are trained to conduct legal literacy courses targeting women in villages – they are our frontline facilitators in reaching the rural poor, and are usually the first port of call for a survivor of abuse. By establishing social networks within communities our *Shebikas* can rapidly respond to and rescue survivors.

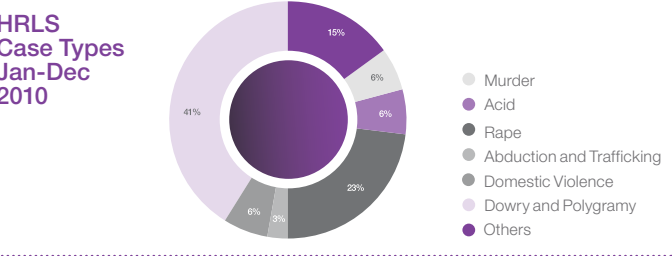
Human Rights and Legal Education (HRLE) Without any basic knowledge of laws, deprived communities and poor people cannot protect themselves, exposing them to vulnerability and exploitation. Our human rights and legal education course covers a number of human rights issues through user friendly, visually effective materials carefully developed by our Human Rights and Legal Aid Services (HRLS) team. Classes are held locally in villages and primarily target women to help raise legal awareness and an understanding of the judicial system.

Local disputes often relate to land ownership, some *Shebikas* and *Sheboks* (male volunteers), receive training on these common issues, which in turn can contribute towards helping them generate an additional source of income.

Engaging Community Leaders Educating community leaders is an important step towards eradicating corruption and tackling gender discrimination. We organise workshops for community leaders on gender issues and human rights, and help form Law Implementation Committees (LICs), made up of women with legal training to monitor and settle local disputes within the community. These committees are comprised of three women who have graduated from the HRLE course. The workshops engage Union level leaders and provide a space for women to share their opinions and views at higher levels of local government.

Achievements 2010

- 23 victims of acid throwing have been given legal aid support
- 110,126 women have been educated through our HRLE course
- 164 under trial prisoners have been successfully released
- 134 prisoners were referred to District Legal Aid Clinics or partner NGOs
- 2,059 prisoners received legal assistance



Making History: Verdict on 'Fatwa'

July 8th 2010 marked a historic High Court verdict which declared that the "imposition and execution of extra-judicial penalties including those in the name of execution of 'Fatwa' is bereft of any legal pedigree and has no sanction in laws of the land." Working with several human and women's rights groups, BRAC filed a petition to outlaw extra-judicial retribution in the name of 'Fatwa', making it a punishable act under the Criminal Procedure Code. The Court cited the constitutional mandate of equality and the state's international human rights treaty obligations to ensure women's right to live free from violence.

Overcrowding in Prisons is one of the most challenging problems facing criminal justice systems around the world, in spite of falling crime rates and extensive prison construction programmes. In Bangladesh, prison populations are at 288% of official capacity – the highest rate in South Asia. In 2010, we began working on a pilot project for criminal justice and prison reform, with the support of the Ministry of Home Affairs and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, using Paralegal services to tackle overcrowding in jails in Dhaka.

Lasting Change By working in partnership with likeminded organisations and supporting the objectives of the Government we can bring about real sustainable change. These crucial relationships have given us access to the reviewing and drafting of amendments to anti-poor laws and legislation including Public Interest Litigations, disability rights, road safety, construction, safety in the workplace and the sexual harassment of girls and women in public places.

Rafiq's Story



Rafiq now leads a free life after being rescued by our Paralegals and being unfairly imprisoned for 2 years.

Rafiq, an auto rickshaw driver from Keraniganj, Dhaka, used to drive an auto rickshaw owned by his father. Rafiq's friends dragged him into a world of drugs, which lead to a series of unfortunate events that would change his life forever. One day, when Rafiq had been taking drugs and was in an intoxicated state, a theft took place and a two-foot cable was stolen. An angry mob started running towards Rafiq and out of fear he ran. The mob caught him and Rafiq was falsely accused of having committed the crime. The police transferred him to a jail, keeping him there for three months, in which time Rafiq 'missed' a hearing and was reported to have 'absconded', when in reality he was held in a prison cell and was never informed of the on-going case.

Our Paralegal work in association with prison authorities, aims to improve the situation of prisoners in Dhaka, with a specific target to address the issue of overcrowding in prisons. We found out about Rafiq and were able to represent him in court, which led to him being granted bail. Sadly, Rafiq had already served almost two years in prison for a crime that usually carries a maximum sentence of three months.

Today, Rafiq is a free man. He has been reunited with his wife and son and is free of drugs. Rafiq says,

"Without the Paralegals I would still be stuck inside prison walls. Today, BRAC has helped me out of my misfortune and I am now living happily with my family".

¹ International Centre for Prison Studies World Prison Brief, 'Prison Brief for United States of America', accessed online 26 January 2007.

BRAC Programmes

Community Empowerment



People of Mangalkot in Jessore building a road to their village with assistance from the local Union Council after learning through our Community Empowerment programme.

Bringing together communities

By engaging poor, rural men and women in a discussion about their rights as citizens, we can empower entire communities, improve their well-being, and support them to exercise their rights so that they play a more active role in public life. The marginalised and poor in village communities need local governments that can respond to their needs in transparent and accountable ways. We provide a platform for the rural poor to communicate their voices and needs, both as individuals and as members of a community, so that their rights can be realised.

Our Approach

We strive for the socio-political empowerment of the poor and marginalised through a set of coordinated activities designed around a rights based framework. We focus simultaneously on strengthening rural communities, to collectively resist social injustice and demand their rights and entitlements, and on improving governance so that local government representatives are able and willing to respond to such demands. We believe that information is key to the fulfilment of rights and therefore work to increase the access of the rural poor to information through the use of community media. We address human rights violations across the entire spectrum our interventions.

Programme Components

Community Institution Building
We mobilise and unite the rural poor through democratic and inclusive community based organisations called *Polli Shomaj* (rural village societies) and *Union Shomaj* (federated village societies at the Union level). These organisations serve as forums or strong platforms for accessing governmental and non-governmental resources and services. They participate in local community development activities, promote grassroots women's leadership and political participation, and prevent violence, particularly violence against women. More than 12,000 *Polli Shomaj* and *Union Shomaj* have been formed since 1998 and they reach over 700,000 rural poor women across the country.

Our success in energising the rural poor led to an initiative in 2010 to enhance the social capital of our Village Organisation (VO) members. By engaging regularly with the VOs we aim to

strengthen their ability to solve financial problems and mobilize around different social issues.

Strengthening Local Governance

We strengthen local governance to ensure effective delivery of public services, promote accountability and transparency and improve the interface between local government and community. We provided support to strengthen the capacity of 5,968 women *Union Parishad* (UP) representatives – they constitute 44% of the total women elected to UPs nationally. The support included training and creation of platforms. We also build social accountability through citizen participation and community monitoring and we advocate for pro-poor local governance.

In 2010 we initiated a pilot to create an environment for achieving MDGs at the union level.

Access to Information

We use Popular Theatre as a powerful medium for creating grassroots awareness that enables the poor and powerless to gain confidence and greater control over their lives. We have 362 theatre groups whose performances generate dialogue on a wide range of issues of local and national significance. The groundwork has been laid for Radio *Pollikontho*, a community radio channel that will provide the poor with greater access to information.

Addressing Violence

We mobilise communities to protest and prevent incidents of violence, particularly against women. *Polli Shomaj* serves as a strong network for identification and reporting of incidents of violence such as acid throwing, rape, murder, fatwa and child marriage. We maintain a database on violence in our working areas and coordinate support for emergency medical and legal aid for the rehabilitation and social reintegration of violence survivors.

Achievements 2010

2,060,061 number of resources mobilised for the community (such as Vulnerable Group Feeding Cards)

130,222 Popular Theatre shows staged on issues such as dowry, violence against women, child marriage, ultra poverty with audiences over 4 million men, women and children

73,974 actions by the community against social injustice and violence against women (such as child marriage, dowry, domestic violence and *fatwa*)

25,548 poor women assumed positions in local power structures including in the *Union Parishad*

12,332 men and women *Union Parishad* members were trained to advocate for the poorest.

9,024 incidents of violence were reported

2,126 violence survivors received emergency medical aid, shelter home and rehabilitation services with supported coordinated by us

Khodeja's Story



Khodeja from the village of Khorkhoria in Jamalpur has been reunited with her husband after BRAC *Polli Shomaj* members protested against the 'hilla' marriage imposed upon her by local *Imams*.

Khodeja Begum from the village of Khorkhoria in Jamalpur used to live with her husband Rofizuddin and their two sons and two daughters. Khodeja got into a family dispute with her mother-in-law and husband and, when her husband gave her a verbal divorce, she left for her father's house. However two months later, the couple wanted to get back together and continue their married life. The local community found out about the verbal divorce and the '*Matobbor*' and Imam of the local mosque issued a fatwa for the couple to have a 'Hilla marriage' before they could reunite.

When, the members of the *Polli Shomaj* in the village heard, they protested and put up active resistance against the fatwa verdict. In a general meeting, the *Polli Shomaj* members invited *Union Parishad* (local Government) members and local elites to discuss the issue. Kajuli Begum, the President of the *Polli Shomaj*, discussed the illegality of verbal divorce and of the '*Hilla* marriage' and its negative implications particularly for women. As a result, the community took a collective decision that a '*Hilla* marriage' was illegal and that Khodeja and Rofizuddin should be allowed to resume their matrimonial life as they so wished. It was also agreed that if anyone tried to prevent them doing so, legal action would be taken against them with the help of the *Union Parishad* Chairman.

The couple reunited and Khodeja has returned to her family life and is very happy. The community now invite the *Polli Shomaj* members to support important decision making processes and any other social welfare activities acting as an independent and democratic organisation to protect the local community from human right violations particularly those against women and children.

BRAC Programmes

Gender Justice and Diversity



Men and women participate in a rally organised by BRAC in protest of the sexual harassment of young girls and women.

The road to empowerment

The structure of South Asian society has traditionally been steeped in patriarchal ideologies and values. Today, both women and men are breaking away from tradition and moving away from gender biases. The last century has seen women took path breaking steps towards empowering themselves in order to achieve gender equality. The social and political space is being created for women's rights, access to resources and dignity. At the same time women are venturing into physical (public) spaces long dominated by men. The increase of women's mobility in public spaces has corresponded with an increase in sexual harassment and violence against women in both private and public spheres. These actions strike at the heart of women's empowerment and gender equality and must be fought in homes, schools, offices and communities.

Achievements 2010

Gender sensitisation training held across **310** field offices for **6,200** of our staff including Aarong staff

150,000 people reached through our **3,000** Gender Justice Community Promoters

Lobbying to influence public opinion and campaign for High Court legislations to end sexual harassment in institutions

The term 'eve teasing', long been used in media reporting, reduces a serious social crime to a frivolous level. It has been used as a euphemism for sexual harassment. The High Court Division has passed a ruling that 'eve-teasing' should not be used and should be referred to as 'sexual harassment'.

Sexual harassment is a menace that has grown to alarming proportions. The general consensus is that public spaces in Bangladesh are often considered unsafe for women. Whilst Bangladesh is one of the fastest growing countries in the world there is still a long way to go before working women and female students can feel safe and secure in public places. Sexual harassment is a huge issue in both cities and rural areas

of Bangladesh and involves incidents of public sexual harassment. It may involve sexually suggestive remarks, groping and the making of lewd gestures. These incidents can take place anywhere but usually take place on public transport, streets, educational institutions and offices.

Lobbying for lasting change Our work in Gender, Justice and Diversity strives to achieve equality for women and men, freedom of choice and being able to realise potential in economic, social and cultural spheres without fear of exploitation. We have noted a higher incidence of domestic violence and gender based discrimination in poorer households and are working to address these issues. We want to achieve gender equality and inclusiveness in every area that we work in and most of all at a national policy advocacy level working alongside the Government through networking and lobbying, nationally and internationally, to be involved in the formulation and review of laws. Through training sessions, workshops and regular dialogue we are continually raising awareness on gender equality within our organisation and across all our programmes. Working with different human and women's rights networks, alliances of GOs, NGOs, civil society and the Government we can start making real lasting change and help empower girls like Rashida.

'Meyeder Jonno Nirapod Nagorikotta' (MEJNIN) is an initiative targeting 20,000 students in 60 schools across urban areas which aims to educate young girls, parents and teachers on issues relating to sexual harassment and to build synergy to prevent and protest any such harassment anywhere.

Gender Quality Action Learning (GQAL) works with the ultra poor, at the household level to stop domestic violence and gender based discrimination within families and communities. We have improved the understanding of men on issues relating to women's education, division of labour, social taboos, reproductive health, asset ownership, HIV/AIDS awareness and increasing male participation in household work. By creating a gender friendly attitude in rural areas towards women's empowerment, through awareness raising activities and engaging communities, we can protect young girls and women from being exploited.

Rashida's Story



Rashida is now back in school after BRAC staff intervened to help prevent her early marriage.

Harassment is a problem that urgently needs to be addressed. Often a manifestation of the problem is the tendency of parents to push underage daughters into early marriages to help escape the aggravations caused by sexual harassment. Parents may believe that if their daughter has a husband, they will be saved from such dangers, often creating a vicious cycle for many young girls and women. One such case is the story of Rashida – a fifteen year old, who studies in Grade 10, and lives in the village of Balapara in Kauniaupazilla, Rangpur.

Rashida's parents, Aftab and Jorina, like most parents had hopes of their daughter finishing her education to lead a successful life. But their dreams of a bright future were interrupted by the villagers who took a different view. They felt that a family educating their daughter would only need more money to pay for her wedding, and who would pay that money? Moreover, the rise in sexual harassment on the streets and in public places is considered so great that, as in the case of Rashida, educating young women is often discouraged or avoided owing to the unwanted attention a woman may attract travelling to and from school or college. Poverty, a lack of access to safety and security and the influence of community members led to Rashida's parents arranging and fixing a date for her wedding. The news of her marriage spread through the village including to one of BRAC's Community Promoters for Gender Justice.

Abdur Rahim, as part of BRAC's Gender Justice programme and a member of the local community, worked in the village to fight child marriage and cases of discrimination and oppression. The issue was raised with Abdur by members of the village youth club and influential members in the village. Abdur visited Rashida's house to convince her parents to stop the marriage, explaining the negatives of marrying early, but Aftab her father remained unmoved. After protests from the village elders and threats of legal action, Rashida's parents changed their decision. Eventually they agreed to not get her married until she completes her education, showing how positive the efforts of a local community can be in stopping a child marriage. Rashida is now studying for her HSC and her parents are optimistic about her future.



