



BRAC communications/AR12/may13

BRAC

BRAC Centre
75 Mohakhali
Dhaka 1212
Bangladesh

T : +88 02 9881265
F : +88 02 8823542
E : info@brac.net
W : www.brac.net

Annual Report
2012

Contents

Our Vision, Mission and Values	01
Chairperson’s Statement	02
Vice Chairperson’s Statement	04
Executive Director’s Statement	05
Managing Director’s Statement	06
Innovation 2012	07
Emerging Challenges	08
Agriculture and Food Security	10
Community Empowerment	12
Disaster, Environment and Climate Change	14
Education	16
Gender Justice and Diversity	20
Health, Nutrition and Population	22
Human Rights and Legal Aid Services	26
Integrated Development	28
Microfinance	30
Migration	34
Targeting the Ultra Poor	36
Water, Sanitation and Hygiene	38
Enterprises and Investments	40
Our Management	44
BRAC Organogram	46
Governance, Management and	
Good Practices	47
Capacity Development and Support Units	53
BRAC Across the World	56
Development Partners	58
Financials	59

BRAC International
Teleportboulevard 140
1043 EJ Amsterdam
Netherlands

www.brac.net

BRAC UK
32-36 Loman Street
Southwark
London SE1 OEH
UK

BRAC USA
110 William Street
29th Floor, New York
NY 10038
USA

Photo Credits
BRAC

Copyright © BRAC
MAY 2013



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 men and women to realise their potential.

Our Values

Innovation
Integrity
Inclusiveness
Effectiveness

Cover photo

Moyna, a frontline community health worker of the 'Manoshi' project under BRAC's health, nutrition and population programme in Kunipara slum, Mogbazaar, Dhaka.

Chairperson's Statement



“ Our achievements have made us even more resolute, committed and optimistic ”

The highlight of BRAC's achievements in 2012 has been the signing of the Strategic Partnership Agreement (SPA) with DFID and AusAID to support the livelihoods of some of the most marginalised communities in Bangladesh. This partnership reflects the confidence our development partners have in our ability to deliver sustainable results and achieve ambitious targets.

Based on shared goals and mutual accountability, the partnership will pursue the targets Bangladesh has set as part of its commitment to Millennium Development Goals. With support through the agreement, BRAC aims to lift 340,000 women and their families out of extreme poverty, assist 680,000 children (60 per

cent of whom are girls) to receive a high standard of primary education, provide contraceptive services to over 15 million couples, and ensure that 2.9 million pregnant women have assistance from skilled birth attendants.

The year marks another formidable stride towards attaining self-sufficiency for BRAC. I am pleased to say that the revenue generated by the enterprises, micro investment and financial services reached BDT 28.8 billion (USD 369.5 million) in 2012. The sum covers 74 per cent of the total budget expenditure, with donor grants covering the rest of the outlay.

Bangladesh is making steady progress towards reaching its MDG targets relating to maternal and child health. A significant portion of its achievement is due to BRAC's 105,000 *shasthya shebikas* and *shasthya kormis*, an army of frontline community health workers, who have dedicated themselves to bridging the gap between the community and established healthcare facilities.

A new generation of educated *shasthya shebikas*, all women from the grassroots level, have also joined our workforce as healthcare volunteers to serve mothers and children – 80 per cent of whom have completed primary education. Extensive training has enhanced their capacity, making them able to perform multiple

tasks, from resuscitating newborn babies to treating malaria using rapid diagnostic tools, and from measuring blood pressure to pre-screening for non-communicable diseases.

The battalion of skilled midwives in BRAC's Manoshi programme is attending to mothers at maternity centres and at home. They are providing antenatal care, promoting complementary feeding practices for both mother and child to millions of families, and contributing to the reduction of malnourishment amongst mothers and children under two.

In partnership with the government, we are combating childhood tuberculosis, a long-neglected scourge in Bangladesh. I believe that BRAC's contribution in addressing the existing health problems and shaping the epidemiological transition will lighten the burden of disease in the country.

The world's largest NGO-led legal aid initiative, BRAC's human rights and legal aid services programme (HRLS), strengthened its efforts to ensure the rights of the poor at the local level, pushing for justice and equality to be included as a goal in the global development agenda beyond 2015.

HRLS, through its 517 legal aid clinics countrywide, continues to reach the grassroots people with legal assistance. Another major undertaking of the programme, the legal literacy component, was developed to orient women on human rights and laws, and has so far reached nearly 3.8 million women.

HRLS has recently successfully implemented its pilot property rights initiative, in two northern districts of Bangladesh, enabling poor families to claim and establish their rights over property. We are now scaling up the project in four other districts of the region, expecting to reach around 1.8 million households.

On the education front, BRAC's 'second chance' primary schools have educated over five million children since 1985, children who would otherwise have remained illiterate. Our three-tier initiative at the pre-primary, primary and secondary levels focuses on cultural activities and provides a platform for innovation and creativity, aiming to tap the immense creative potential of our children.

BRAC's inclusive approach embraces children from rural and urban settings, indigenous groups, children with special needs, and those residing in remote areas. Its community learning

centres known as Gonokendros provide thousands of adolescents and youths with training on life and entrepreneurial skills.

Gender equality has remained the greatest unfinished agenda of our time. Nevertheless, I see some rays of hope when our struggle for parity receives recognition. In 2012, our gender quality action learning programme received the National Level Good Practice Award by the ministry of women and children affairs and UNFPA. The programme, now renamed as POSITION, has scaled up more than tenfold, reaching nearly eight million people.

BRAC's gender justice and diversity division is moving forward with another vital campaign-MEJNIN (safe citizenship for girls), which aims to build confidence amongst girl students to prevent and protest against sexual harassment, particularly in public places. MEJNIN has now reached 120,000 students in 400 secondary schools.

Our community empowerment programme (CEP) strengthens our other initiatives to empower the rural poor. Among its many activities, the programme has established 12,000 *Polli Shomaj* (community-based groups of women), which help women raise their voices to secure their rights in society, play a strong role in preventing violence against women, and help women access government-NGO services.

CEP also mobilises rural citizens to take a proactive role in building and repairing infrastructure, establishing education centres, setting up 'Ideal Wards', and strongly participating in the local decision-making process.

Through CEP's 'Stop Violence Initiative', BRAC has taken positive steps in their unrelenting fight against violence perpetrated against women. The initiative reports and prevents incidents of abuse, as well as provides psychosocial and other supports to survivors.

Through its innovative approach in promoting safe water, sanitation and hygiene (WASH), BRAC, by mid-2012, had provided an estimated 12 million people with safe drinking water facilities in 175 sub-districts, covered approximately 28 million people under their safe sanitation practices, and provided 44 million people with hygiene education.

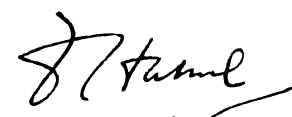
In 2012, BRAC's disaster, environment and climate change (DECC) unit instigated psychosocial training for its staff so that they can provide trauma therapy to disaster victims. As an adaptation technique to the environmental changes, alternative livelihood options for women were introduced in 40 vulnerable sub-districts.

Having focused on the internal processes for the past several years, our microfinance programme returned to a growth trajectory in 2012. Our effort in the previous two years has made significant improvements in portfolio quality and financial sustainability.

BRAC's core microfinance product, Dabi, has shown a vital management shift, as 40 per cent of our branches have moved to a monthly collection method from a weekly method. The programme disbursed USD 1.3 billion in micro loans in 2012.

To assist the most disadvantaged people in their fight against poverty, BRAC challenges the frontiers of poverty reduction. Our initiative, targeting the ultra-poor, developed a two-fold strategy named as special investment. This strategy is based on providing a full grant, while the other aspect is a grant plus credit strategy. After its successful implementation in two five-year phases, covering 1.3 million ultra-poor families, we have started the third phase in 2012.

As BRAC bids farewell to another year, our achievements have made us even more resolute and committed to confronting the multitude of challenges facing Bangladesh. In 2012, our commitment to the values of innovation, integrity, inclusiveness and effectiveness was further strengthened through our ceaseless effort to create opportunities for the poor. The faces of poverty and deprivation will change in time, and BRAC, armed with the strength it derives from the people it serves and the unbending determination of its ever-increasing workforce, will surely tackle the challenges as they emerge in the future.



Sir Fazle Hasan Abed, KCMG
Founder and Chairperson

Vice Chairperson's Statement



“

We cannot
risk becoming
complacent

”

We just celebrated our 40th anniversary. Through the years we have continued to strive for and reach greater heights amidst passionate admiration from observers around the world including in our home country Bangladesh.