Seminar on 'Public Private Participation in Safe Migration Management' held on December 12, 2010

Advocating for lasting change

Life in a progressive world where basic human rights are taken for granted is unfortunately the reality for only a few. Today, what could be perceived as modern day slavery exists in the form of migrant workers who are stripped of their rights when they take up illegitimate overseas employment. For the hope of a better future, and as a result of the exploitation of recruitment agencies and their foreign counterparts, these migrants fall into a trap of false security. Owing to a lack of knowledge about migration processes and basic laws or rights, they find themselves helpless and vulnerable to an array of human rights abuses.

The overseas migration of Bangladeshis is common as it offers the promise of a better quality of life and higher earning capacity to help support families back home. Women and young men spend hard-earned savings and sign up with agencies. A huge number of migrant workers who think they are going abroad to work in domestic or factory jobs get caught in dangerous predicaments. Trapped in an alien country and facing ill treatment by employers or are even forced in to prostitution, they have little recourse. Raising awareness of migrants and government, campaigning and lobbying for migrants and providing them with essential information and tools, coupled with rehabilitation and support for those affected, is critical to tackling the human rights abuses faced.

Safe Migration Facilitation Centres target the poor and the marginalised, as well as potential and returning workers, especially women and youth, and provide information on safe migration processes, relevant laws and rights, legal support and skills training as well as working on settlements to recover money from middlemen. We are especially working to raise public awareness on this issue through the media, engaging our local and international networks, and working in partnership with the Government.

Achievements 2010

National policies we aim to influence policy makers for alleviating the conditions of the ultra poor. We engage with Parliamentarians, civil servants and thought leaders to highlight issues through various mediums and forums (news, talk shows, round tables, dialogues, research, meetings). On December 22 we organised a national seminar on the role of livestock in reducing ultra-poverty in Bangladesh with the Ministry of Fisheries and Livestock where BRAC's Targeting the Ultra Poor programme was highly praised and commitments made by the Minister to increase services and livestock assets for the ultra poor who constitute the bottom ten percent of the population.

Future leaders through an inter-college debate and exposure trips to the field, we worked with students from various institutions in both urban and rural areas, in an effort to engage and educate young people about key human rights issues.

Advocacy for health a conference was held to discuss the 'Participation of Private Practitioners in TB control' in partnership with The Independent. This created a channel to inform journalists about the tuberculosis situation in Bangladesh, helping raise social awareness and tackle the stigma associated with tuberculosis through media. This past year we also ran a national workshop and conference on malaria control to offer basic information on malaria and its status in Bangladesh. By educating people on preventive measures against malaria, and showing them where and how they can receive treatment, we can address public health issues like this.

We run 6 SMF centres across the country working to protect the rights of nearly 2 million workers.

'Labour Trafficking' has become a major threat to Bangladesh's economy and recognising this we launched a project called 'Advocacy for Safe Migration and Abating Labour Trafficking' in July 2010 to help reduce labour trafficking. We are working with 9 'trafficked' districts and are working with migrant workers to educate them on their basic rights, teach them languages and offer support whilst abroad.

Tahmina's Story

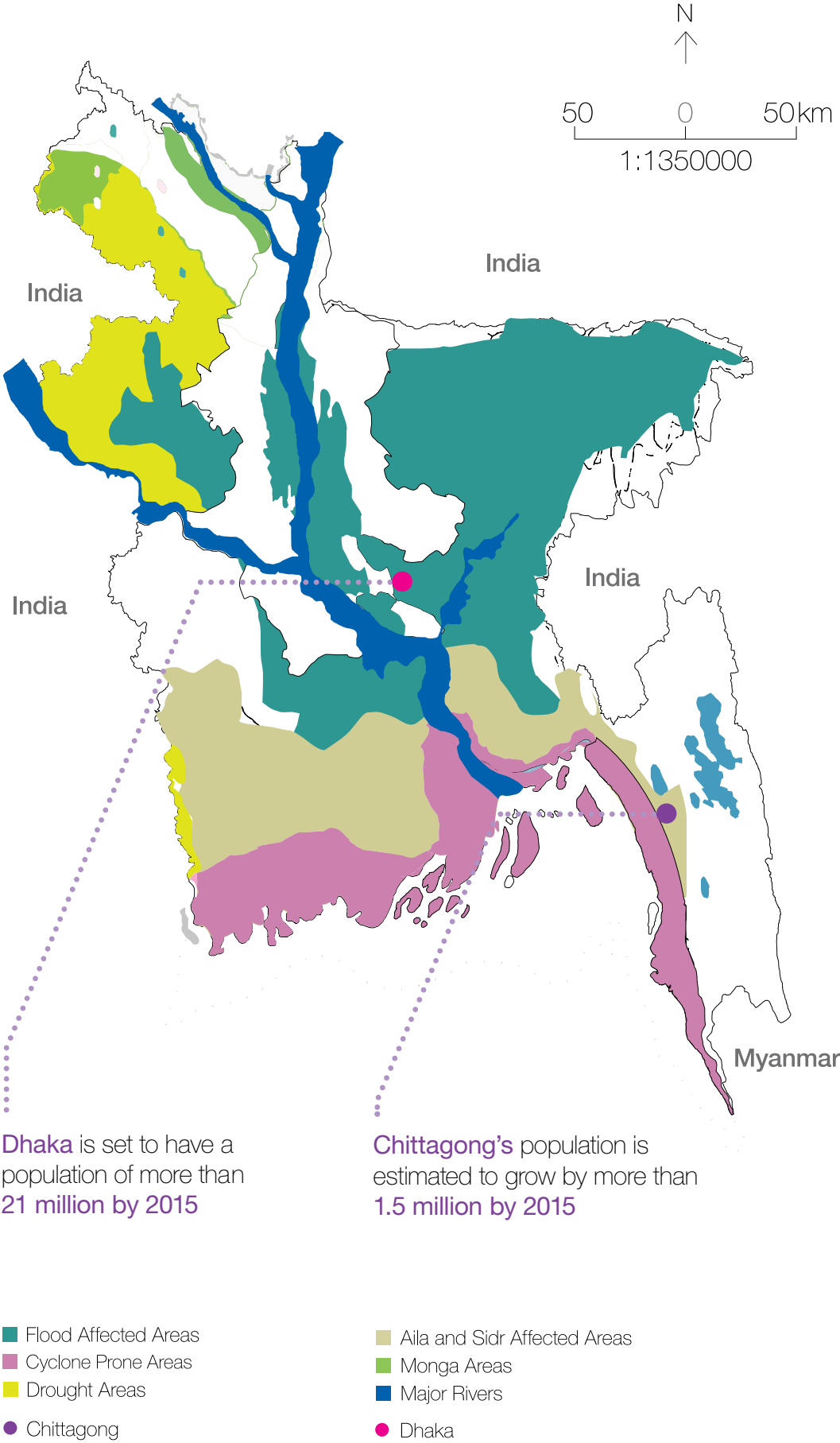


A migration forum taking place in the village of Shekharinagar in Manikganj, where around 30 community members are being made aware of the issues surrounding safe migration.

Tahmina, aged 25 years old, was taken to Lebanon and forced to do domestic work even though she was initially told that she'd be travelling to Dubai for factory work. She found herself confined to the life of a prisoner and subjected to violence and ill-treatment, denied food, baths or communication with her family, and beaten regularly.

When she was still in Bangladesh, Tahmina had heard about how her neighbour's wife had travelled abroad to earn a better living to support her family; and so Tahmina did the same. She sold her land for 40,000 taka and put the money towards travel expenses and obtaining an 'emergency passport', which cost another 7,000 taka. Tahmina's agent continued to take money from her, telling her if she didn't provide another 40,000 taka she would lose her chance to go abroad, and that there was no hope of her money being returned leaving her with little choice but to agree. Once she reached the airport, Tahmina was told she was being sent to Lebanon not Dubai. On her arrival in Lebanon, she found herself working as a household servant and not in the medical centre or in the school factory job she had been promised. Five days after starting work, the landlady and her four sons began torturing Tahmina and on one occasion her captors held a hot electric iron to her thigh, after which point she would do whatever was asked of her.

With the help of a BRAC Safe Migration Facilitation Centre (SMFC), based in Bangladesh, Tahmina was finally able to return to Bangladesh. After returning she started a small handy crafts enterprise – a stitching and sewing factory – with 70 other disadvantaged women in her village. She is now successfully getting on with her life, without fear of being exploited or abused, and looking ahead to a bright future.



Future Challenges

What do they look like?

Urbanisation and urban poverty Bangladesh is an agrarian country with around 27% of the population – around 38 million people – in urban areas. However, the urban population is set to increase by a third over the next five years. By 2015, 51 million people will crowd the six largest cities – with Dhaka becoming a global mega-city – increasing the ratio and extent of poverty in these areas. We will focus our efforts on understanding the causes and indicators of urban poverty and use this information to develop integrated programmes that will provide education, health, sanitation, and capacity training for the urban poor.

Socioeconomic and regional differences Recent Multi-Indicator Cluster Surveys (MICS) carried out by the Bangladesh Bureau of Statistic and UNICEF show that coastal areas, depressed basins in the Northeast region (haors), char lands and flood-prone areas in the Northwest region are worse off than the rest of the country. We shall use the survey findings to focus our efforts in these hard-to-reach areas through an integrated approach that will include education, health, agriculture and sanitation.

Agriculture and climate change Global increases in the price of staples, coupled with the on-going effects of climate change, are expected to have a huge impact on Bangladesh's food security. Given our access to farmers nationwide, we plan to extend our improved crop varieties and agriculture technology to support the efforts of the Government. Establishing the use of hybrid flood, drought and salt tolerant rice, will provide longer-term solutions as part of the country's disaster management planning.

Our solutions

An integrated approach This will be developed for socio-economically depressed regions, in particular chars, haors, saline coast and the hill tracts. A combination of health, education and social development interventions will form our integrated approach in all the areas that we work, especially working in urban areas with the extreme poor.

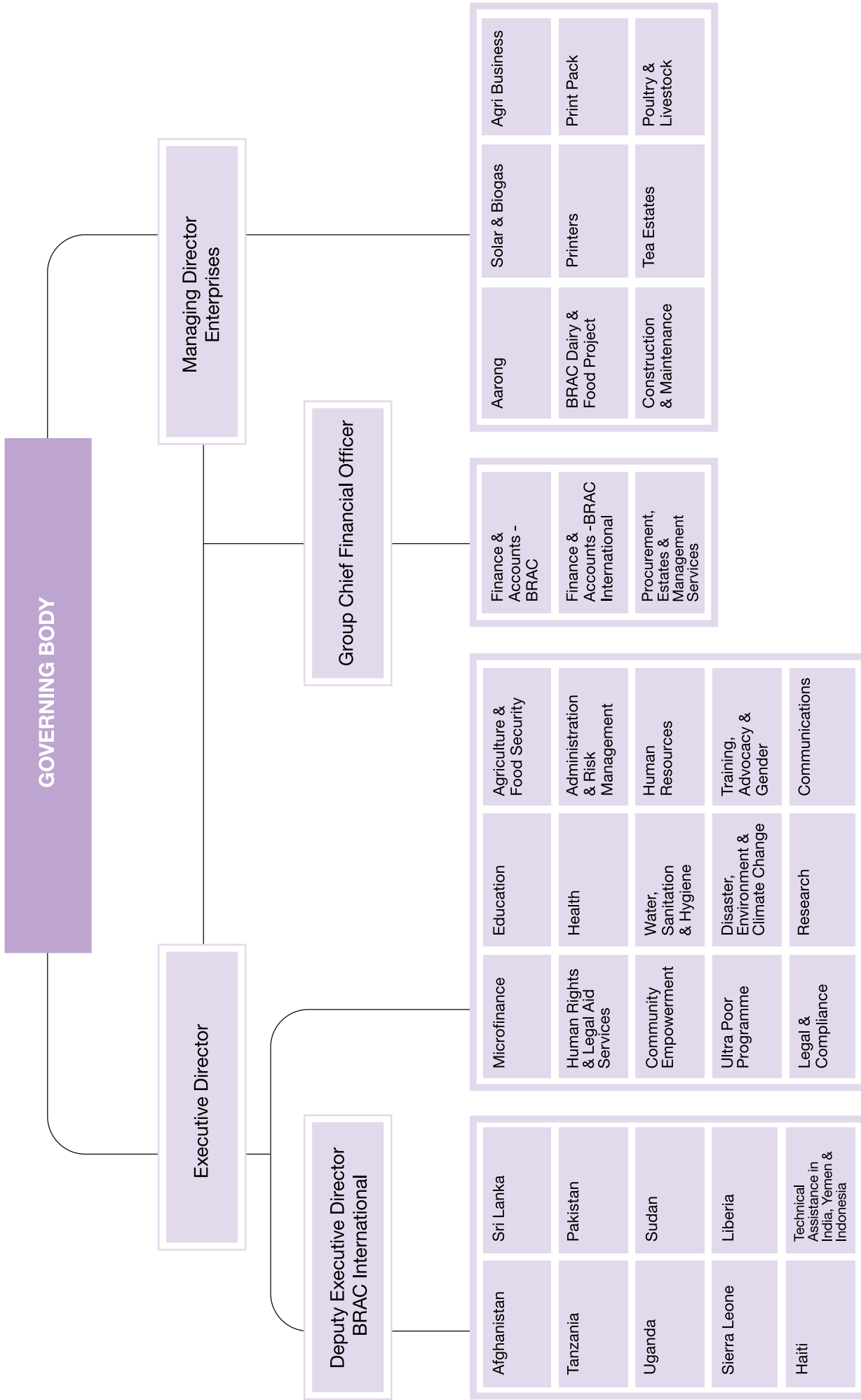
Supporting urban livelihoods With a focus on street children, floating populations and rural-urban migration we aim to adapt existing interventions, like our Microfinance programme, to develop new social enterprises that will help support urban livelihoods.

Using advocacy and communication In an effort to educate the general public and influence policy level decisions we can use communication as a powerful tool to encourage behavioural changes and raise awareness on health and hygiene practices, drug related issues and human rights.

Building food security We have already started testing the performance of early maturing Vietnamese and African varieties of rice. These fast-growing, high-yielding varieties could help Bangladesh achieve self-sufficiency in rice production to help improve food security along with the development of maize and introduction of sugar beet cultivation to replace sugar cane.