Our global recognition has not only brought us occasions to celebrate, but has also given us moments of reflection, allowing us to march forward with better poise to fulfil our vision of a society free from exploitation and discrimination.

In recent years, Bangladesh has made impressive progress in many fields, making its exit from the category of under-developed nations into that of the developing ones. The lowering of maternal mortality ratio to 194 per 100,000 live births, the increase in literacy to 56.8 per cent, and the fact the country is achieving a GDP growth rate of over six per cent despite an ongoing global recession – all are outstanding testaments to the strides we have taken to free ourselves from the wretched grasp of poverty.

Credited by The Economist as ‘the real magic of Bangladesh’, BRAC undeniably plays a key role in making this shift possible. There is no single cause of poverty and our holistic approach reflects this. As one of the world's leading and largest development organisations, we cannot risk becoming complacent.

BRAC's mantra to ‘pilot, perfect, scale up’ is as important as ever. We must take on new challenges after innovations, break new grounds in areas such as urban poverty and tap the potential of Bangladesh's vibrant youth.

The violence that has wreaked havoc in Bangladesh in recent months is challenging, and at times, dispiriting for all of us. Instances of gruesome killings, rape, and rampant lawlessness suggest a frightening erosion of our fundamental social values. Yet the people of Bangladesh have always proved their resilience in the face of adversity – whether natural or manmade – and BRAC is confident this resilience will manifest itself once again. We remain steadfast when it comes to working in solidarity with the most disadvantaged of people, soldiering alongside them to combat poverty, disease, and injustice.

To tackle such challenges, BRAC has from its very beginning been keen on developing low-cost but quality and sustainable models to replicate on a national and international scale. An example of this vision is how BRAC took Oral Rehydration Therapy (ORT) to people's doorsteps, significantly contributing to the decline in child mortality. Thanks to the thousands of health workers of BRAC, Bangladesh has the highest use rate of ORT in the

world today! Our other flagship model, Combating the Frontiers of Poverty Reduction (CFPR), has brought thousands of women, men and children out of extreme poverty and is being successfully replicated in countries across the globe.

As it passes its fourth decade, BRAC wants to share its experience, learning and achievement with a larger platform. For this the role of objective research and evaluation is crucial. I am proud to say that BRAC has developed its independent Research and Evaluation Division, which is the largest and one of the most effective research outfits within any NGO in the world. More incisive research and assessment of our work will not only bring our role to the fore, but will also help BRAC learn from itself and forge a better path towards realising its vision in the country and worldwide.

Finally, I must express my delight in returning to BRAC, and I look forward to continuing my work with our ever-growing family as we strive for a world without poverty and deprivations.

A handwritten signature in dark ink, appearing to read 'Mushtaque Chowdhury'.

Mushtaque Chowdhury

Executive Director's Statement



“

It is time we look back and resume our journey with a renewed spirit

”

BRAC celebrated its 40th year in 2012, garnering worldwide recognition. Still we feel that as an agent of change we have a long way to go. I believe that it is time we look back and resume our journey with a renewed spirit.

Scaling up the education programme inside Bangladesh and outside remained a particular highlight of our operations in 2012. With the launch of its education activities, in the autonomous region of Muslim Mindanao (ARMM), BRAC has begun its work in the Philippines as the 10th country of its operations outside Bangladesh. Meanwhile, in our country we are collaborating with the Qatar Foundation's 'educate a child' programme to scale up our boat school project designed for swamp lands in the hardest to reach *haor* areas and the informal settlements (slum and squatters) in urban areas.

Embodied with a vision of inclusiveness, we launched the Integrated Development Programme in the *haor* and *char* areas in

2012 to address the issues of the plain-land indigenous and other marginalised communities with a composite package of health, education, microfinance and social development activities.

The year also saw BRAC's rural health centres make a large stride by deploying a fresh cadre of doctors and nurses to ensure better services for poor people at a lower cost. Improving inter-programme coordination was also a focus as efforts were taken up to provide better healthcare services to the members of our village organisations. Keeping the drive in action, BRAC is going to launch its first tertiary-level health facility in Rangpur in 2013.

BRAC in future will focus more on urban poverty as it envisages that the issue will pose new challenges for Bangladesh as ever more people, losing their land and other assets and lacking livelihoods

opportunities in rural areas, are flocking towards the cities and other urban centres. Developing an integrated programme for the youth for reaping the demographic dividend is also in progress.

With an approach to work collaboratively with other stakeholders to address the issue, BRAC hopes that 2013 will mark yet another milestone of its innovations dedicated to a comprehensive and long-lasting solution for poverty eradication and empowerment of marginalised people.

Mahabub Hossain

Managing Director's Statement



“
Responding
to challenges
has always
motivated
BRAC into
action
”

Let me begin with Sir Fazle Hasan Abed's quote from 2009:

“BRAC has never shied away from entering into the private sector domain as a pro-poor actor, to create more secure and rewarding links between the market and the livelihoods of the poor. This has led BRAC to venture into many frontier market developments that create backward and forward linkages to the enterprises of the poor. BRAC experiments in high-risk ventures have sometimes shown the private sector ways to invest in a new area.”

That in a nutshell is the BRAC enterprises and investments story. This is the genesis of sustainable social enterprise. Sir Fazle's visionary mind created the first of BRAC's sustainable social enterprises three decades ago. In doing so, BRAC gave the world the true definition of 'corporate social responsibility' or CSR. Businesses that do not consider the long and short-term social and environmental impact of their products and processes, focusing primarily on maximising profit, cannot claim to be socially responsible, irrespective of how much budget they give for CSR. To really make an impact, CSR means moving past the 'maximisation of shareholder value' to 'maximisation of stakeholder value'.

BRAC's motive was not profit but social impact and this differentiates BRAC's social enterprises – dairy, salt, sanitary napkin, nursery, poultry, and fisheries – from a purely commercial enterprise. This

is the difference a 'pro-poor actor', as Sir Fazle describes BRAC, can make in creating livelihoods and make a positive impact on poverty alleviation.

In 2012, we continued to make progress by expanding our enterprises' activities. In our Artificial Insemination Enterprise we have initiated the Embryo Transfer Laboratory. BRAC Kanon at Tejgaon has become a landmark green initiative in Bangladesh. We began several Worker Welfare Projects in our tea estates facilitated by BRAC's health and education programmes.

Sir Fazle spoke of high risk ventures and we at BRAC turn our promises into actions. BRAC Bank continues to be a leader among banks in Bangladesh in the high risk and previously ignored small enterprise lending market. BRAC Bank demonstrated its viability as a profitable one and can claim to be a pioneer in promoting and financing small enterprise development in the country.

Our investment through BRAC Bank in launching bKash, the mobile banking company, is an example of a frontier market development. It is reaching out to the unserved population, whom commercial banks believe are the unbankable 'bottom of the pyramid'. bKash provides a fast, secure, efficient and inexpensive way to transfer money through over 40,000 agents across the

country to over 3.5 million customers. After only two years it is now among the top five largest mobile payment companies in the world.

BRAC EPL Investments Limited (BEIL), our investment bank, recently launched the impact investment division which focuses on advisory and financial services for environmental and social impact businesses. BEIL is the only institution in Bangladesh certified for consultancy services for such businesses by the United Nations Framework Convention for Climate Change.

2012 was a challenging year in many ways, but responding to challenges has always motivated BRAC into action. It is this quality in our DNA that made me describe BRAC in these words at its 40th anniversary celebrations in 2012:

“This is BRAC; a community of people who are united by one objective - to change the world for the better for the future generations. We strive so that our legacy is not a society divided on the basis of wealth and valued on the basis of individual wealth alone; so that we do not leave behind for our children an environment fatally wounded by our greed.”

Muhammad A (Rume) Ali

innovation2012

By definition, development implies constant change. In order to continue to help families lift themselves out of poverty, BRAC must keep refining its strategies to address the most pressing vulnerabilities. When no known solution exists, innovation is required. BRAC has built processes for innovation across the organisation, enabling it to constantly identify gaps, experimenting with potential solutions, and when an effective approach is discovered, scaling it up.

The year of 2012 was no exception—it was a year of breaking down conventional boundaries across a range of dimensions.

We ...

Supported women to enter growing industries that are dominated by men. While many sectors are booming, due to discrimination and lack of skills, in many cases women are unable to fully participate in these markets. BRAC has begun many innovative programmes to equal the playing field, recognising that to be effective, skills development should be market-based and include support to find opportunities. For example, our new driving school teaches young women, selected from our adolescent clubs, safe practices on the road and provides a certificate that attracts potential employers. In the rural areas, we linked members of our targeting ultra-poor programme to training enabling them to provide goat and cattle insemination services in their communities. Young women are learning motorcycle and mobile phone repair through a combination of classroom-based and apprenticeship training.

Aarong, BRAC's enterprise and a leading domestic designer store, employs artisans who are primarily women living in rural villages. Aarong and BRAC have launched a pilot initiative to connect artisans and their families with BRAC's extensive network of services.

Intensified our efforts to engage and support men. For decades, BRAC has engaged men through forums to gain their support for women's issues. But recently, BRAC has begun to seek out male change makers. In both school-based and community-based programmes, young male leaders are identified and trained to speak out against sexual harassment. In a few areas, local elected officials are receiving training on discrimination and sexual violence, and its relevance to their constituencies.

With female enrolment in school now topping that of males, BRAC has realised that boys need additional social support to succeed in school. We've opened up our adolescent clubs for vulnerable young men to benefit from a positive social space and network.

Young men also form the vast majority of the millions of Bangladeshis working overseas and sending remittances back home to lift their families out of poverty. The path to securing a job overseas can be riddled with scams, deceptive

middlemen, and the need to sell off assets like land. We scaled up and enhanced our programmes to ensure their safe and productive migration. We have extended microfinance services to them to cover the cost of overseas migration. We are also exploring partnerships with training centres to enable women and men to develop marketable skills and access safer, higher-paying opportunities.

Empowered clients to demand accountability, including from BRAC. Injustice can keep a family in poverty, especially if it involves access to their land or important social protections and benefits. BRAC has piloted several initiatives to train community members to provide land measurements that can be used in court, take advantage of the Right to Information Act, and participate in local budgeting.

Increasing demand for public accountability is one thing, increasing BRAC's own accountability is another. We've launched an initiative that uses a range of mediums, including evening popular theatre, to educate clients about their rights and protections related to our microfinance products. In another area, local BRAC staff worked with the community to create an easy-to-understand baseline report of service provision and coverage to mobilise efforts to improve them in low-performing areas.

Introduced customised programmes for specific populations and regions. Inequality is increasing in Bangladesh, so there is an increasing importance to target pockets of poverty and vulnerable populations with programmes that are tailored to their needs. For example, the *char* areas in southern Bangladesh are home to many who lack access to even basic infrastructure and services. In partnership with the government, BRAC has launched a comprehensive programme for the *char* dwellers with a range of education, health, economic, and social services. Unfortunately, Bangladesh experienced some violence against ethnic minority groups in 2012. BRAC has now launched a project entirely dedicated to working with these populations and addressing their unique needs.

Did more for BRAC's own cadres of workers. In 2012, BRAC held the first BRAC day, during which 40 members of the BRAC's global workforce received value awards for their embodiment of inclusiveness, innovation, effectiveness and integrity.

We also hosted representatives from all country offices in Bangladesh for the first "Global Learning Meeting", motivated by the increasing number of youth in the developing world who urgently need attention and assistance.

From the Executive Director's Desk

Emerging Challenges

Food security : Issues, Challenges and Implications for BRAC Development Programmes

One of the fundamental rights of citizens stipulated in the Bangladesh constitution is food security for all. Food security exists when all people, at all times, have access to sufficient, safe and nutritious food to maintain healthy and productive lives. The key elements of food security are: availability of adequate food, access to food for all people at all times through adequate incomes and affordable prices, proper hygiene and sanitary practices and safe water for utilisation of food to have optimum impact on health and nutrition, and a regulatory framework in place and its proper implementation for controlling contamination to ensure food safety.

Availability of Food

Food security in Bangladesh has long been synonymous with achieving self-sufficiency in rice, the dominant staple food. Bangladesh has made respectable progress in rice, tripling production from 11 million tonnes in 1971 to 33 million in 2012, faster than the growth of population. The per capita rice production has increased substantially over the level it was at right after the independence of Bangladesh. The growth of production was achieved by fast adoption of higher yielding crop varieties by farmers, supported by rapid expansion of irrigation infrastructure through private investment in tube wells.

Notable progress has been achieved in the production of potatoes and vegetables. The production of most other food crops - pulses, oilseed and sugarcane - has either remained stagnant or has declined. The production of oilseeds has picked up in recent years due to favourable prices, progress in the development of higher yielding varieties, and identification of favourable agro-ecological niche. The dependence of Bangladesh on the world market for the availability of pulses, edible oil, sugar and milk has been growing, along with wheat that does not suit the agro-ecological environment of Bangladesh.

Bangladesh has a rich biological resource base for fish production. In terms of nutrition, fish occupies a significant position in the dietary habits of the people. The growth in fish production was sluggish in the 1970s, it picked up in the 1980s, and was very rapid (seven per cent per year) in the recent years due to the expansion of pond aquaculture. Entrepreneurs have started converting deep-water rice lands into fish ponds and engaging in highly productive and profitable pond aquaculture. The prices of cultured fish such as tilapia and pangash have declined compared to other fish, and have been within the reach of low income consumers.

Limited progress has been made in the production of meat and milk. With economic progress, the demand for animal products has been growing fast. The growth in livestock and poultry farming is constrained by lack of feed, risk imposed by avian flu and other animal diseases, and poor processing, storage and marketing infrastructure.

Access to Food

In a market economy, access to food depends on four elements: production depending on ownership of land, trade-based entitlement depending on market prices of food, labour-based entitlement depending on the employment and wages, and transfer-based

entitlement depending on gifts, remittances, and relief and social protection provided by the government.

In Bangladesh, 70 per cent of the people live in rural areas where agriculture is the major occupation. Almost 60 per cent of the rural households are engaged in farming. The farming household can have access to food from self-production and/or trading the surplus in the local market. But almost 30 per cent of the households do not own any land and another 30 per cent own only up to half an acre. Such tiny land ownership is insufficient to meet the household food requirements, regardless of whatever advanced technology the farmers use. A tenancy market is in operation that provides access to land to landless and marginal landowners for farming. But the terms and conditions of tenancy do not favour the tenants.

The dominant determinant of access to food is the level and the growth of income. In Bangladesh, the per capita income remained almost stagnant till the end of 1980s due to slow growth of GNP and high population growth. The income growth per year has accelerated since 1990, reaching 6.5 per cent in recent years. Bangladesh has also achieved respectable progress in population control. But, the income is highly unequally distributed and the disparity has been growing. As a result, nearly one-third of people still live below the poverty line, with inadequate income to access food from the market.

The hike in food prices after the food crisis in 2007 has had a negative impact on the real wages and access to food. Sharp increase in food grain prices significantly lowers the real income of poor households who spend over half of their income on staple food. At the same time, the volatility in production prices increases risks and uncertainty, and discourages the subsistence farmer to invest in agriculture. The volatility in food prices remains an issue for achieving seasonal and temporal stability in food security.

Bangladesh is often at the mercy of natural calamities such as floods, droughts and cyclones. Despite the gains achieved by Bangladesh in augmenting availability of staple food, a safety net programme is essential to insulate the poverty stricken population from chronic as well as temporary food insecurity that results from external shocks.

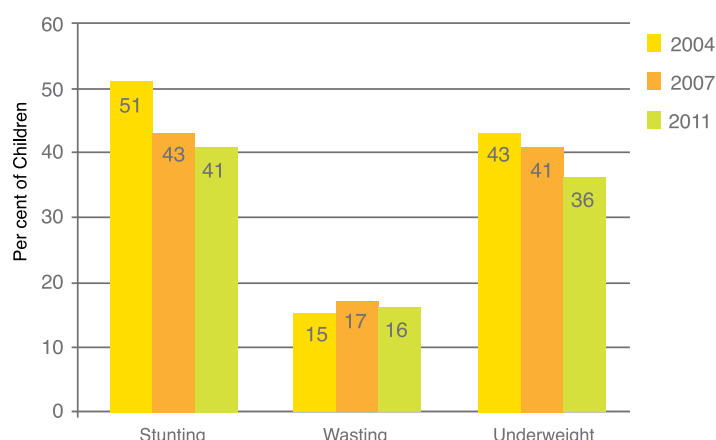
The government has given high priority to the safety nets for ensuring food security. Currently, nearly 2.2 per cent of the GDP is allocated for safety nets and social protection. The evaluation of the programmes however revealed several limitations like large overheads due to the operation of a large number of small programmes by different ministries often with the same objectives, improper targeting of beneficiary households, and leakages in implementation.