New technologies Along with developing new technologies, we will maximise the role of farmers when implementing agricultural practices and explore new ways to involve farmers when choosing key indicators. Involving farmers at an earlier stage will aim to build a better understanding and increased take-up. The use of ICT will form part of our new innovative approach to tackling urban poverty and waste management.

BRAC Organogram



Inside BRAC

How We Work

With more than 120,000 employees we are the largest NGO in the world. We work hard to be effective and efficient in everything that we do and adopt best practices wherever possible. We constantly strive to improve the capacity and wellbeing of our employees.

We have always invested in research and development as a crucial part of what we do, and in maintaining the effectiveness and innovativeness of all our interventions. We provide continuous training to enhance and develop the skills of our employees at all levels across the organisation.

We strive to uphold the integrity of our work, and be respectful of those we are trying to help. We promote good governance by being transparent and accountable at all times to all our stakeholders. We are among the few Southern based development organisations that have a Legal and Compliance Department. As a learning organisation we strive to always share our experiences and knowledge both internally and to the outside world. The combined effort and hard work of individuals and teams across the organisation help ensure our success.

A Learning Organisation

Our **Research and Evaluation Division (RED)** helps assess our work and refine our approaches. Research helps us with ways to scale up and identify new areas of intervention. We collaborate with academic and research institutions and other development organisations to gauge the effectiveness of our interventions. We share our findings and lessons learnt by publishing reports and working papers, contributing to professional journals and participating actively in national and international forums. Our work is made available through printed publications and our website. As our goal is to have positive impact on the lives of the poor, we are taking measures to establish an impact assessment unit.

Training Division We invest considerably in developing the capacity of our staff and our volunteers. The 170 experts of the Training Division take a participatory approach and adapt new training methods and technology to strengthen our operational efficiency. The division provides regular, programme-related training and offers continuous skills development opportunities through 20 Training and Resource Centres (TARCs) spread across the country. Two BRAC Centres for Development Management supplement the TARCs. The Training Division has earned an excellent reputation and its services are requested by a wide range of development actors. In 2010, the Division began a year long programme for World Vision staff.

Human Resources Division The breadth and scale of our organisation pose a challenge in developing and managing our human resources. Over 95% of our staff are based in the field. We have therefore evolved policies and procedures that allow us to operate efficiently while ensuring that the rights of all are protected. We are continually working to raise awareness about our organisational values with a keen focus on gender equality in the workplace. We practice zero tolerance for sexual harassment and are an equal opportunity employer. In 2010, we revised our Human Resources Policy and adopted a code of conduct for the protection of children. For the second year running, BRAC received the 'Best

Employer Award' from Bangladesh's largest online job portal, bdjobs.com, for transparency, good employee relations, diversity and ethics and promoting staff development. We are keen to foster a creative work environment for all our employees and to maximise their job satisfaction.

Promoting Good Governance

We have put in place a number of checks and balances to ensure that we work in ways that are transparent and accountable.

Finance and Accounts This department performs a crucial role within the organisation by supporting programme implementation, monitoring budgets and providing accounting – all of which help improve programme efficiencies. Our annual financial statements are prepared in accordance with international reporting standards for which we have received many national and international awards. Our transparency and financial disclosure standards have earned us the trust and confidence of all those with whom we work – especially our development partners.

Our **Administration and Risk Management** unit plays a very important role in providing the checks that are critical to organisational integrity and efficiency. The **Internal Audit** Department undertakes continuous and special audits to ensure financial and human resources are being used efficiently and in line with the purposes for which they are meant. The **Monitoring** Department plays a similar role with a focus on programme resources. The **Procurement Estate and Management Services** unit, together with **Finance** and **Internal Audit** play a crucial role in how we manage BRAC.

Legal and Compliance The department protects our legal interests, responds to our legal needs, monitors our contractual obligations and ensures that we remain fully compliant with internal and national policies, rules and regulations and laws.

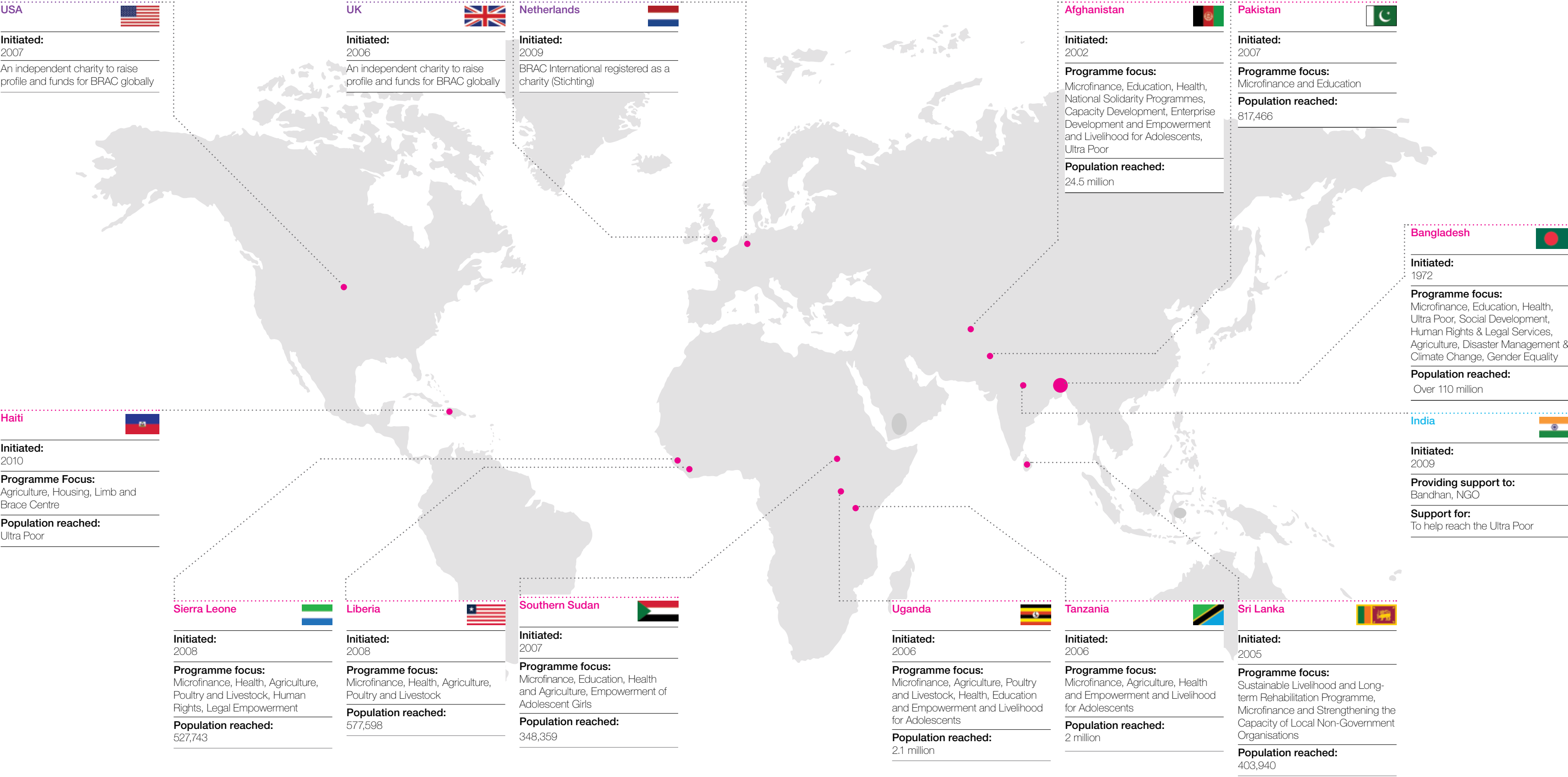
Ombudsperson We are the only development organisation in Bangladesh to have an ombudsperson. The Office of the Ombudsperson reports to our Board and offers staff a recourse when all other avenues have been exhausted. This acts as a further, and higher level, check on the just application of our rules and regulations.

Raising Awareness

Communications We have a dedicated team committed to sharing the BRAC story and promoting our mission, vision and values to the world. Our stories are about the changes in the lives of the people that we are trying to help. We work closely with local and international media and act as the initial point of contact for both internal and external audiences to raise awareness about our work and key development issues.

We host a large number of interns and visitors every year who come to learn about our work.

BRAC Around the World



Our Management

From left to right

- Back Row**
Mahabub Hossain
Executive Director
Kishwar Sayeed
Director, Human Resources
Babar Kabir
Director, Water, Sanitation and Hygiene
Disaster, Environment and Climate Change
Sukhendra Kumar Sarkar
Director, Administration and Risk Management
Anna Minj
Director, Community Empowerment

- Middle Row**
Ahmed Najmul Hussain
Director, Procurement, Estate and Management Services
Faustina Pereira
Director, Human Rights and Legal Aid Services
Tamara Hasan Abed
Director, Aarong
BRAC Dairy and Food Project

- Front Row**
Imran Matin
Deputy Executive Director
International Programmes
Ishtiaq Mohiuddin
Director, Microfinance



From right to left

- Front Row**
Asif Saleh
Director, Communications
Safiqul Islam
Director, Education
Sheepa Hafiza
Director, Gender Justice & Diversity
Advocacy for Social Change
Faruque Ahmed
Director, Health

- Middle Row**
Muhammad A. (Rumeel) Ali
Managing Director
Enterprises and Investments
Shib Narayan Kairy
Chief Financial Officer

- Back Row**
Saieed Bakht Mozumder
Director, Tea Estates
Moushumi M Khan
Director, Legal and Compliance
Tanwir Rahman
Director Finance, International Programmes
Tania Zaman
Director, Chairperson's Office
(Chief of Staff)
Shabbir Ahmed Chowdhury
Director, Training

Our Governance

The Governing Body is assisted by an Audit committee that reviews the financial condition of the organisation in order to recommend appropriate remedial action.



Fazle Hasan Abed
Founder and Chairperson
BRAC



Tahrunnesa Abdullah
Social scientist and
gender specialist



Shabana Azmi
Actor and social activist (India)



Sylvia Borren
Director, Greenpeace Netherlands
and former Head of OXFAM-NOVIB
(Netherlands)



Martha Alter Chen
Lecturer at the Harvard Kennedy
School and International
Coordinator of WIEGO (USA)



Faruq A. Choudhury
Chairman
Delta-BRAC Housing
Finance Corporation



Luva Nahid Choudhury
Director General
Bengal Foundation



Susan Davis
President & CEO,
BRAC USA (USA)



Shafiq ul Hassan (Quais)
Businessman (UK)



Kazi Aminul Huque
Chartered Accountant



Syed Humayun Kabir
Chairman
Renata Ltd.



Irene Z. Khan
Former Secretary General
Amnesty International



Ainun Nishat
Vice Chancellor
BRAC University



Latifur Rahman
Industrialist



Rokia A. Rahman
Industrialist

Our Supporters

Australian Government's
Overseas Aid Program (AusAID)
Canadian International
Development Agency (CIDA)
UK Department for International
Development (DFID)
European Commission (EC)

The Embassy of the Kingdom of
the Netherlands (EKN)
Government of the People's
Republic of Bangladesh (GOB)

Deutsche Gesellschaft für
Technische Zusammenarbeit
(GTZ)

The Islamic Development Bank
Norwegian Agency for
Development Cooperation
(NORAD)

Swiss Agency for Development
and Cooperation (SDC)

United Nations Children's Fund
(UNICEF)

United Nations Democracy Fund

United Nations Development
Programme

The World Food Programme

Academic/Research Institutions
Applied Research & Technical
Services (AEDARTS)

Agricultural Innovation in Dryland
Africa Project (AIDA)

Emory University, USA

The Global Fund for TB and
Malaria (GFTM)

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

International Research and
Exchanges Board

International Union for
Conservation of Nature and
Natural Resources (IUCN)

Karolinska University, Sweden

Oxford University, UK

Stanford University, USA

University of Leeds, UK

Aga Khan Foundation

Bill and Melinda Gates
Foundation

BRAC UK

BRAC USA

The Global Alliance for Improved
Nutrition (GAIN)

Hospital for Sick Children

Inter Co-operation Bangladesh

Manusher Jonno Foundation

Micro-Nutrient Initiative

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

Plan Bangladesh

Rockefeller Foundation

The Rotary Foundation

Safer World

Save the Children UK

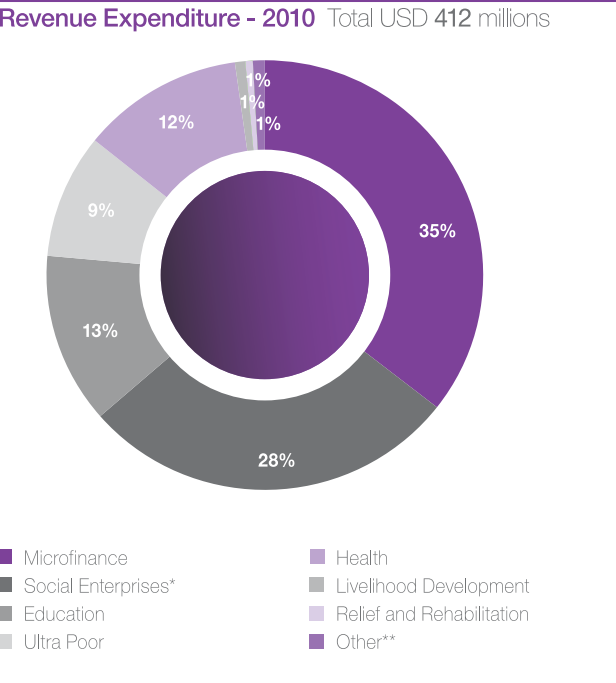
Save the Children USA

Winrock International, USA

Donations from individuals

Financials

Revenue Expenditure by Type 2009 - 2010

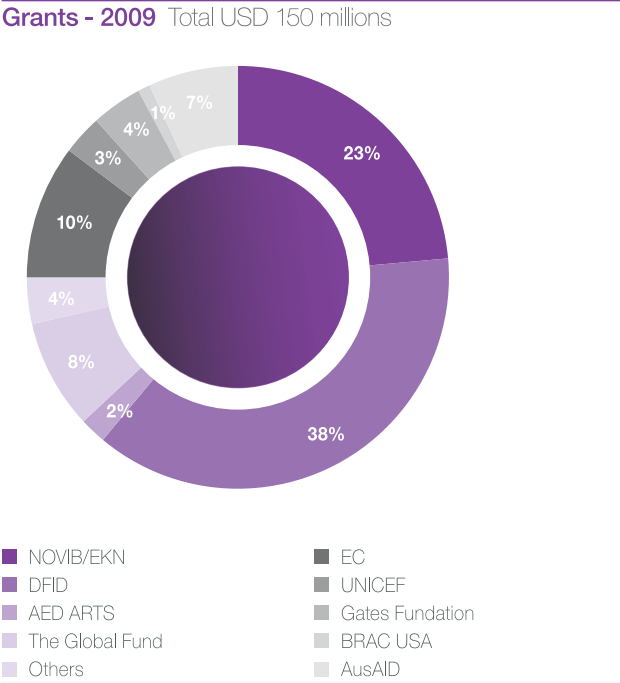
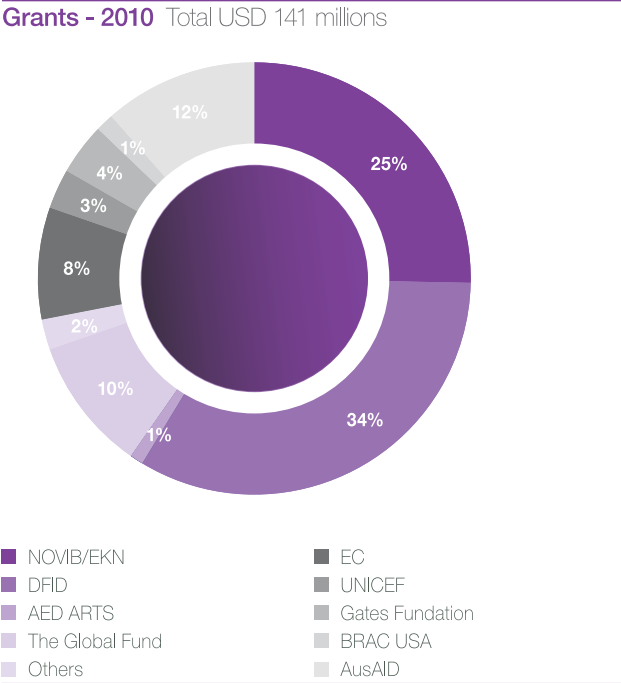


Notes:
* Social Enterprises includes Income Generating Projects and Programme Support Enterprises
** Other includes the following: House Property, Poultry & Livestock Extension Programme, Fisheries Programme, Agriculture & Sericulture Programme, and Research, Monitoring and Evaluation.

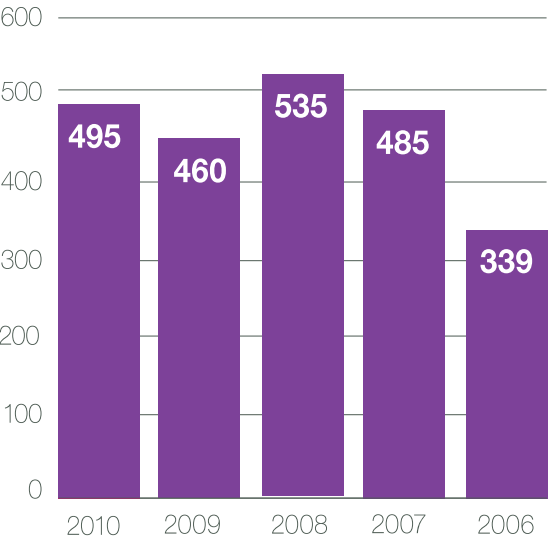
Contribution of BRAC to Government Exchequer

Income Year	2010		2009	
	BDT	US \$	BDT	US \$
Income Tax deduction at source by third parties	55,453,375	803,672	107,787,917	1,573,546
Tax deduction at source from third parties	76,635,322	1,110,657	55,471,904	809,809
Income Tax deduction at source from Staff salaries	12,844,413	186,151	11,197,833	163,472
VAT collection from customers	268,830,000	3,896,087	166,167,811	2,425,807
Import Duty paid	5,921,266	85,815	60,433,961	882,248
Total	419,684,376	6,082,382	401,059,426	5,854,882

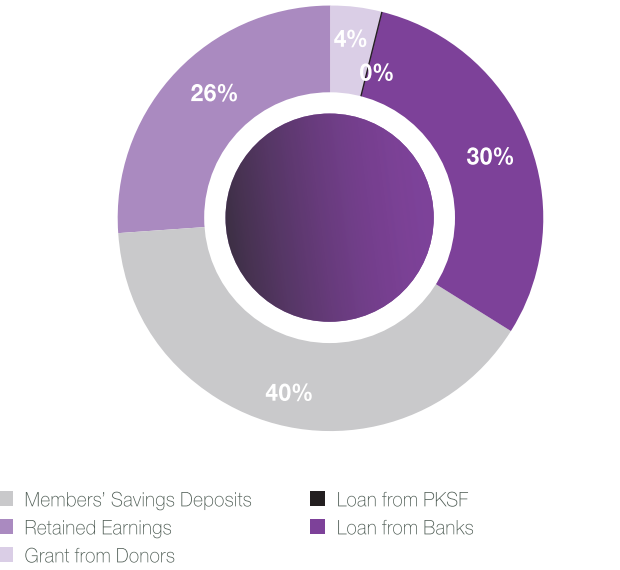
Grant Composition 2009 - 2010



Annual expenditure in millions USD



Microfinance Revolving Loan Fund



Balance Sheet Converted to USD
as at December 31, 2010
(NOT PART OF AUDITED FINANCIAL STATEMENTS)

ASSETS

	2010		2009	
	Taka	US \$	Taka	US \$
Cash in hand and at banks	3,691,228,298	53,496,062	3,712,998,614	54,204,359
Term deposits	6,731,877,941	97,563,448	8,960,883,021	130,815,811
Advance, deposits and prepayments	2,007,050,318	29,087,686	1,479,786,028	21,602,716
Inventories	2,617,486,777	37,934,591	1,798,339,059	26,253,125
Grants and accounts receivable	1,540,876,086	22,331,537	1,459,379,277	21,304,807
Microfinance loans	38,946,761,741	564,445,822	39,554,248,179	577,434,280
Motorcycle loans	823,406,928	11,933,434	752,693,444	10,988,225
Investments in securities and others	170,550,000	2,471,739	134,100,000	1,957,664
Investments in related undertakings	6,966,792,236	100,968,003	4,814,649,373	70,286,852
Property, plant and equipment	7,491,768,947	108,576,362	5,608,688,776	81,878,668

TOTAL ASSETS

70,987,799,272	1,028,808,685	68,275,765,771	996,726,508
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LIABILITIES AND NET ASSETS

Liabilities :

Liabilities for expenses and materials	2,666,901,064	38,650,740	1,838,834,554	26,844,300
Bank overdrafts	3,199,576,993	46,370,681	4,370,328,157	63,800,411
Term loans	13,067,575,022	189,385,145	17,239,765,139	251,675,403
Members' savings deposits	19,966,011,588	289,362,487	18,398,618,148	268,592,966
Members project & current account	15,706,367	227,629	15,125,327	220,808
Grants received in advance account	1,507,216,363	21,843,715	1,436,507,867	20,970,918
Securitised financing	645,297,797	9,352,142	462,360,308	6,749,786
Deferred income	254,558,723	3,689,257	328,397,210	4,794,120
Other long term liabilities	5,563,709,403	80,633,470	4,537,022,247	66,233,901
Provision for taxation	490,941,030	7,115,087	278,941,030	4,072,132

Total Liabilities	47,377,494,350	686,630,353	48,905,899,987	713,954,744
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Net Assets:

Capital fund				
-unrestricted	22,812,130,179	330,610,582	18,670,754,955	272,565,766
-temporarily restricted	798,174,743	11,567,750	699,110,829	10,205,998
	23,610,304,922	342,178,332	19,369,865,784	282,771,763

TOTAL LIABILITIES AND NET ASSETS

70,987,799,272	1,028,808,685	68,275,765,771	996,726,508
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Statement of Income and Expenditure Converted to USD
for the year ended December 31, 2010
(NOT PART OF AUDITED FINANCIAL STATEMENTS)

	Unrestricted		Temporarily Restricted		Total 2010	
	Taka	US \$	Taka	US \$	Taka	US \$
Income						
Donor grants	3,286,265	47,627	9,794,792,077	141,953,508	9,798,078,342	142,001,135
Revenue from:						
- Income Generating Projects	6,126,566,445	88,790,818	-	-	6,126,566,445	88,790,818
- Program Support Enterprises	3,065,014,378	44,420,498	-	-	3,065,014,378	44,420,498
Service charges on microfinance loans	11,815,741,388	171,242,629	-	-	11,815,741,388	171,242,629
Investment income	1,070,890,116	15,520,147	69,209,002	1,003,029	1,140,099,118	16,523,176
Other income	520,136,348	7,538,208	503,775	7,301	520,640,123	7,545,509
Income from House Property	83,411,607	1,208,864	-	-	83,411,607	1,208,864
Total income	22,685,046,547	328,768,791	9,864,504,854	142,963,838	32,549,551,401	471,732,629
Expenditure						
Income Generating Projects	5,220,943,569	75,665,849	-	-	5,220,943,569	75,665,849
Program Support Enterprises	2,762,233,334	40,032,367	-	-	2,762,233,334	40,032,367
House Property	55,604,552	805,863	-	-	55,604,552	805,863
Education Programme	43,211,718	626,257	3,600,183,169	52,176,568	3,643,394,887	52,802,824
Challenging the Frontiers of Poverty Reduction Programme	42,575,320	617,034	2,606,497,683	37,775,329	2,649,073,003	38,392,362
Health Programme	177,831,154	2,577,263	3,225,214,243	46,742,235	3,403,045,397	49,319,499
Micro Finance Programme	10,076,784,721	146,040,358	-	-	10,076,784,721	146,040,358
Relief and Rehabilitation	24,135,220	349,786	117,673,935	1,708,318	142,009,155	2,058,104
Poultry & Livestock Programme	19,545,401	283,267	-	-	19,545,401	283,267
Fisheries Programme	32,022,374	464,092	-	-	32,022,374	464,092
Agriculture & Sericulture Programme	50,641,894	733,940	4,814,327	69,773	55,456,221	803,713
Livelihood Development Programme	79,229,636	1,148,256	184,824,956	2,678,623	264,054,592	3,826,878
Research, Monitoring and Evaluation	17,690,783	256,388	54,052,605	783,371	71,743,388	1,039,759
Total expenditure	18,602,449,676	269,600,720	9,793,460,918	141,934,216	28,395,910,594	411,534,936
Surplus of income over expenditure before taxation	4,082,596,871	59,168,071	71,043,936	1,029,622	4,153,640,807	60,197,693
Taxation	(212,000,000)	(3,072,464)	-	-	(212,000,000)	(3,072,464)
Net surplus for the year	3,870,596,871	56,095,607	71,043,936	1,029,622	3,941,640,807	57,125,229

Audited Financial Statements of BRAC in Bangladesh

For the year ended 31 December 2010

Baker Tilly Pitcher Partners
Chartered Accountants
MLC Centre (22nd Floor)
19 Martin Place
Sydney 2000
Australia

Tel: +61 2 9228 2249
Fax: +61 2 9223 1762

ACNABIN
Chartered Accountants
BDBL Bhaban (13th Floor)
12 Kawran Bazar Commercial Area
Dhaka 1215
Bangladesh

Tel: +880 2 814 4347
Fax: +880 2 814 4353

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 2010, and the statement of income and expenditure, statement of changes in net assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 Pitcher Partners
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' judgment, 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 involves 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 law 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 the management, as well as evaluating the overall presentation of the financial statements.

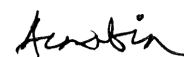
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respect, the financial position of BRAC as of 31 December 2010 and the results of its operations and its cash flows for the year then ended in conformity with the accounting policies summarized in Note 2 to the financial statements.



Baker Tilly Pitcher Partners
Chartered Accountants
Sydney, Australia



ACNABIN
Chartered Accountants
Dhaka, Bangladesh

13 March 2011

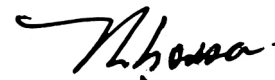
BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Balance Sheet
as at 31 December 2010

	Notes	2010 Taka	2009 Taka
ASSETS			
Cash in hand and at banks	3	3,691,228,298	3,712,998,614
Term deposits	4	6,731,877,941	8,960,883,021
Advance, deposits and prepayments	5	2,007,050,318	1,479,786,028
Inventories	6	2,617,486,777	1,798,339,059
Grants and accounts receivable	7	1,540,876,086	1,459,379,277
Microfinance loans	8	38,946,761,741	39,554,248,179
Motorcycle loans		823,406,928	752,693,444
Investments in securities and others	9	170,550,000	134,100,000
Investments in related undertakings	10	6,966,792,236	4,814,649,373
Property, plant and equipment	11	7,491,768,947	5,608,688,776
TOTAL ASSETS		70,987,799,272	68,275,765,771
LIABILITIES AND NET ASSETS			
Liabilities:			
Liabilities for expenses and materials	12	2,666,901,064	1,838,834,554
Bank overdrafts	13	3,199,576,993	4,370,328,157
Term loans	14	13,067,575,022	17,239,765,139
Members' savings deposits	15	19,966,011,588	18,398,618,148
Members project & current account		15,706,367	15,125,327
Grants received in advance account	16	1,507,216,363	1,436,507,867
Securitized financing	17	645,297,797	462,360,308
Deferred income	18	254,558,723	328,397,210
Other long term liabilities	19	5,563,709,403	4,537,022,247
Provision for taxation		490,941,030	278,941,030
Total Liabilities		47,377,494,350	48,905,899,987
Net Assets:			
Capital fund			
-unrestricted		22,812,130,179	18,670,754,955
-temporarily restricted		798,174,743	699,110,829
		23,610,304,922	19,369,865,784
TOTAL LIABILITIES AND NET ASSETS		70,987,799,272	68,275,765,771

The annexed notes form an integral part of these statements.