Utilisation of Food and Nutrition Security

The acceleration in economic and agricultural growth has made a positive impact on the diversity of food intake away from the rice and vegetable based diet in favour of quality food. A recent International Food Policy Research Institute (IFPRI) study notes that nearly 20 per cent of the population is still calorie deficient and the gender disparity in calorie intake still persists.

Bangladesh has made significant progress in reducing under-nutrition of children. The prevalence of underweight children for below five years of age declined from 60 per cent in 1990 to 36 per cent in

Figure 1. Undernutrition in under-5 children in Bangladesh, 2004 to 2011



Source: Bangladesh Demographic and Health Surveys 2011

2011, and is on track for achieving the target set by the Millennium Development Goals (MDGs). However, progress in reducing stunting, the indicator of chronic malnutrition, shows a less encouraging picture. The level is still about 41 per cent, much higher than countries in sub-Saharan Africa with lower levels of income than in Bangladesh.

Over 2007 to 2011, the level of stunting declined by only two per cent points. Stunting affects the cognitive ability and immunity from diseases of the children. The prevalence of wasting, an indicator of current nutritional status, remains at an alarming level of 16 per cent, with very little improvement over time.

Low birth weight among newborn babies is among the highest in the world, ranging between 20 per cent and 22 per cent. The nutritional status of women shows a better trend. The proportion of women with chronic energy deficiency has declined from 52 per cent in 1997 to 25 per cent in 2011. The hidden hunger, the insufficiency of vitamin A, iron and zinc in the diet that causes major diseases such as diarrhoea and anaemia and poor eye sight remains a major health issue.

Challenges for Sustaining Food Security

The main challenge for achieving and sustaining food security comes from continuing growth of population. The progress in reducing population growth, from three per cent per year at independence of Bangladesh to about 1.2 per cent now, is laudable. But the population is still increasing by 1.8 million every year. Rice production has to increase by 0.4 million tonnes every year to meet the need for staple food for the growing population. Increase in domestic production at that rate would be difficult to achieve due to several supply side factors.

The arable land has been shrinking by 0.6 per cent every year due to demand from housing, industries and infrastructure, as well as loss of land from river erosion. With global warming and climate change, another one-sixth of the land may be submerged with brackish water due to rising sea levels with adverse impact on soil salinity. Climate change has made the monsoon more erratic, raising risks in sustaining growth in food production. Soil fertility has been declining due to overexploitation of soil nutrients, and imbalanced use of fertilisers. Groundwater aquifers have been going down due to over mining for irrigating dry season rice (boro rice) that was the predominant source of growth of rice production over the last two decades. Due to these factors the potential for further increase in production is getting limited.

There are some silver linings, however. With economic progress, people now have capacity to access a diversified diet with intake of less rice and more quality food. The per capita consumption of rice has been declining by almost 1.5 kg per person per year. Japan

and South Korea had the same experience during their process of economic development. So, the demand for rice may not grow much further along with the growth of population.

Rice production can further be increased with intensification of land use with the use of shorter maturity varieties and adoption of submergence-tolerant, drought-tolerant, and saline-tolerant varieties in adverse agro-ecological environments such as the southern coast and the *haor* areas in the northern parts and the flood-prone areas in the river and coastal islands (*chars*) of Bangladesh. The diffusion of hybrid rice could further increase the rice yield, and the yield gaps of existing varieties could be reduced with the adoption of finer crop management practices, such as the system of rice intensification (SRI).

The more difficult challenge is accelerating the growth in the production of non-rice foods, such as pulses, oils, fish and animal products, whose demand has been growing fast with economic prosperity. We must reduce the growing import dependency for non-rice foods to insulate the domestic market from the volatility of the world market. The vast potential for increasing fish production from the intensive use of the flood plains must be explored. Women are already heavily engaged in homestead-based vegetable and fruit production, and subsistence-based poultry and animal farming. The potential is large in this area. Women farmers should be supported with easy access to knowledge of improved technology and disease management, a supply of quality seeds, and access to finance at easy terms. Private sector should have the enabling environment to link farmers to markets with expansion of processing and storage facilities and removing constraints in the value chain.

Implications for BRAC Programmes

BRAC has been working to support the government in achieving and sustaining food security. The agriculture programme has developed capacity for adaptive research by establishing a biotechnology laboratory. The plant breeders have already succeeded in developing shorter maturity rice varieties with improved grain quality. We have made good progress in incorporating cold tolerance in winter rice varieties by crossing materials obtained from Russia with varieties for the north-eastern *haor* region. It will reduce the growth duration of the variety by three to four weeks, which will help save the boro crop in the *haor* and *char* from early flash floods. We are conducting large scale farmer-participatory validation of submergence-tolerant and salinity-tolerant rice varieties to fast-track the adaption of these climate change resilient adaptive rice technologies. Our pilot agricultural credit project for the tenant farmers has proved successful. The project is now targeting women members of the households to grow nutrition rich vegetables in home gardens and to engage in homestead-based animal and poultry farming, to improve the nutrition of household members.

The community empowerment programme (CEP) is providing information to women members of *Polli Shomaj* on their entitlements in the government safety nets and social protection programmes, and assisting the government to improve the targeting of the safety net programme. The health, nutrition and population programme (HNPP) is allocating more resources to address nutritional issues by giving priority to pregnant mothers' nutrition and behavioural change on early initiation of breastfeeding, compulsory breastfeeding for the first six months and supplementary feeding with nutritious food up to 24 months after birth, the First Thousand Days concept to address malnutrition. It is also giving priority to support family planning in the essential health care programme using the community health promoters. The up-scaling of the water, sanitation and hygiene (WASH) programme has been targeting hard-to-reach areas to provide access to safe drinking water and improved sanitary facilities, to improve the non-food environment for utilisation of the food to have better impact on health and nutrition. As always, BRAC is undertaking a holistic approach to address the threats to food security in Bangladesh.

Agriculture and Food Security

Lack of food security is one of the most pressing challenges in the world. Operating in eight countries, BRAC's agriculture programmes work with the governments to achieve and sustain food security. We build systems of production distribution and market quality seeds at fair prices, conduct research to develop better varieties and practices for the agricultural sector, offer credit support to poor farmers, and promote the use of efficient farming techniques and proven technologies.

Highlights 2012

In 2012, the agriculture and food security programme (AFSP) took a new initiative, funded by our strategic partners DFID and AusAID, to further extend and strengthen our agricultural research, development and extension activities in 50 sub-districts of 12 districts in Bangladesh. We are aiming to serve around 60,000 farmers with improved technologies by 2015 and convert single-crop areas to double and triple-crop areas. This project will introduce fish varieties and stress-tolerant and shorter-maturity crop varieties to the cropping systems and accommodate high-value non-rice crops in the rice-based cropping systems.

Besides our research and extension activities, we are also implementing USAID's horticulture project in the southern part of Bangladesh, in collaboration with the International Potato Centre and Asian Vegetable Research

Development Centre (AVRDC). The project aims to increase income of and nutrition for the poor farmers through the value-chain development of potato, sweet potato and selective vegetables.

Along with the development project for tenant farmers and crop diversification programme in the north, we initiated a second crop diversification project in collaboration with Asian Development Bank and the Ministry of Agriculture, Government of Bangladesh. Launched in March 2012, in 52 sub-districts of 27 districts, this project has good potential for high-value crops.

In 2012, we also introduced a range of solar products from d.light (which produces all-purpose, high-brightness solar products) to our extensive network with special offers for underprivileged farmers.

Innovations and Future Outlook

We plan to introduce agro-consumer products to the market, including sun flower oil and spices. We will be marketing sunflower oil by pursuing our unique value-chain approach to procure inputs for sunflower seed from the salinity-affected southern parts of Bangladesh. This is to ensure increased cropping intensity in the seasonally fallow line plant in the coastal areas and guaranteed fair price for the farmers who cultivate this new crop.

We also aim to adopt a unique door-to-door marketing approach with vegetable seeds to promote home-gardening amongst women from marginalised rural households.

By 2015, the research and development wing of our agriculture programme is expecting to release up to three new types of short duration maize varieties, an inbred rice variety, two hybrid rice varieties and two vegetable varieties. We are also in the advanced stage of developing a cold-tolerant shorter-maturity rice variety.



A bumper harvest of potato in Nilphamari district, Bangladesh with seeds distributed by BRAC.