Chairperson, Governing Body
BRAC
Dhaka, March 13, 2011



Executive Director
BRAC


BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
for the year ended 31 December 2010

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2010 Taka
Income				
Donor grants	20	3,286,265	9,794,792,077	9,798,078,342
Revenue from:				
- Income Generating Projects		6,126,566,445	-	6,126,566,445
- Program Support Enterprises		3,065,014,378	-	3,065,014,378
Service charges on microfinance loans		11,815,741,388	-	11,815,741,388
Investment income	21	1,070,890,116	69,209,002	1,140,099,118
Other income	22	520,136,348	503,775	520,640,123
Income from House Property		83,411,607	-	83,411,607
Total income	28, 29	22,685,046,547	9,864,504,854	32,549,551,401
Expenditure				
Income Generating Projects		5,220,943,569	-	5,220,943,569
Program Support Enterprises		2,762,233,334	-	2,762,233,334
House Property		55,604,552	-	55,604,552
Education Programme		43,211,718	3,600,183,169	3,643,394,887
Challenging the Frontiers of Poverty Reduction Programme		42,575,320	2,606,497,683	2,649,073,003
Health Programme		177,831,154	3,225,214,243	3,403,045,397
Micro Finance Programme		10,076,784,721	-	10,076,784,721
Relief and Rehabilitation		24,135,220	117,873,935	142,009,155
Poultry & Livestock Programme		19,545,401	-	19,545,401
Fisheries Programme		32,022,374	-	32,022,374
Agriculture & Sericulture Programme		50,641,894	4,814,327	55,456,221
Livelihood Development Programme		79,229,636	184,824,956	264,054,592
Research, Monitoring and Evaluation		17,690,783	54,052,605	71,743,388
Total expenditure	28, 29	18,602,449,676	9,793,460,918	28,395,910,594
Surplus of income over expenditure before taxation		4,082,596,871	71,043,936	4,153,640,807
Taxation	23	(212,000,000)	-	(212,000,000)
Net surplus for the year		3,870,596,871	71,043,936	3,941,640,807

The annexed notes form an integral part of these statements.



Chairperson, Governing Body
BRAC
Dhaka, March 13, 2011



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 charges on microfinance loans		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 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 Programme		20,838,876	-	20,838,876
Fisheries Programme		27,613,407	-	27,613,407
Agriculture & Sericulture 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.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Changes in Net Assets
for the year ended 31 December 2010

	Capital Fund		Total Net Assets
	Unrestricted Taka	Temporarily Restricted Taka	
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	597,796,886	-	597,796,886
Transferred from Motorcycle Replacement Fund	751,011	40,903,371	41,654,382
At 31 December 2009	18,670,754,955	699,110,829	19,369,865,784
At 1 January 2010	18,670,754,955	699,110,829	19,369,865,784
Net surplus for the year	3,870,596,871	71,043,936	3,941,640,807
Transferred to relief and rehabilitation fund	(50,000,000)	-	(50,000,000)
Transferred to emergency reserve fund	(111,957,867)	-	(111,957,867)
Non-operating appreciation in Related Undertakings	432,333,757	-	432,333,757
Transferred from Motorcycle Replacement Fund	402,463	28,019,978	28,422,441
At 31 December 2010	22,812,130,179	798,174,743	23,610,304,922

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 2010

Notes	2010 Taka	2009 Taka
Cash flows from operating activities:		
Surplus of income over expenditure before taxation	4,153,640,807	3,571,649,112
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Loan loss provision	1,910,811,625	2,072,849,102
Depreciation	452,463,727	419,373,632
Gain on disposal of property, plant and equipment	(4,495,241)	(30,377,018)
Loss on disposal of property, plant and equipment	1,304,595	43,531,766
Share of results in related undertakings	(488,451,308)	(733,954,022)
Reversal of impairment in value of investment in related undertakings	263,487	(446,881)
Donor grants - amortisation of investment in property, plant and equipment	(76,368,678)	(83,985,495)
Interest on fixed deposits and bank accounts	(651,911,297)	(857,991,476)
Adjustments for other accounts:		
(Increase)/ Decrease in service charge outstanding on microfinance loans	(60,286,671)	(54,252,354)
(Increase)/ Decrease in inventories	(819,147,718)	(81,375,485)
(Increase)/ Decrease in advances, deposits and prepayments	(527,264,290)	790,125,505
(Increase)/ Decrease in accounts receivable, net	(7,641,292)	(27,756,866)
(Increase)/ Decrease in motorcycle loans	(70,713,484)	(68,253,864)
Increase/ (Decrease) in liabilities for expenses and materials	828,066,510	593,562,227
Increase/ (Decrease) in deferred income	30,952,633	31,614,928
Increase/ (Decrease) in Bank overdrafts	(1,170,751,164)	(1,287,348,986)
Net cash provided by operating activities	3,500,472,241	4,296,963,825
Cash flows from investing activities:		
Increase/ (Decrease) in microfinance loans	(1,243,038,516)	(30,662,507)
(Increase)/ Decrease in fixed deposits pledged with financial institutions	(112,149,712)	3,279,888,591
(Increase)/ Decrease in fixed deposits unpledged	(866,599,825)	485,004,176
(Increase)/ Decrease in short term deposits unpledged	3,207,754,617	(6,109,673,511)
(Increase)/ Decrease in investments in related undertakings	(1,241,071,514)	(617,645,751)
Interest received on fixed deposits and bank accounts	651,911,297	857,991,476
Purchase of property, plant and equipment	(2,340,880,579)	(494,527,401)
Proceeds from disposal of property, plant and equipment	8,527,327	60,649,572
Income from sales of share of related undertakings	800,000	-
Dividends received from related undertakings	8,650,227	13,404,966
(Investments in)/Realisation of investment in securities and others	(36,450,000)	(74,960,000)
Net cash used in investing activities	(1,962,546,678)	(2,630,530,389)

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Cash Flows
for the year ended 31 December 2010

Notes	2010 Taka	2009 Taka
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Cash flows from financing activities:

Grants received during the year	9,749,515,276	10,256,780,816
Grants utilised during the year for:		
-operational expenditure & micro-finance	(9,721,709,664)	(11,000,090,667)
-investment in property, plant and equipment	(12,466,233)	(23,103,215)
-motorcycle replacement funds	(18,486,400)	(8,511,713)
Net increase/(decrease) in securitised financing	182,937,489	117,276,904
Increase/ (Decrease) in term loans	(4,172,190,117)	(5,464,672,588)
Increase/ (Decrease) in members savings deposits	1,567,393,440	2,634,048,504
Increase/ (Decrease) in other long term liabilities	864,729,290	667,197,196
Increase/(Decrease) in members project and current accounts	581,040	(12,415,413)
Net cash (used in)/ provided by financing activities	(1,559,695,879)	(2,833,490,176)
Net (decrease)/increase in cash and cash equivalents	(21,770,316)	(1,167,056,740)
Cash in hand and at bank, beginning of the year	3,712,998,614	4,880,055,354
Cash in hand and at bank, end of the year	3,691,228,298	3,712,998,614

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The annexed notes form an integral part of these statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Notes to Financial Statements
As at and for the year ended 31 December 2010

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 related undertakings, 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 10 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 2010 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 2010 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. 2010 Taka	Dec. 2009 Taka
United States Dollars	70.35	68.61
Euro	91.65	96.78
Great Britain Pound	106.88	106.73
Indian Rupee	-	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 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 microfinance loans

Service charges on microfinance loans 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 is 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
- i v) 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:

Item	Annual Depreciation Rate (%)
Buildings	4-10
Furniture & Fixtures	10-20
Equipment	15-33.3
Computer	20-33.3
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

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

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 Microfinance loans

BRAC's activities include providing micro-finance loans to 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% - 3% 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 Ltd. and Pubali Bank Ltd.

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 members. Cash flows from the loan collections are remitted, based on agreed terms, to the Trustee according to the repayment patterns as per the 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 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 17. Upon collection from 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 10.

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 19, 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 1% 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 19 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 19, 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 19 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. Impairment losses recognized previous year should be revised in the statement of income and expenditure in case of impairment gain.

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 10 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 to the current year's presentation.

	2010 Taka	2009 Taka
3. Cash in hand and at banks		
Cash in hand	170,260,697	152,845,732
Cash at banks	3,520,967,601	3,560,152,882
	<u>3,691,228,298</u>	<u>3,712,998,614</u>
4. Term deposits		
Fixed deposits pledged with financial institutions (Notes 13 and 14)	2,329,380,097	2,217,230,385
Fixed deposits unpledged	1,500,578,950	633,979,125
Short term deposit unpledged	2,901,918,894	6,109,673,511
	<u>6,731,877,941</u>	<u>8,960,883,021</u>
5. Advance, deposits and prepayments		
Advances:		
Employees	231,979,277	193,434,196
Suppliers	485,789,450	395,480,337
Advance for tax	594,294,683	487,213,090
	<u>1,312,063,410</u>	<u>1,076,127,623</u>
Deposits:		
Deposits for facilities and utilities	3,706,863	16,214,874
Debt service reserve for securitised financing	352,580,661	92,278,411
Prepayments	338,699,384	295,165,120
	<u>2,007,050,318</u>	<u>1,479,786,028</u>
6. Inventories		
Seeds and feed	452,640,450	431,012,621
Medical supplies and consumables	24,080,154	39,346,773
Printing and stationery	190,037,022	142,829,847
Handicraft goods	1,742,557,863	982,849,324
Dairy products	100,208,677	97,755,074
Programme materials	107,962,611	104,545,420
	<u>2,617,486,777</u>	<u>1,798,339,059</u>
7. Grants and accounts receivable		
Grants receivable (Note 16)	655,916,534	582,061,017
Interest receivable on fixed deposits and bank accounts	346,207,739	282,426,959
Other accounts receivable	571,715,444	620,153,491
	<u>1,573,839,717</u>	<u>1,484,641,467</u>
Provision for doubtful debts	(32,963,631)	(25,262,190)
	<u>1,540,876,086</u>	<u>1,459,379,277</u>

Included in interest receivable on fixed deposits is Tk. 105,567,896 (2009: Tk. 43,147,154) receivable after 12 months.

8. Microfinance loans

	Principal outstanding Taka	Service charge receivable Taka	Loan loss provision Taka	Total Taka
At January 1, 2010	43,879,648,048	152,301,269	(4,477,701,138)	39,554,248,179
Additions	73,758,843,480	11,511,787,019	(1,910,811,625)	83,359,818,874
Realisation	(72,515,804,964)	(11,451,500,348)	-	(83,967,305,312)
Write-off	(1,482,043,657)	(12,184,491)	1,494,228,148	-
At December 31, 2010	43,640,642,907	200,403,449	(4,894,284,615)	38,946,761,741

Loans to members bear annual service charges as follows:

General micro-finance	15% (2009: 15%)
Agriculture loans	10% (2009: 10%)
Agro business	13% (2009: 13%)
Housing loans	10% (2009: 10%)

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 2010 Taka	Loan loss Provision 2010 Taka	Loan Principal 2009 Taka	Loan loss Provision 2009 Taka
Standard	Current (no arrears)	36,857,200,789	1,105,716,024	38,553,025,391	1,156,590,762
Watchlist	1 - 30	3,498,083,720	174,904,186	1,965,285,960	98,264,298
Substandard	31 - 180	252,887,442	50,577,488	362,851,506	72,570,301
Doubtful	181 - 350	1,059,279,943	794,459,957	977,264,731	732,948,548
Loss	Over 350	2,173,594,462	2,173,594,462	2,173,521,729	2,173,521,729
Additional provision for AILA		-	164,152,898	-	243,805,500
Additional 1% provision on DABI			430,879,600	-	-
		43,841,046,356	4,894,284,615	44,031,949,317	4,477,701,138

Microfinance loans include certain securitised loan receivables as follows :

	2010 Taka		
	Principal	Interest	Total
Securitised VO members Loans	5,093,625,382	781,908,706	5,875,534,088
Less : Collections from VO members in respect of securitised loans	4,461,669,765	728,937,251	5,190,607,016
	631,955,617	52,971,455	684,927,072

8. Microfinance loans (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 7 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 members. Cash flows from the loan collections are remitted, based on agreed terms, to the Trustee according to the repayment patterns as per the 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 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 2010, the Collateral Loans amount to Taka 351,656,074 in addition to the nominal value of the Designated Loans of Taka 684,927,072.

9. Investments in securities and others

	2010 Taka	2009 Taka
DBH 1st Mutual Fund	60,000,000	60,000,000
Bangladesh Bank Bonds	110,550,000	74,100,000
	<u>170,550,000</u>	<u>134,100,000</u>

The Bangladesh Bank Bonds earned interest at 8.5% (2009: 8.5%) per annum respectively during the year.

Market value of DBH 1st Mutual Fund at 31 December 2010 was Tk.16.10 per unit and Tk.16.40 per unit on the Dhaka "DSE" and Chittagonj "CSE" stock exchanges respectively.

10 Investments in related undertakings

Related undertakings	2010				
	Shares Taka	Share of Reserves Taka	Loans Taka	Provision for impairment in value Taka	Total Taka
BRAC Bank Ltd.	2,669,595,296	2,754,066,669	-	-	5,423,661,965
BRAC Industries Ltd.	24,999,900	2,560,180	-	-	27,560,080
BRAC BD Mail Network Ltd.	186,161,000	(97,442,344)	-	-	88,718,656
Documenta TM Ltd.	2,300,000	3,809,350	-	-	6,109,350
BRAC Services Ltd.	10,000,000	(63,320,025)	64,872,510	(11,552,485)	-
Delta BRAC Housing Finance Corp. Ltd.	50,000,000	206,295,375	-	-	256,295,375
BRAC Karnafuli Tea Company Ltd.	243,908,025	2,875,273	263,604,192	-	510,387,490
BRAC Kaiyachara Tea Company Ltd.	63,300,695	15,570,007	47,701,292	-	126,571,994
BRAC Banshkhali Tea Company Ltd.	27,719,870	(49,427,101)	186,527,298	-	164,820,067
BRAC Kodala Tea Company Ltd.	81,680,954	60,818,040	124,913,703	-	267,412,697
Bangladesh Netting Factory Ltd.	17,071,429	34,917,392	30,265,741	-	82,254,562
BRAC Assets Management Company Ltd.	13,000,000	-	-	-	13,000,000
	3,389,737,169	2,870,722,816	717,884,736	(11,552,485)	6,966,792,236

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 Ltd.	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 Ltd.	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

Represented by:

Share of net tangible assets

Goodwill on acquisition

Loans

2010	2009
6,069,949,673	3,941,114,731
178,957,827	178,957,827
717,884,736	694,576,815
6,966,792,236	4,814,649,373

10 Investments in related undertakings (contd)

Related undertakings (All Incorporated in Bangladesh)	2010	2009	Principal activities
BRAC Bank Ltd.	43.77	37.18	Banking business, listed on the Dhaka and Chittagong Stock Exchanges
BRAC Industries Ltd.	99.9	99.9	Cold storage
BRAC BD Mail Network Ltd.	20.0	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.	70.0	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 Ltd.	94.0	94.0	Poultry Processing
BRAC Assets Management Company Ltd.	26.0	-	Management of Assets and Portfolio Investment

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% (2009: 12%) interest per annum. These loans have no fixed repayment terms.