Case Story

SHAHRIAR: A change maker in lives of tenant farmers

Shahriar Kabir is a senior branch manager of BRAC's tenant farmers project in Manikganj district. After he joined BRAC in 2009, he visited the Uchotia bazaar to meet some of the tenant farmers and discovered how they were struggling with high interest loans, weekly payments, lack of timely access to finances and poor technical knowledge. He illustrated the salient features of BRAC's project to these farmers, including a low-interest loan with monthly financing options and the much needed technical consultations on a regular basis.

Shahriar was greatly encouraged by the interest the farmers showed in the project, and consequently formed a village organisation (VO) with women, who took out loans and became self-reliant by cultivating a variety of rice, maize and vegetables. These women also yielded regular technical services from the project's technical experts.

Later when following up with the VO members, Shahriar felt a great sense of fulfilment when he found that their families'

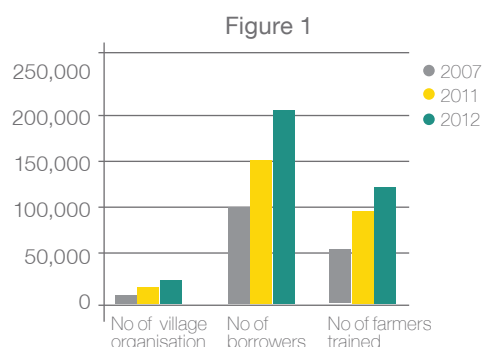


Shahriar on his way to change lives of many more tenant farmers like Sabiha, with his technical consultations, in Manikganj district.

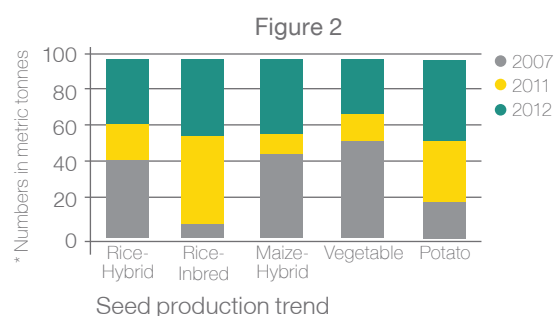
average earning increased by BDT 40,000-45,000 per year, and the children of these families now go to school.

Trend Analysis

The figure for the share croppers development project shows the continuous growth in the number of village organisations, borrowers and the farmers who received training from the project from 2007 to 2012.

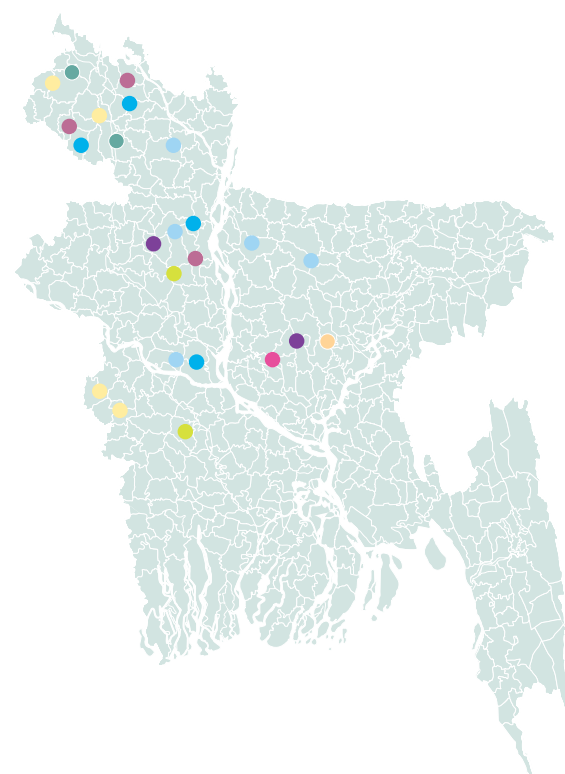


Changes in share croppers development project



From the figure of seed production trend, it can be seen that hybrid rice and vegetable production has fallen a little in 2012 in comparison to 2007 due to lower market prices. On the other hand, the market and production trends of inbred rice, hybrid maize and potato have increased significantly from 2007 to 2011.

Coverage of Agriculture and Food Security Programme



- Light blue: Rice production
- Yellow: Vegetables production
- Teal: Potato production
- Purple: Maize production
- Orange: Rice & vegetables research centre
- Green: Maize research centre
- Pink: Tissue & soil lab
- Dark blue: Seed farm
- Purple: processing centre

Community Empowerment

BRAC's community empowerment programme (CEP) empowers the poor, especially women, by mobilising communities to translate awareness into action. We have reached more than 950,000 women, giving them the tools to increase their human, social and political assets to claim their entitlements, resist exploitation, and play an active role in public life. Our basic approach strengthens rural communities by building community-based institutions to raise awareness and the voices of the poor, while creating a platform for rural civil society and the local government to work together. We strengthen the process by addressing violence against women to create safe communities for women and children and increase the poor's access to information by using interactive communication tools like popular theatre and community radio. Together, these interventions contribute to gender equity, democratic governance and socio-political empowerment of the poor as a pathway to achieve the Millennium Development Goals.

Highlights 2012

In 2012, CEP focused on *Polli Shomaj* (a community-based institution) based development initiatives, leading communities to take a proactive role in ensuring rural people's access to basic services, proper maintenance of local infrastructure and prevention of violence against women. We also launched a new initiative, 'ideal ward', with the assistance of *Polli Shomaj*.

Throughout the year, CEP continued to use their media platforms, namely popular theatre and community radio, to raise awareness on social inequalities that exist in rural communities.

In 2012, we also implemented a project to create awareness on the Right to Information (RTI) Act, aiming to promote implementation of the provisions of the act among rural citizens. The project developed a cost-effective, community-based mechanism for the rural poor to make effective use of the RTI law, which would lead to improved local governance.

Innovations and Future Outlook

CEP is developing a cadre of community-based psychosocial counsellors to

provide survivors of violence with access to basic psychosocial counselling. Under this 'Stop Violence' initiative, so far 2,012 women from *Polli Shomaj* have been trained on basic psychosocial counselling to counsel women who are victims of acid violence, rape and physical abuse. We also initiated a pilot project to engage men and boys to prevent violence against women, which is built on an innovative participatory approach that identifies problems, finds solutions, develops action plans, and leads to the implementation of the action plans. This initiative is being implemented in 50 sites across 20 districts.



Shohena Akter, a correspondent of Radio Pollikontho, interviewing the community members in Moulvibazar to bring out their voices.

Case Story

SUFIA: Saving lives with blood drive

Many young, expectant mothers of ward six, in Debhata union of Satkhira district, lost their lives from excessive bleeding due to post-pregnancy complications. The incessant recurrence of such incidents fuelled the local *Polli Shomaj* leader Mosammat Sufia Begum to take action and prevent the deaths of these young women.

In January 2011, she brought the local youth and the *Polli Shomaj* together and held events for blood donation free of cost for pregnant women. With support from the Shokhipur Govt Hospital and Nolta Ahsania Mission, Sufia and the organisers collected blood from 50 local youths and *Polli Shomaj* members and gave it to expectant mothers who needed it during delivery or for post-pregnancy complications.

Soon, people from the neighbouring areas learned about *Polli Shomaj*'s blood drive, and wanted to partake in the benefits. The blood donors' list was then given to the government hospitals, community clinics and NGO health service providers. Sufia herself and a local youth group leader remain available to be directly contacted by people. As of December 2012, the blood drive helped save the lives of 185 pregnant women.



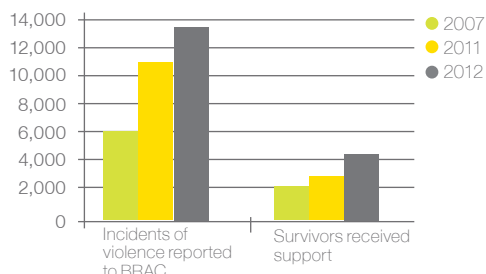
Sufia of Shatkhira district is an icon for saving lives of hundreds of people by organising a blood donation programme within the union.

Trend Analysis

Awareness has resulted in an increased number of incidents of violence against women being reported, from 6,329 till 2007, to 13,915 till 2012. Support to the survivors has increased simultaneously.