Included in share of reserves in 2010 is a non-distributable portion amounting to Tk 432,333,757 (2009: Tk 546,819,135).

The market value of BRAC Bank Ltd. shares at 31 December 2010 was Tk. 856.30 per share (2009: Tk 687.50) and Tk.858.50 per share (2009: Tk.685.80) on the Dhaka ("DSE") and Chittagong ("CSE") Stock Exchanges respectively.

The market value of Delta BRAC Housing Finance Corporation Ltd. shares at 31 December 2010 was Tk. 2,498 per share (2009: Tk.1,627) and Tk. 2,540 per share (2009: Tk.1,590) on the DSE and CSE respectively.

Significant events during the year:

BRAC Bank Ltd.

On May 30, 2010, BRAC Bank Ltd. allotted 2,396,199 ordinary shares of Tk.100 each at a ratio of 1:30 to BRAC through a bonus issue exercise.

On December 24, 2010, through a back to back Block Market sale and purchase arrangement, BRAC acquired 332,065 ordinary shares of Tk. 100 each in BRAC Bank Ltd. from another shareholder, Shore Cap International Ltd at Tk. 775 per share and on June 14, 2010 acquired 1,207,765 ordinary shares from Shore Cap International Ltd. at Tk. 710 per share and on June 14, 2010, acquired 126,438 ordinary shares from International Finance Corporation (IFC) at Tk. 710 per share. Following the acquisition, BRAC's equity interest in BRAC Bank Ltd. increased from 37.18% to 43.77%.

11. Property, plant and equipment

Group of fixed assets	Cost					Depreciation				Written down value 31-12-2010	Written down value 31-12-2009
	Opening balance 01-01-2010	Additions during the year	Transferred during the year	Disposals and written offs during the year	Closing balance 31-12-2010	Opening balance 01-01-2010	Charged during the year	Adjustment/ disposals and written offs during the year	Closing Balance 31-12-2010		
Freehold land	2,394,308,567	1,679,543,908	-	-	4,073,852,475	-	-	-	-	4,073,852,475	2,394,308,567
Buildings	2,973,378,899	-	274,058,974	(4,032,086)	3,243,405,787	1,001,413,687	115,163,410	-	1,116,577,097	2,126,828,690	1,971,965,212
Furniture & fixtures	637,135,942	86,047,005	-	(8,182,110)	715,000,837	428,642,065	67,317,608	(8,182,110)	487,777,563	227,223,274	208,493,877
Equipment	1,346,894,764	147,305,153	(280,606,613)	(9,124,077)	1,204,469,227	1,032,177,024	120,647,225	(249,455,530)	903,368,719	301,100,508	314,717,740
Computer *	-	11,584,660	280,606,613	-	292,191,273	-	13,034,906	241,207,966	254,242,872	37,948,401	-
Vehicles	446,125,426	47,894,675	-	(13,385,260)	480,634,841	311,909,748	55,863,237	(13,385,260)	354,387,725	126,247,116	134,215,678
Bicycles	33,885,241	1,935,442	-	(2,097,861)	33,722,822	21,982,659	3,894,481	(2,097,861)	23,779,279	9,943,543	11,902,582
Machineries	878,683,972	22,441,651	-	-	901,125,623	528,048,897	44,866,539	-	572,915,436	328,210,187	350,635,075
Deep tubewells and tanks	11,757,873	5,019,435	-	-	16,777,308	9,518,931	2,986,100	-	12,505,031	4,272,277	2,238,942
Hatcheries	12,132,320	145,371	-	-	12,277,691	9,309,777	1,841,653	-	11,151,430	1,126,261	2,822,543
Camp/Poultry/Livestock sheds	202,719,260	11,086,680	-	-	213,805,940	92,164,068	9,966,413	-	102,130,481	111,675,459	110,555,192
Motorcycles	1,925,037	-	-	(458,542)	1,466,495	1,496,954	-	(30,460)	1,466,494	1	428,083
Construction work-in-progress	69,603,111	302,096,243	(274,058,974)	-	97,640,380	-	-	-	-	97,640,380	69,603,111
Crates/Mannequins/Samples/Antiques	116,098,481	25,780,356	-	-	141,878,837	79,296,307	16,882,155	-	96,178,462	45,700,375	36,802,174
Total 2010	9,124,648,893	2,340,880,579	-	(37,279,936)	11,428,249,536	3,515,960,117	452,463,727	(31,943,255)	3,936,480,589	7,491,768,947	5,608,688,776
Total 2009	8,731,026,742	494,527,401	-	(100,905,250)	9,124,648,893	3,123,687,415	419,373,632	(27,100,930)	3,515,960,117	5,608,688,776	

Allocation of depreciation:

- i) included in cost of sales of commercial projects
- ii) included in programme related expenses

Note 29
Note 29

Dec. 2010	Dec. 2009
20,912,913	35,541,563
431,550,814	383,832,069
452,463,727	419,373,632

An amount of Tk. 76,368,678 (2009: 83,985,495) 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 18 & 20.

Landed properties with an aggregate net book value of Tk. 1,024,045,904 (2009: 1,024,045,904) have been pledged to secure overdraft facilities and term loans as disclosed in Notes 13 and 14 to the financial statements.

* Computer has been segregated from equipment and presented as a separate item.

12. Liabilities for expenses and materials

	2010 Taka	2009 Taka
Liabilities for expenses	1,577,772,259	948,335,600
Liabilities for goods	414,963,214	454,054,168
Advances received for training, publications, supplies etc.	674,165,591	436,444,786
	<u>2,666,901,064</u>	<u>1,838,834,554</u>

13. Bank overdrafts

	2010 Taka	2009 Taka
*Pubali Bank Ltd.	955,504,978	2,071,292,241
Prime Bank Ltd.	280,518,600	424,417,050
*Bangladesh Krishi Bank (BKB)	42,872,603	-
IFIC Bank Ltd.	279,076,744	243,081,399
State Bank of India	50,965,780	13,245,254
Dhaka Bank Ltd.	200,840,411	160,728,873
Standard Bank Ltd.	10,754,804	105,033,580
National Bank Ltd.	114,530,337	158,927,168
United Commercial Bank Ltd.	113,065,678	239,526,830
Premier Bank Ltd.	47,405,853	92,147,674
The Trust Bank Ltd.	163,492,253	284,393,260
Uttara Bank Ltd.	85,364,128	112,717,188
Bank Alfalah Ltd.	55,339,922	84,823,741
Dutch Bangla Bank Ltd.	14,923,031	121,144,901
Eastern Bank Ltd.	55,483,086	-
Sonali Bank Ltd.	-	45,029,850
Bank Asia Ltd.	123,515,632	86,407,571
Rupali Bank Ltd.	118,838,954	74,894,282
Janata Bank Ltd.	133,583,135	-
*Agrani Bank Ltd.	141,636,178	17,919,238
AB Bank Ltd.	182,822,348	-
South East Bank Ltd.	29,042,538	34,598,057
	<u>3,199,576,993</u>	<u>4,370,328,157</u>

The bank overdrafts are secured by fixed deposits amounting to Tk. 1,262,129,251 (2009: Tk 1,648,897,664) and properties amounting in aggregate to Tk. 551,547,348 (2009: 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% (2009: 11% -13%) per annum, and are repayable within 12 months.

14. Term loans

	2010 Taka	2009 Taka
*Standard Chartered Bank (SCB)	3,862,514,284	3,978,142,857
Citi Bank NA [guaranted by OPIC & IFC]	1,268,750,000	1,993,750,000
Pubali Bank Ltd. (PBL)	47,291,391	90,166,748
FMO, Netherlands	978,142,857	1,222,678,571
Mercantile Bank Ltd.	-	198,019,036
Palli Karma Shahayak Foundation (PKSF)	180,000,000	623,333,326
Agrani Bank Ltd.	368,400,000	870,800,000
IIDFC Ltd.	-	860,000,000
The Trust Bank Ltd.	-	180,808,887
Citi Bank NA [local currency syndication]	342,000,000	494,000,000
AB Bank Ltd.	246,926,183	512,748,128
Bangladesh Bank	1,385,947,000	-
Norfund, Norwegian	391,257,143	489,071,429
*HSBC Bank Ltd.	390,000,000	377,500,000
Eastern Bank Ltd.	355,072,194	669,478,117
Shahjalal Islami Bank Ltd.	216,444,159	406,872,457
National Bank Ltd.	252,885,345	400,195,106
Bangladesh Krishi Bank (BKB)	100,000,000	183,333,331
Bank Asia Ltd.	50,435,972	147,342,070
Janata Bank Ltd.	176,805,298	412,388,291
Mutual Trust Bank Ltd.	84,317,272	222,848,516
*Commercial Bank of Ceylon Ltd.	-	161,040,000
Bangladesh Commerce Bank (BCB) Ltd.	68,578,751	150,864,832
*Rajshahi Krishi Unnyon Bank (RAKUB)	424,508,500	349,333,500
Dutch Bangla Bank Ltd.	215,408,417	384,824,308
Southeast Bank Ltd.	79,146,458	138,944,883
NCC Bank Ltd.	-	75,328,609
Sonali Bank Ltd.	457,332,103	200,000,000
BASIC Bank Ltd.	261,487,349	265,984,891
*Rupali Bank Ltd.	280,000,000	222,500,000
IPDC of Bangladesh Ltd.	-	46,316,000
MIDAS Financing Ltd.	-	49,916,130
Jamuna Bank Ltd.	33,538,733	51,619,574
Uttara Bank Ltd.	25,043,809	58,333,333
State Bank of India	30,000,000	60,000,000
Export Import Bank of Bangladesh (EXIM) Ltd.	89,391,804	170,428,923
Standard Bank Ltd.	-	13,663,690
The City Bank Ltd.	62,500,000	112,500,000
One Bank Ltd.	-	51,239,596
Islamic Development Bank (IDB)	343,450,000	343,450,000
	13,067,575,022	17,239,765,139

Term Loans are analysed as follows:

Amount repayable within 12 months

7,728,476,538 10,108,942,583

Amount repayable after 12 months:

-Repayable after 12 months and within 24 months

3,616,333,634 3,599,642,482

-Repayable after 24 months and within 36 months

741,848,832 1,879,978,299

-Repayable after 36 months and within 48 months

969,084,656 1,063,779,612

-Repayable after 48 months and within 60 months

11,831,362 587,422,163

5,339,098,484 7,130,822,556

13,067,575,022 17,239,765,139

14. Term loans (contd.)

All repayment obligations in respect of the term loans were met and no amounts were in arrears as at 31 December 2010.

* Secured by fixed deposits amounting to Tk. 1,067,250,846 (2009: Tk.568,332,721) and properties amounting in aggregate to Tk. 472,498,556 (2009: 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, biannually and annually and bear the following interest rates:

	2010	2009
PKSF	7%	7%
Other financial institutions	6%-15%	6%-15%

15. Members' savings deposits

	2010 Taka	2009 Taka
Opening balance	18,398,618,148	15,764,569,644
Deposits during the year	11,454,102,166	11,822,933,239
Withdrawals during the year	(9,886,708,726)	(9,188,884,735)
Closing balance	19,966,011,588	18,398,618,148

The rate of interest paid in respect of savings deposits by members was 5% - 10% (2009: 5%-10%) per annum.

BRAC has four types of savings deposits initiatives, namely (a) Weekly savings (b) Compulsory savings (c) Monthly savings and (d) Term deposit, with a view to facilitating and encouraging savings by members in rural areas.

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

15. Members' savings deposits (contd.)

Rules for Savings withdrawals:

- (a) The entire amount of savings deposits of a member will be refunded when the member retires or is terminated from membership.
- (b) After one year of becoming a 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 member before withdrawal of the entire amount of savings deposits.
- (d) If the savings deposit balance of a member is less than Tk 2,000 after part withdrawals, no interest will be paid on the remaining balance. Moreover, if a member withdraws deposits more than twice in a year, no interest will be paid for that financial year.
- (e) Member can withdraw his/ her entire monthly savings and term deposits any time before the maturity date of savings deposits.

16. Grants received in advance account

	Note	2010 Taka	2009 Taka
At 1 January		1,436,507,867	1,834,102,592
Receivables as at 1 January		(582,061,017)	(204,730,963)
		854,446,850	1,629,371,629
Donations received during the year	27	9,749,515,276	10,256,780,816
Transferred to deferred income:			
- Investment in fixed assets	18	(12,466,233)	(23,103,215)
- Motorcycle replacement fund	18	(18,486,400)	(8,511,713)
Transfer to Statement of Income and			
Expenditure for expenditure during the year	20	(9,721,709,664)	(11,000,090,667)
		851,299,829	854,446,850
Receivables as at 31 December	7	655,916,534	582,061,017
At 31 December		1,507,216,363	1,436,507,867

17. Securitised financing

Financing for securitised receivables	1,573,914,708	894,661,804
Interest Charge	26,360,682	15,022,545
	1,600,275,390	909,684,349
Less: Repayments	954,977,593	447,324,041
	645,297,797	462,360,308

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 2010, the value of Designated Loans and Collateralised Loans amounted to Taka 684,927,072 and Taka 351,656,074 respectively.

The financing bears interest at effective rates ranging between 6.53% to 8.60% per annum.

All repayment obligations in respect of the term loan have been met and no amounts were in arrears as at 31 December 2010.

18. Deferred income

	2010 Taka	2009 Taka
Investment in Fixed assets (Note-18.1)	204,161,766	268,064,212
Motorcycle Replacement Fund (Note-18.2)	50,396,957	60,332,998
	<u>254,558,723</u>	<u>328,397,210</u>

18.1 Investment in Fixed assets

At 1 January 2010		268,064,212	328,946,492
Transfer from Grant received in advance	16	12,466,233	23,103,215
Transfer to Income and Expenditure (unrestricted)	20	(3,286,265)	(57,891,835)
Transfer to Income and Expenditure (temporarily restricted)	20	(73,082,413)	(26,093,660)
		<u>204,161,766</u>	<u>268,064,212</u>

18.2 Motorcycle Replacement Fund

At 1 January 2010		60,332,999	93,475,668
Transfer from Grant received in advance	16	18,486,400	8,511,713
Transfer to Capital Fund (unrestricted)		(402,463)	(751,011)
Transfer to Capital Fund (temporarily restricted)		(28,019,978)	(40,903,371)
		<u>50,396,957</u>	<u>60,332,998</u>

19. Other long term liabilities

	2010 Taka	2009 Taka
Employee gratuity and redundancy fund	4,292,564,823	3,504,754,781
Self-insurance fund		
- Employees	256,524,974	255,704,828
- BRAC properties and motorcycles	466,712,932	436,213,832
	<u>723,237,906</u>	<u>691,918,660</u>
Other funds		
- Special fund for scholarship	4,627,427	4,419,905
- Relief and rehabilitation fund	179,334,977	130,806,416
- Emergency fund	308,050,697	182,528,033
- Staff welfare fund	55,893,573	22,594,452
	<u>5,563,709,403</u>	<u>4,537,022,247</u>

19. 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 2010, 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.

20. Donor grants

Donor grants recognised in the Statement of Income and Expenditure:

	Note	2010 Taka	2009 Taka
Transferred from grants received in advance	16	9,721,709,664	11,000,090,667
Transferred from deferred income:			
amortisation of investment in fixed assets			
- unrestricted	18	3,286,265	57,891,835
- temporarily restricted	18	73,082,413	26,093,660
		76,368,678	83,985,495
		<u>9,798,078,342</u>	<u>11,084,076,162</u>

21. Investment income

	2010 Taka	2009 Taka
Interest on bank accounts and fixed deposits	651,911,297	857,991,476
In respect of investments in related undertakings:		
-Share of profits less losses	488,451,308	733,954,022
-(Increase)/ Decrease of Provision for impairment losses	(263,487)	446,881
	488,187,821	734,400,903
	<u>1,140,099,118</u>	<u>1,592,392,379</u>

22. Other income

Gain on disposal of property, plant and equipment	4,495,241	30,377,018
Partial reimbursements on cost of programme supplies	85,803,573	122,819,810
Training income	315,595,714	487,884,949
Sale of waste materials	60,800,030	54,765,964
Interest received on loans and advances	44,019,659	51,634,217
Foreign exchange gain - unrealised	9,925,906	3,989,069
	<u>520,640,123</u>	<u>751,471,027</u>

23. Taxation

Income taxation charge for the year	<u>212,000,000</u>	<u>87,000,000</u>
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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. 4,619,653,694 against tax liability for the assessment years from 1991-92 to 2009-10. 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. 686,782,307 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 as demanded by the tax authority. Accordingly, the amount have been provided for in the financial statements 31 December 2010 might not match the arbitrary demand of the authority.

24. Related Party Disclosures

		2010 Taka	2009 Taka
In addition to Note 10, other transactions regarding to related parties are stated below:			
Sl.#	Name of Related Party	Nature of Transactions	
1.	BRAC Bank Ltd.	Fixed deposits	784,818,757
		Short term deposits	2,901,918,894
		34 Bank Accounts (2009: 34)	1,514,813,353
			558,430,868
			6,109,683,511
			957,004,509
2.	Delta BRAC Housing Finance Corp.Ltd.	Fixed deposits	576,851,447
			537,957,059

25. Foreign currency denominated monetary assets and liabilities

	2010 Taka	2009 Taka
Resident Foreign Currency Deposits (in US\$)	465,003,435	442,815,581
Resident Foreign Currency Deposits (Euro)	17,298,724	18,247,446
Resident Foreign Currency Deposits (in GBP)	16,742,280	16,673,572
Cash at bank (in US\$)	24,074,388	13,657,682
Cash at bank (in Euro)	1,118,598	919,200
Cash at bank (Indian Rupee)	-	174
Cash at bank (in GBP)	223,210	115,380

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 members and 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	2010 Taka	2009 Taka
BRAC Education Program	EKN	660,000,000	909,851,327
	NOVIB	39,864,990	105,067,575
	DFID	862,703,250	1,323,634,000
	CIDA	-	43,307,936
	AusAID	459,518,851	387,004,000
	Sub total	2,022,087,091	2,768,864,838
Non-Formal Primary Education Program (NFPE Phase-III)	EC	264,738,970	-
Challenging the Frontiers of Poverty Reduction Programme (Phase-II)	NOVIB	54,892,380	46,796,182
	AusAID	635,340,000	15,018,940
	DFID	2,138,994,200	2,197,944,946
	CIDA	-	163,231,722
	Sub Total	2,829,226,580	2,422,991,790
Education Research, Training and Advocacy	EKN	64,830,877	50,000,000
	SDC	25,168,000	32,741,968
	Sub total	89,998,877	82,741,968
BRAC University Institute of Education Development	Plan Bangladesh	1,204,810	10,927,104
	Institute of Dev. Studies-Sussex	2,048,046	-
	Sub total	3,252,856	10,927,104
Cyclone Relief and Rehabilitation Activities	NOVIB	-	34,777,005
	BRAC USA	-	899,532
	Local contribution	-	393,230
	Sub total	-	36,069,767
Improving Maternal Neonatal & Child Survival Program (MNCS)	AusAID	28,230,370	305,550,000
	EKN	154,672,000	44,687,244
	DFID	244,161,821	163,392,975
	Sub total	427,064,191	513,630,219
AILA Relief & Rehabilitation	BRAC USA	-	22,039,824
	Luftfahrt ohne Grenzen e. V.	-	46,779,303
	Sub total	-	68,819,127
BRAC New Initiative of HRLS	GTZ	957,207	885,054
	Australian High Commission	1,200,000	-
	Sub total	2,157,207	885,054
MA in Governance and Development Program	World Bank	-	2,083,690
Pilot project of distributing reading glass in Manikganj	Vision Spring	-	629,748
Early Childhood Development Support Program	AKF	4,000,000	3,240,000
Char Development and Settlement Program	EKN	8,033,978	29,543,496
Atta Fortification Program	WFP	54,778,954	55,861,612
Northwest Crop Diversification Project	GOB	-	14,715,563
School Feeding Program	Land O Lakes	-	3,611,520
TB Control Program	The Global Fund	757,939,115	608,640,779
Social Protection Package for Retrenched State Owned Enterprise Workers	DFID	-	162,806,235
Tree Improvement project	Inter Co-operation Bangladesh	4,826,362	6,055,475
Improving Sexual and Reproductive Health	Institute of Dev. Studies-Sussex	3,839,953	9,252,044
Pathway of Women Empowerment of research project	Institute of Dev. Studies-Sussex	17,961,648	9,445,127
BRAC Water, Sanitation and Hygiene Program	EKN	1,495,938,740	1,186,352,302
Malaria Control Program	The Global Fund	205,638,005	241,709,864
Deepening Democracy, Building Citizenship and Promoting Participation	Institute of Dev. Studies-Sussex	-	685,548
	International Research and Exchanges Board	-	1,973,922
Safe Migration Facilities	Manusher Jonno Foundation	8,225,030	13,109,493
Community Based Maternal, Neonatal and Child Health (MNCH) Program for Urban Bangladesh	Bill and Melinda Gates Foundation	392,799,732	404,967,608

Name of the projects	Donor	2010 Taka	2009 Taka
BRAC Non-formal Primary Education Program	EC	155,839,221	231,141,872
Revealing the Challenges of Urban Bangladesh DOTS Program	University of Leeds	831,847	1,076,421
Vitamin A Captul Supplementation for Unreached Children in Hard to Reach areas	Micro-Nutrient Initiative	6,154,130	689,507
Early Learning for Child Development Project (ELCDP)	UNICEF	209,418,653	211,399,588
BRAC Innovation Fund towards a new Dimention of Adolescent Development Program	NOVIB	-	638,941
BRAC Limb Centre and Brace Centre	International Committee of the Red Cross (ICRC)	-	686,600
Mainstreaming Nutrition in to BRAC Program	ICDDRDB	-	1,643,658
Community Based Postnatal Care Study in Bangladesh	Save the Children-USA	1,042,750	2,576,638
Prevention & Control of HIV among High Risk Population	Save the Children-USA	-	12,795,571
Indoor Air Polution and Health in Developing Countries Survey	Standford University	968,459	6,820,096
Improving Recognition Prolonged Labor and Birth with Unsil Academic	Emory University	1,911,964	341,102
HIV/AIDS Targeted Intervention among Clients of Sex Workers	UNICEF	-	4,812,256
Community Safety Pilot project	Safer World	1,000,000	81,090
Maternal Perinatal Depressive Symptom on Infant Dev.	Karolinska University-Sweden	628,984	550,400
Post SIDR Livelihood Rehabilitation Program	EC	84,107,199	760,480,404
Cyclone SIDR Emergency Health & Nutrition Response in Bangladesh	Save the Children-USA	-	2,090,841
Pro-Poor Growth for South Africa and Asia	Oxford University	4,168,327	4,270,465
Distributing Essential Information over Mobile Phones	DIMAGI	-	6,769,412
Adolscent Development Program	UNICEF	79,801,636	97,937,287
Screening of Tube Well in Bangladesh Arsenic	The Rotary Foundation	-	420,486
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-UK	623,275	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	3,115,000	3,586,241
TQI-SEP Innovation and Development	GOB	2,389,000	2,806,108
Alive and Thrive Project	Applied Research & Technical Services(AEDARTS)	105,853,103	71,963,322
Social and Financial Empowerment of Adolescents (SOFEA)	BRAC -USA	54,106,056	45,894,576
Active Citizen and Accountable Local Government Project	United Nations Democracy Fund (UNDEF)	4,122,420	-
Advocacy for Safe Migration and Abating Labour Trafficing	Winrock International-USA	527,000	-
Bangladesh Springles Program	The Global Alliance for Improved Nutrition (GAIN)	20,523,193	-
Crop Intesification for Achieving Food Self-Sufficiency Program	EC	240,520,031	-
Developing BRAC's Emergency Response Capacity	BRAC-USA	67,922,998	-
Technology Dissemination of Acuaculture for Poverty Reduction	AIDA-Spain	13,673,761	-
The effect of micronutrient powder and hand hygiene on linear growth faltering and treating iron deficiency anemia and preventing calcium deficiency among Bangladeshi infants	Hospital For Sick Children	4,354,314	-
Restoring Socio-Economic Stability and Strengthening Community in areas affected by Cyclone AILA	EC	88,082,042	-
Disaster Resilient Habitat: An Alternative to Cyclone Shelter	United Nations Development Programme (UNDP)	10,309,500	-
m.Health for improving Maternal, Neonatal & Child Health project	Rockefeller Foundation	14,025,118	-
Situation Analysis Study on Core Issues related to Food Security and Poverty in Bangladesh	International Union for Conservation of Nature and Natural resources (IUCN)	150,000	-
Challenging the Frontiers of Poverty Reduction Programme (Phase-I)	EC	(19,161,994)	-
TOTAL		9,749,515,276	10,256,780,816

28. Segmental financial information

Unrestricted									Temporarily restricted	Total 2010
Aarong Rural Craft Centre	BRAC Printers & Printing Pack	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Project	House Property (Building)	Total Unrestricted	Development Projects	
Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	

Balance Sheet as at December 31, 2010

Assets:

Cash in hand and at banks	126,201,916	13,521,572	93,923,261	74,254,065	18,298,705	3,471,827,713	(2,333,860,877)	688,368,161	2,152,534,516	1,538,693,782	3,691,228,298
Term deposits	-	-	-	-	-	1,337,223,279	5,394,654,662	-	6,731,877,941	-	6,731,877,941
Advance, deposits and prepayments	167,984,575	246,332,509	37,241,612	99,681,575	208,848	480,859,994	862,775,750	23,383,702	1,918,468,565	88,581,753	2,007,050,318
Inventories	1,742,557,863	180,630,233	100,208,677	464,675,394	10,347,290	78,947,742	34,950,417	-	2,612,317,616	5,169,161	2,617,486,777
Grants and accounts receivable	81,434,616	90,795,486	22,952,770	283,125,497	12,307,610	108,966,106	248,526,405	2,957,517	851,066,007	689,810,079	1,540,876,086
Inter-programme current account	(625,229,776)	(366,214,948)	78,900,095	74,608,515	6,139,868	167,878,699	663,893,142	-	(24,405)	24,405	-
Microfinance loans	-	-	-	-	-	38,946,761,741	-	-	38,946,761,741	-	38,946,761,741
Motor cycle loans	368,669	-	1,851,774	8,203,126	69,812	409,551,670	6,997,134	-	427,042,185	396,364,743	823,406,928
Investments in securities and others	-	-	-	-	-	-	170,550,000	-	170,550,000	-	170,550,000
Investments in related undertakings	-	-	-	-	-	-	6,966,792,236	-	6,966,792,236	-	6,966,792,236
Property, plant and equipments	685,488,281	114,917,373	399,857,399	667,685,599	3,959,461	3,019,669,594	2,238,321,925	182,923,558	7,312,823,190	178,945,757	7,491,768,947
Total Assets	2,178,806,144	279,982,225	734,935,588	1,672,233,771	51,331,594	48,021,686,538	14,253,600,794	897,632,938	68,090,209,592	2,897,589,680	70,987,799,272

Liabilities and net Assets**Liabilities:**

Liabilities for expenses and materials	173,404,634	35,004,158	108,991,108	280,216,801	16,235,497	1,235,177,987	367,482,843	6,613,935	2,223,126,963	443,774,101	2,666,901,064
Bank overdrafts	-	-	-	-	-	-	3,199,576,993	-	3,199,576,993	-	3,199,576,993
Term loans	47,291,391	-	-	200,000,000	-	12,620,283,631	200,000,000	-	13,067,575,022	-	13,067,575,022
Members savings deposits	-	-	-	-	-	19,966,011,588	-	-	19,966,011,588	-	19,966,011,588
Members project & current account	-	-	-	-	-	15,706,367	-	-	15,706,367	-	15,706,367
Grants received in advance account	-	-	-	-	-	-	-	-	-	1,507,216,363	1,507,216,363
Securitized financing	-	-	-	-	-	645,297,797	-	-	645,297,797	-	645,297,797
Deferred income	-	-	-	-	-	760,167	105,374,083	-	106,134,250	148,424,473	254,558,723
Other long term liabilities	189,302,079	35,409,032	-	-	-	308,050,697	5,030,947,595	-	5,563,709,403	-	5,563,709,403
Provision for taxation	-	-	-	-	-	-	490,941,030	-	490,941,030	-	490,941,030
Total Liabilities	409,998,104	70,413,190	108,991,108	480,216,801	16,235,497	34,791,288,234	9,394,322,544	6,613,935	45,278,079,413	2,099,414,937	47,377,494,350
Net assets- Capital fund	1,768,808,040	209,569,035	625,944,480	1,192,016,970	35,096,097	13,230,398,304	4,859,278,250	891,019,003	22,812,130,179	798,174,743	23,610,304,922

Total Liabilities and Net assets	2,178,806,144	279,982,225	734,935,588	1,672,233,771	51,331,594	48,021,686,538	14,253,600,794	897,632,938	68,090,209,592	2,897,589,680	70,987,799,272
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28. Segmental financial information (cont'd.)