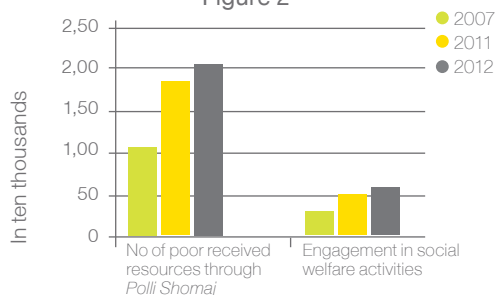
As a result, local government resources are being mobilised with the number of 1.08 million resources in 2007, including allowances from vulnerable group development (VGD), and vulnerable group feeding (VGF), training for income-generating activities and other government allowances for the poor, increasing to 2.06 million in 2012.

Figure 1



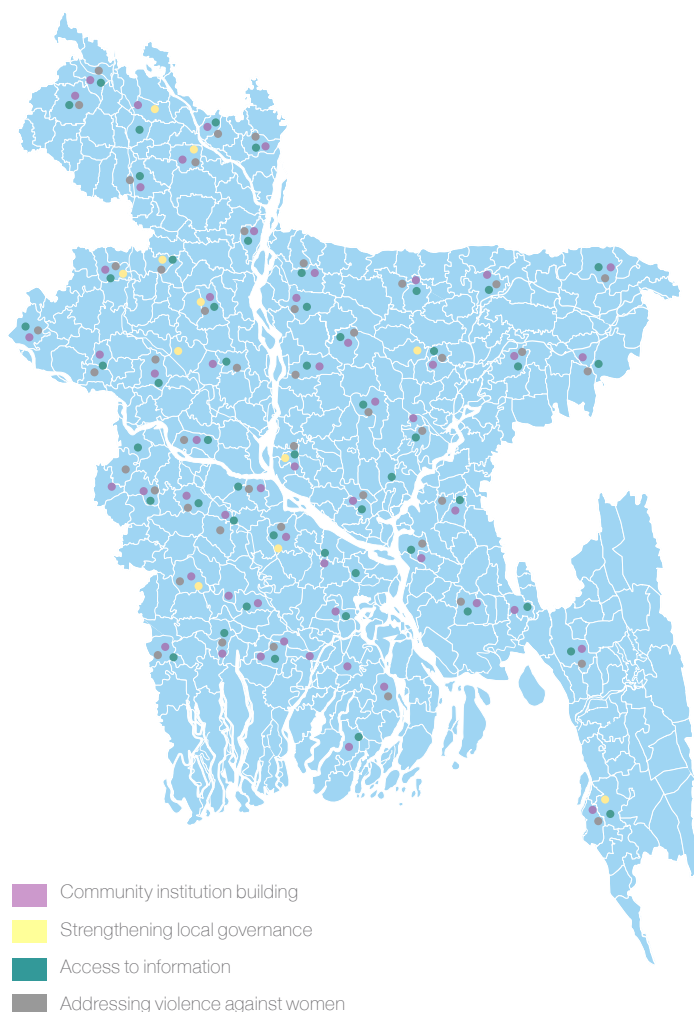
Addressing violence against women

Figure 2



Community institution building

Coverage of Community Empowerment Programme



Disaster, Environment and Climate Change

Natural disasters and climate change may be global concerns, but they pose serious threats to developing countries in particular. BRAC's disaster, environment and climate change (DECC) programme enhances BRAC's institutional capacity to respond to natural disasters, builds competence at the community level on disaster preparedness and increases coping ability during natural disasters with preventive and adaptive strategies. We conduct predictive research, enable information sharing, and provide education, training, simulation sessions and situation reports to both our staff and communities to improve preparedness. When disaster strikes, our emergency relief and rehabilitation support help communities restore their lives and livelihoods. In the long run, all these measures are aimed at reducing the vulnerability of the exposed population.

Highlights 2012

DECC is actively working to withstand and mitigate disaster impacts with a three-tier approach by enhancing preventive, adaptive, and post-disaster measures. In 2012, we pioneered a standard operating procedure (SOP), which is the first systematic guideline of its kind at BRAC with instructions to respond in different phases of a disaster. To enable BRAC's staff and communities to follow this procedure, we trained 11,000 BRAC staff, 78,476 para-professionals, 42,503 school teachers, 250,880 community members and various other stakeholders within BRAC's network.

Three documentary films have been produced, two of which will act as training manuals for the SOP and the other one to educate on the programme itself.

In addition, as part of our preventive measures in 2012, we introduced a booklet on disaster awareness for children's rapid reading, which are planned to be distributed in BRAC schools. Meanwhile, our popular theatre teams staged 80 plays so far to raise awareness among communities.

As part of our ongoing adaptive measures, we undertook various climate proofing interventions in 2012, such as providing weather forecasts and infrastructural support, including 43 disaster resilient housing and two desalination plants.

With regards to post-disaster measures, we continued to provide relief, sanitation facilities and safe water supply, livelihood support, food security support and psychosocial support to disaster victims.



The aftermath of high tidal water and landslide in Ramu, Cox's Bazar during July 2012.

Case Story

SHUKLA AND ABUL: No more at the mercy of nature or witchdoctors

Shukla Pal, a 56-year-old mother, grandmother and head of the household, has been working with BRAC for 14 years as a community health promoter. She was one of the 78,476 para-professionals trained by DECC on first aid techniques that came in handy during a disaster. In her own words, “The superstitious people in the community often sought medical help from *Ojhas* (witch doctors). However, once people witnessed me saving lives by treating snakebites, fractures or bringing drowned bodies back to life through cardiopulmonary resuscitation (CPR), my credibility was recognised and I was appreciated even more.”

Md Abul Bashar, the upazila nirbahi officer of Koyra, Khulna also had positive feedback because of the certified course he received from BRAC. He says, “We used to carry out reactive measures through rehabilitation and relief work after disasters, neither of which addressed long term solutions. As a result of the course, we learned to apply preventive measures to minimise damages in the first place. Raising roads, building embankments and aforestation are a few such examples.”



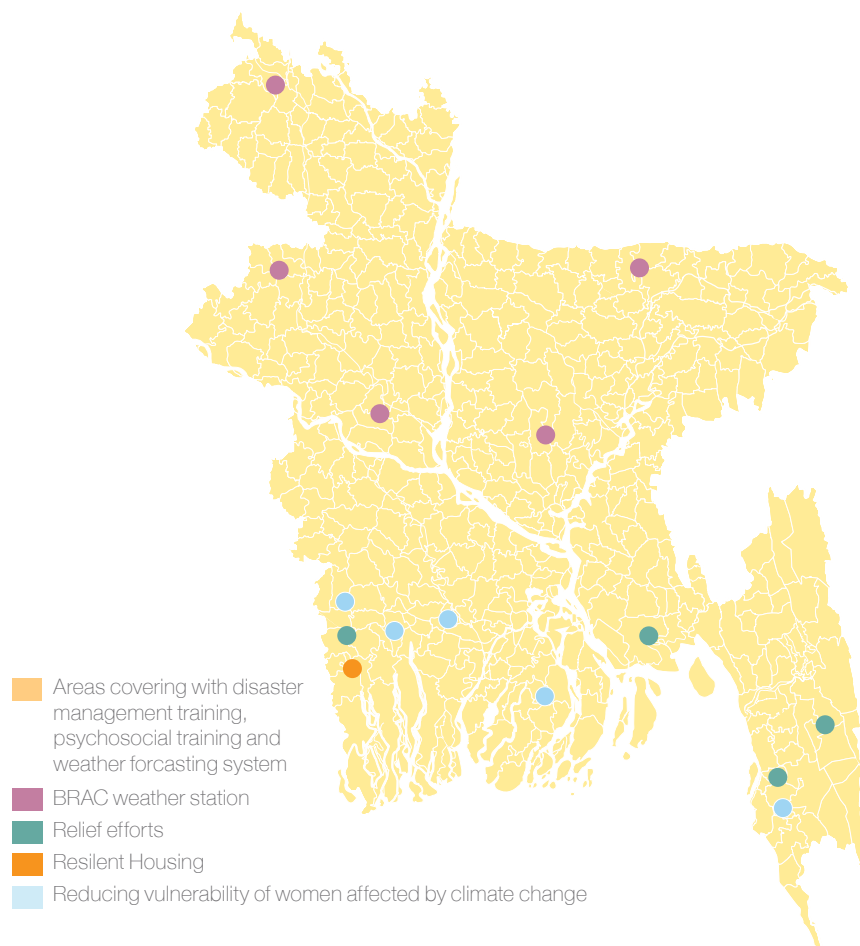
Shukla Pal, a true life saver of Srimongol District.

Innovations and Future Outlook

DECC constantly seeks ways to reach new frontiers. It recently completed a series of psychosocial training to counsel disaster trauma victims, especially children. We plan to implement this initiative nationwide, which will be the first measure of its kind in Bangladesh.

Additionally, we are establishing a solid waste treatment plant in Tongi municipal area in order to ensure a low carbon footprint. Not only will this contribute to managing the country's increasing waste problem, it will also help curb pollution and other associated health risks for neighbouring communities. Depending on the project's success, there is scope for expansion of this initiative across Bangladesh.

Coverage of Disaster, Environment and Climate Change Programme



Education

BRAC's education programme (BEP) has become the largest secular, private education system in the world spreading from Bangladesh to six other countries. Over 700,000 students are enrolled in BRAC primary schools worldwide, which are designed to give a second chance at learning to the disadvantaged students dropped out from the formal education system. The programme complements mainstream school systems with innovative teaching methods and materials, opens primary schools in communities unreached by formal education systems, and brings learning to millions of children, particularly those affected by extreme poverty, violence, displacement or discrimination. We target underprivileged children at the pre-primary level, preparing them for mainstream primary school entry. We provide need-based training, student mentoring initiatives, and e-learning materials at the secondary level to improve the mainstream secondary education system. We are giving increasing priorities to adolescents and the youth, offering them life skills and livelihood development training, as well as savings and financial services. Mobile libraries from our multipurpose community learning centres promote reading amongst the communities. So far, around 10 million students have received basic education and nearly five million have graduated from BRAC's non-formal primary schools in Bangladesh alone.



Students learning from a Bengali book in a BRAC primary school in Binoderpara of Jamalpur district, Bangladesh

Case Story

PRIYA: Tailoring a more fulfilling life

Priya, the daughter of a labourer, was born in a remote village of Bangladesh. Extreme poverty compelled her family to migrate to Dhaka where her parents found jobs and enrolled her in a school. Unfortunately, her father fell ill soon after and lost his job. Then nine years old, Priya was forced to leave school and start working as a domestic help to support her family.

Priya's aspiration of becoming self-reliant persisted even after her father recovered and started earning again. She later enrolled in a school operated by an NGO, where she received training on different trades. Although skilled enough, Priya could not find suitable work as she looked young for her age. So, she continued working as a domestic help, earning only BDT 1,000 (USD 12.5) per month which did not help meet her family's basic needs.

Later, informed by her tutor, Priya took the opportunity to participate in BRAC's tailoring course offered by BRAC's skills training for advancing resources project under the education programme and worked as an apprentice at a tailor shop. Today, earning a monthly wage of BDT 5,000, and having overcome significant hurdles, Priya dreams of owning a shop and assists other girls like her to become self-reliant.



Priya dreams of starting up her own tailoring shop after receiving training from our skills training project.

Highlights 2012

BRAC's education programme strategically adopted a lifecycle approach in 2012 to serve children, adolescents and youths, a population between the ages of 5-24 years. Parents, teachers and communities are also involved. Aligning with the government's plan to reach the Millennium Development Goal of achieving basic education for all, we are focused on fostering and strengthening partnership with government ministries, civil societies, development and private sector partners.

With the three-prong approach, BEP continues to provide pre-primary, primary and secondary education services. We are enhancing the quality of education by training teachers, providing ICT-enabled learning, getting students to participate in co-curricular activities, facilitating sports for development, creating volunteering opportunities for youths, offering financial

literacy, livelihood and skills training, and providing financial support to talented students.

Raising the bar of quality education in primary and secondary schools

In 2012, 207,000 children from BRAC primary schools participated in the primary school completion exam (PSCE) along with children in the government and private primary schools, and achieved a success rate of 99.99 per cent with 11.6 per cent scoring A+. Students from 120 schools, operated by our local partner NGOs, took part in the primary school certificate examination (PSCE) for the first time in 2012. A total of 3,318 students, 69 per cent of whom are girls, appeared in the exam and 3,311 amongst them

passed the exam, with 325 of them earning GPA 5 or A+.

Mainstream secondary schools in Bangladesh have started using our e-learning methods. BRAC's computer-aided learning methods and ICT services in our multi-purpose community learning centres received great recognition in the "Digital World 2012" organised by the Bangladesh Computer Council.

We also provide teaching and management training to non-government secondary schools that are lagging behind in performance. 2012 saw an increase in the pass rate of those school children in rural areas, from 69 per cent in 2010 to 85.1 per cent in 2012.

Empowering the youth

We deliver inclusive education and life skills training. Our community-based interventions include adolescent clubs and multi-purpose community centres. The latest initiatives include skills training with informal apprenticeships, provision of mid-day meals to school children, a national level competition on debating skills for secondary school students and facilitating students to partake in the youth parliamentary process, through the Bangladesh National Youth Parliament, of which BRAC is an implementing partner.

British Council, in addition to teaching English to our adolescent club members, is supporting us to facilitate secondary-school students to participate in the national youth parliament. We also collaborated with the Bangladesh Shilpakala Academy to promote co-curricular activities amongst primary and pre-primary students at district-level academies.

We also partnered with Bangladesh Industrial Technical Assistance Centre by

providing livelihood training and creating job opportunities for 450 adolescents. Adolescents and youths, who graduated from skills-training and completed informal apprenticeships, were certified by Bangladesh Manpower Employment and Training.

Meanwhile, the Department of Youth Development (DYD), Ministry of Youth and Sports, trained 8,500 youths on diversified skills and trades; and 800 female librarians from our multi-purpose community learning centres as trouble-shooters to support local ICT activities. As part of our range of initiatives to provide adolescents with training on life skills development, we also trained 15,000 adolescents as community swimming instructors.

Reaching the hardest-to-reach

We expanded our geographical coverage in hard-to-reach areas, such as Chittagong Hill Tracts, *haors*, *baors*, *chars*, and coastal areas.

In 2012, Her Highness Sheikha Moza bint Nasser of Qatar visited our boat schools; impressed by the initiative, she decided to provide funding for 500 boat schools for children in these regions, as well as 2,000 slum schools for working children.

Mother tongue-based multilingual education for ethnic children in the hill tracts were initiated in 2008. Books in *Chakma* script for grade V were developed in 2012, which is a new initiative for this year.

Innovations and Future Outlook

We plan to implement an additional 1,000 primary schools in the urban slums of Dhaka, Sylhet, Chittagong, Rajshahi, Khulna, Barisal, Rangpur, Jessore, Mymensingh, Comilla, Gazipur, and Narsingdi districts. We also plan to launch 350 boat schools in hard-to-reach areas.

In addition, with 55 early childhood development centres (*Shishu Bikash*



Students reading books and taking computer literacy training in our Gono Kendra, established in Kuserchar High School in Manikganj district.

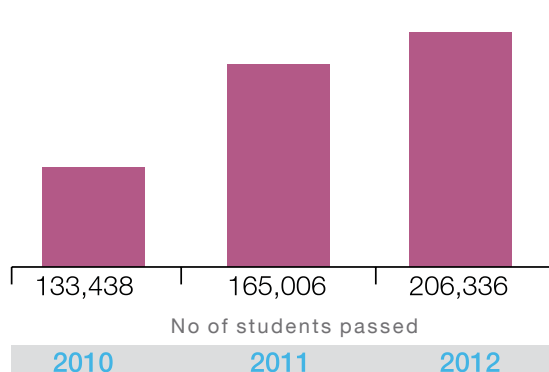


Figure 1: No of students passed from BRAC's primary schools at PSC examination.

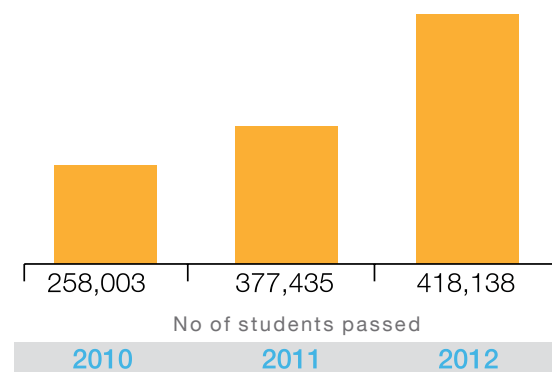


Figure 2: No of students passed at PSC examination who graduated from BRAC's pre-primary schools to the mainstream primary schools.