Unrestricted									Temporarily restricted	Total 2009
Aarong Rural Craft Centre	BRAC Printers & Printing Pack	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Project	House Property (Building)	Total Unrestricted	Development Projects	
Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka

Balance Sheet as at December 31, 2009

Assets:

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)	643,967,384	2,458,131,011	1,254,867,603	3,712,998,614
Term deposits	-	-	-	-	-	2,054,169,106	6,906,713,915	-	8,960,883,021	-	8,960,883,021
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
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
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	-
Microfinance loans	-	-	-	-	-	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
Investments in securities and others	-	-	-	-	-	-	134,100,000	-	134,100,000	-	134,100,000
Investments in related undertakings	-	-	-	-	-	-	4,814,649,373	-	4,814,649,373	-	4,814,649,373
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	199,987,521	5,608,688,776
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:

Liabilities for expenses and materials	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
Bank overdrafts	-	-	-	-	-	-	4,370,328,157	-	4,370,328,157	-	4,370,328,157
Term loans	90,166,748	-	-	200,000,000	-	16,749,598,391	200,000,000	-	17,239,765,139	-	17,239,765,139
Members savings deposits	-	-	-	-	-	18,398,618,148	-	-	18,398,618,148	-	18,398,618,148
Members project & current account	-	-	-	-	-	14,826,107	299,220	-	15,125,327	-	15,125,327
Grants received in advance account	-	-	-	-	-	-	-	-	-	1,436,507,867	1,436,507,867
Securitised financing	-	-	-	-	-	462,360,308	-	-	462,360,308	-	462,360,308
Deferred income	-	-	-	-	-	170,468	151,711,950	-	151,882,418	176,514,792	328,397,210
Other long term liabilities	166,494,522	31,735,684	-	-	-	182,528,033	4,156,264,008	-	4,537,022,247	-	4,537,022,247
Provision for taxation	-	-	-	-	-	-	278,941,030	-	278,941,030	-	278,941,030
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

28. Segmental financial information (cont'd.)

Unrestricted									Temporarily restricted	Total 2010 Taka
Aarong Rural Craft Centre	BRAC Printers & Printing Pack	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted	Development Projects	
Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	

Statement of Income and Expenditure
for the year ended December 31, 2010

Income

Donor grants	-	-	-	-	-	40,683	3,245,582	-	3,286,265	9,794,792,077	9,798,078,342
Revenue from											
- Income Generating Projects	3,397,341,505	838,148,977	1,891,075,963	-	-	-	-	-	6,126,566,445	-	6,126,566,445
- Program Support Enterprises	-	-	-	2,942,972,470	122,041,908	-	-	-	3,065,014,378	-	3,065,014,378
Service charge on microfinance loans	-	-	-	-	-	11,815,741,388	-	-	11,815,741,388	-	11,815,741,388
Investment income	-	-	-	-	-	151,544,741	919,345,375	-	1,070,890,116	69,209,002	1,140,099,118
Other income -internal	(31,362,089)	(8,315,137)	-	-	-	-	39,677,226	-	-	-	-
Other income	41,273,442	9,032,690	23,008,166	116,939,720	649,524	-	329,232,806	-	520,136,348	503,775	520,640,123
Income from house property	-	-	-	-	-	-	-	83,411,607	83,411,607	-	83,411,607

Total income	3,407,252,858	838,866,530	1,914,084,129	3,059,912,190	122,691,432	11,967,326,812	1,291,500,989	83,411,607	22,685,046,547	9,864,504,854	32,549,551,401
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Expenditure

Income generating projects	2,703,353,989	766,804,154	1,750,785,426	-	-	-	-	-	5,220,943,569	-	5,220,943,569
Program Support Enterprise	-	-	-	2,648,778,454	113,454,880	-	-	-	2,762,233,334	-	2,762,233,334
House Property	-	-	-	-	-	-	-	55,604,552	55,604,552	-	55,604,552
Education Programme	-	-	-	-	-	-	43,211,718	-	43,211,718	3,600,183,169	3,643,394,887
Challenging the Frontiers of Poverty Reduction	-	-	-	-	-	-	42,575,320	-	42,575,320	2,606,497,683	2,649,073,003
Health Programme	-	-	-	-	-	-	177,831,154	-	177,831,154	3,225,214,243	3,403,045,397
Micro Finance Programme	-	-	-	-	-	10,076,784,721	-	-	10,076,784,721	-	10,076,784,721
Relief and Rehabilitation	-	-	-	-	-	-	24,135,220	-	24,135,220	117,873,935	142,009,155
Poultry & Livestock Programme	-	-	-	-	-	-	19,545,401	-	19,545,401	-	19,545,401
Fisheries Programme	-	-	-	-	-	-	32,022,374	-	32,022,374	-	32,022,374
Agriculture & Sericulture Programme	-	-	-	-	-	-	50,641,894	-	50,641,894	4,814,327	55,456,221
Livelihood Development Programme	-	-	-	-	-	-	79,229,636	-	79,229,636	184,824,956	264,054,592
Research, Monitoring and Evaluation	-	-	-	-	-	-	17,690,783	-	17,690,783	54,052,605	71,743,388

Total Expenses	2,703,353,989	766,804,154	1,750,785,426	2,648,778,454	113,454,880	10,076,784,721	486,883,500	55,604,552	18,602,449,676	9,793,460,918	28,395,910,594
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Surplus of income over

expenditure before taxation	703,898,869	72,062,376	163,298,703	411,133,736	9,236,552	1,890,542,091	804,617,489	27,807,055	4,082,596,871	71,043,936	4,153,640,807
Taxation	-	-	-	-	-	-	(212,000,000)	-	(212,000,000)	-	(212,000,000)

Net surplus stated in statement of income & expenditure before inter-progr. allocations	703,898,869	72,062,376	163,298,703	411,133,736	9,236,552	1,890,542,091	592,617,489	27,807,055	3,870,596,871	71,043,936	3,941,640,807
Inter-programme allocations	(224,788,701)	(53,279,049)	(21,649,352)	(51,819,237)	-	(111,957,867)	301,536,339	-	(161,957,867)	-	(161,957,867)

Net surplus/(deficit) for the year after inter-programme allocations	479,110,168	18,783,327	141,649,351	359,314,499	9,236,552	1,778,584,224	894,153,828	27,807,055	3,708,639,004	71,043,936	3,779,682,940
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28. Segmental financial information (cont'd.)

Unrestricted									Temporarily restricted	Total 2009
Aarong Rural Craft Centre	BRAC Printers & Printing Pack	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted	Development Projects	
Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	

Statement of Income and Expenditure for the year ended December 31, 2009

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 microfinance loans	-	-	-	-	-	11,745,042,192	-	-	11,745,042,192	-	11,745,042,192
Investment income	-	-	-	-	-	-	1,338,260,948	-	1,539,563,924	52,828,455	1,592,392,379
Other income -internal	(4,473,338)	(8,203,737)	-	-	-	-	12,677,075	-	-	-	-
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	32,917,853,069
Expenditure											
Income Generating Projects	2,224,046,608	740,112,651	1,341,885,474	-	-	-	-	-	4,306,044,733	-	4,306,044,733
Program Support Enterprise	-	-	-	2,448,180,617	109,262,783	-	272,159,016	-	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 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	-	10,534,750,117
Relief and Rehabilitation	-	-	-	-	-	-	37,882,278	-	37,882,278	953,725,603	991,607,881
Poultry & Livestock Programme	-	-	-	-	-	-	20,838,876	-	20,838,876	-	20,838,876
Fisheries Programme	-	-	-	-	-	-	27,613,407	-	27,613,407	-	27,613,407
Agriculture & Sericulture Programme	-	-	-	-	-	-	45,199,820	-	45,199,820	21,073,298	66,273,118
Livelihood Development Programme	-	-	-	-	-	-	106,762,753	-	106,762,753	226,274,005	333,036,758
Grant to BRAC University	-	-	-	-	-	-	8,700,000	-	8,700,000	-	8,700,000
Research, Monitoring and Evaluation	-	-	-	-	-	-	4,852,847	-	4,852,847	87,309,791	92,162,638
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	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 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

29. Statement of Functional Expenses

Unrestricted									Temporarily restricted	Total 2010 Taka
Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Projects Taka	House Property (Building) Taka	Total Unrestricted Taka	Development Projects Taka	

Expenditure Statement
for the year ended December 31, 2010

Salaries and benefits	339,878,608	16,997,737	68,253,179	129,679,120	3,905,402	4,185,710,307	60,595,633	-	4,805,019,986	3,594,677,347	8,399,697,333
Travelling and transportation	25,828,852	3,673,758	42,783,321	39,483,848	324,253	362,363,041	13,869,388	-	488,326,460	471,443,471	959,769,931
Teachers' salaries	-	-	-	-	-	-	-	-	-	763,627,224	763,627,224
Teachers' training	-	-	-	-	-	-	-	-	-	155,165,406	155,165,406
School rent and maintenance	-	-	-	-	-	-	-	-	-	162,899,531	162,899,531
Stationery, rent and utilities	83,331,878	4,374,571	28,259,048	9,242,637	778,267	139,041,406	34,237,098	793,585	300,058,490	206,734,626	506,793,116
Maintenance and general expenses	67,360,684	2,934,922	22,719,585	13,651,163	2,595	143,368,292	73,600,718	3,658,650	327,296,608	41,300,468	368,597,076
Members' training	-	-	-	-	-	3,886,372	6,791,786	-	10,678,158	375,756,557	386,434,715
Staff training and development	2,193,230	-	723,208	1,390,592	-	45,203,463	27,799,874	-	77,310,367	316,158,426	393,468,793
Programme supplies	-	-	-	1,439,260	38,775	190,735,228	14,543,591	-	206,756,853	3,649,828,750	3,856,585,603
Interest on members' savings deposits	-	-	-	-	-	1,204,534,627	-	-	1,204,534,627	-	1,204,534,627
Interest on long term loans	-	-	-	28,538,119	-	1,766,072,661	-	-	1,794,610,780	-	1,794,610,780
Bank overdraft interest and charges	24,944,612	34,087,088	-	-	-	68,334,974	119,039,624	-	246,406,298	-	246,406,298
Cost of goods sold- income generating projects	2,083,790,545	693,748,389	1,487,600,825	-	-	-	-	-	4,265,139,759	-	4,265,139,759
Cost of goods sold- program support enterprise	-	-	-	2,281,044,891	107,318,697	-	-	-	2,388,363,588	-	2,388,363,588
Publicity, advertisement and sales commissions	16,602,750	-	39,244,219	66,990,731	-	-	10,739,292	-	133,576,992	14,584,755	148,161,747
Loan loss provision for microfinance loans	-	-	-	-	-	1,910,811,625	-	-	1,910,811,625	-	1,910,811,625
Depreciation of property, plant and equipment	59,422,830	2,193,637	54,223,956	70,949,225	434,370	56,722,725	125,666,496	20,653,217	390,266,456	41,284,358	431,550,814
Provision for bad and doubtful debts	-	8,794,052	6,978,085	6,368,870	652,522	-	-	-	22,793,529	-	22,793,529
Allocation to self- insurance fund	-	-	-	-	-	-	-	30,499,100	30,499,100	-	30,499,100
	2,703,353,989	766,804,154	1,750,785,426	2,648,778,454	113,454,880	10,076,784,721	486,883,500	55,604,552	18,602,449,676	9,793,460,918	28,395,910,594

Included in cost of goods sold of (Printers and Printing Pack) is depreciation of property, plant and equipment amounting to Tk. 20,912,913

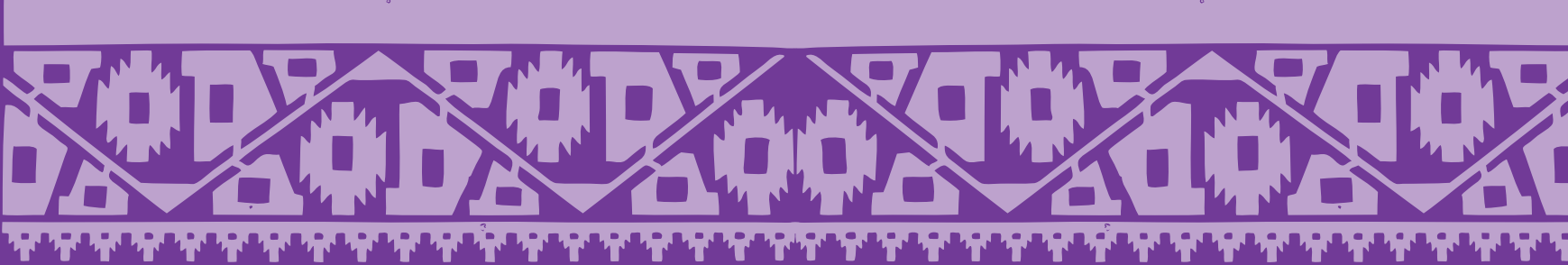
29. Statement of Functional Expenses (cont'd.)

Unrestricted									Temporarily restricted	Total 2009
Aarong Rural Craft Centre	BRAC Printers & Printing Pack	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted	Development Projects	
Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka

**Expenditure Statement
for the year ended December 31, 2009**

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	985,165,081
Teachers' training	-	-	-	-	-	-	-	-	-	249,018,528	249,018,528
School rent and maintenance	-	-	-	-	-	-	-	-	-	140,546,328	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
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 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 of 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- program support enterprise	-	-	-	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 microfinance loans	-	-	-	-	-	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	37,879,721	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



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Cover photo

Page 27 : Photo of women boiling cocoons

Page 28: Photo of Marium from Shahjadpur

Page 29: From top left : First and Second photos

Page 30: Photo of a farmer in Sharankhola

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Page 48: Profile shots

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