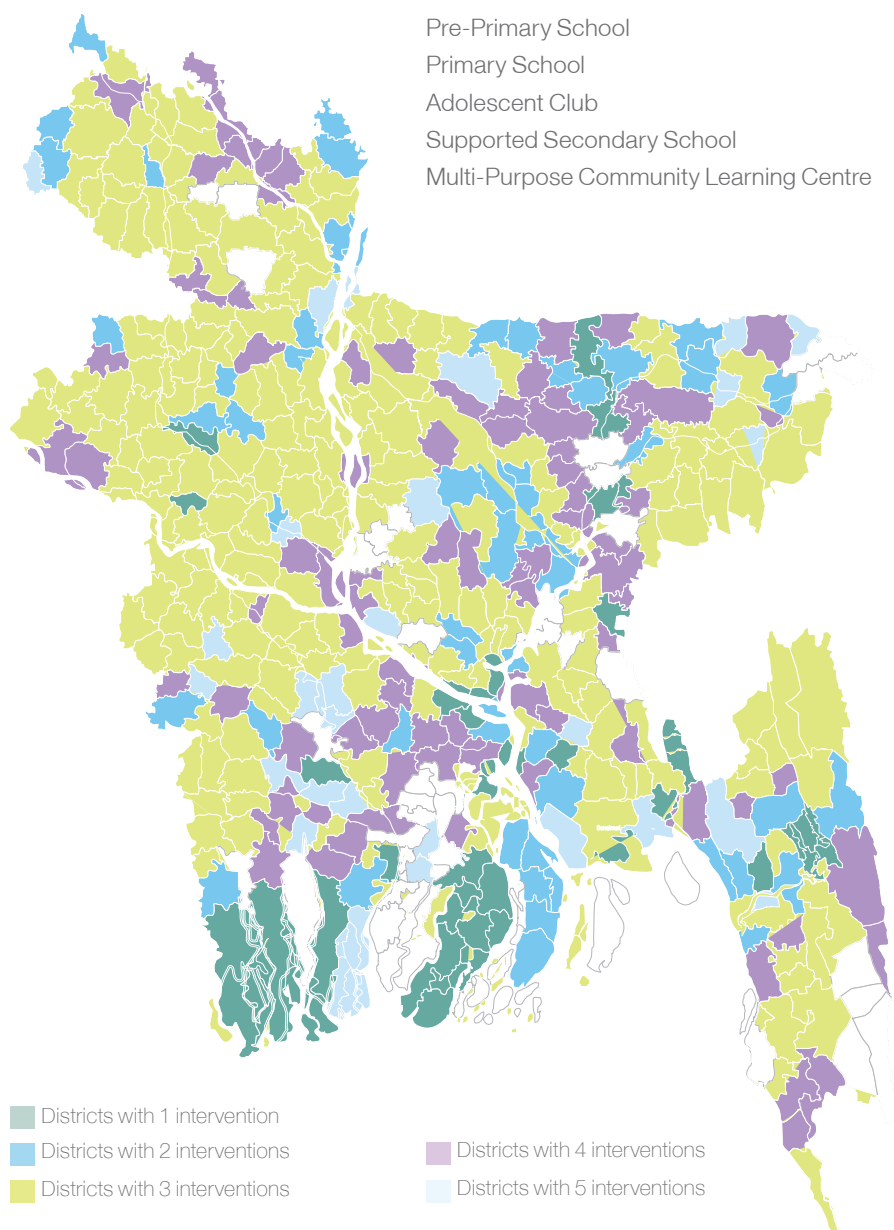
Kendro), we plan to cater to four-year-old children. Along with nutritional guidelines, the parents of these pre-primary students will receive our parental safety net guidelines.

Trend Analysis

Figures 1 and 2 show the pass rates of BRAC's primary school students, and pre-primary graduates studying in the mainstream primary schools respectively. Pass rate of primary school certificate examination in 2012 was 99.93 per cent against 99.86 per cent in 2011, and 99.54 per cent in 2010. Out of these students, 11.56 per cent have scored A+, while the national average for A+ was 9.40 per cent.

Meanwhile, for BRAC's pre-primary graduates who studied in the mainstream primary schools, the pass rate in 2012 increased to 99.88 per cent in comparison to 98.93 per cent in 2011, and 98.65 per cent in 2010. The A+ score in this category increased from 3.95 per cent in 2010 to 6.69 per cent in 2012.

Coverage of Major Education Interventions



Gender Justice and Diversity

BRAC has worked for decades to integrate gender justice into its programmes and eliminate gender inequality from the society. The gender justice and diversity programme (GJD) works simultaneously within the organisation and with the communities. It strives for equality, diversity and inclusiveness within BRAC; improves gender relations and empowers women at the household level across many of BRAC's programmes; and works to ensure that girls and boys are equitably nurtured to their full potential from pre-primary through secondary school. We also promote gender equality and work to prevent violence against women at the national level by influencing government policies and agendas, organising public forums and events, and leveraging national and international alliances for gender justice.

Highlights 2012

In 2012, GJD strengthened its social movement in building awareness on domestic gender relations, and raising people's voices against gender-based discriminations and violence. We extended the POSITION (*Poribortito Jiboner Sandhane* - to enhance a positive life) project, reaching 390,000 households, covering around two million people in eight districts in Bangladesh; more than 47,000 barefoot equality promoters and 23,100 SAMPRITI (a forum for Strengthening Awareness, Mobility, Participation, Rights and Transforming Ideology) members contributed as agents of social change.

MEJNIN (*Meyeder Jonno Nirapad Nagorikotto* - safe citizenship for girls) project underwent massive expansion in 2012, targeting 120,000 students in 400 secondary schools across the country. A total of 28,800 teachers, parents and community watch group members are engaged in MEJNIN to build

awareness and confidence of students and community members to protect and protest against sexual harassment at public places.

For its remarkable impact, GJD's gender equality action learning project received the Good Practice Award by the Ministry of Women & Child Affairs of Bangladesh and UNFPA in 2012.

Within the organisation, GJD's gender equality goal significantly contributed towards increased gender sensitisation and practices, which includes enforcing BRAC's zero tolerance policy towards sexual harassment.

Our gender training received noteworthy acceptance by other organisations. We trained police officers and eight batches of staff from the *char* development and settlement project and the *char* livelihoods programme. GJD is on track to give training to different layers of BRAC management.

Innovations and Future Outlook

GJD's actor-oriented approach in programmes teaches inclusiveness, an important aspect of which is the inclusion of boys and men, orienting them to see girls and women more favourably. We put emphasis on working with the wider community rather than a specific group or cluster of community, to ensure better social mobilisation and achieving sustainable outcomes.

At the macro level, GJD leads Arshi (*Ar noi shishu biye* - no more child marriage) a national alliance working in collaboration with the government and other alliances on ending child marriage, contributing to civil society movements on violence against women and girls, and on human rights issues.



A human chain by men protesting violence against women in Noakhali

Case Story

ROZINA: Collective standing brought hope

On her way to college, **Rozina** would regularly fall victim to verbal abuse by some men. When she begged them to stop humiliating her, they threatened to kidnap her. Rozina became so afraid that she stopped going to college, but that did not stop the perpetrators. They came to her house and assaulted her parents, while attempting to kidnap her.

Rozina's neighbour, who had attended MEJNIN's student counselling session that raises awareness about sexual harassment, informed a school teacher - a convener of the community watch group, of Rozina's situation. The teacher immediately communicated with the victim support cell of the police, and mobilised guardians and community people to stand against the perpetrators. Finally, the police, with the help of the community people, were able to arrest the perpetrators and send them to prison. Rozina has now reconvened her studies and



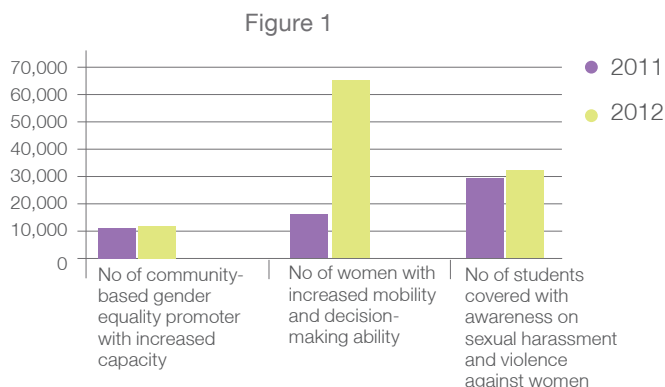
Rozina's schoolmates in Comilla district are now conscious and united against any abuse after receiving counselling from their teachers.

dreams for a bright future. The people in her community and her parents now take care of her and other girls, ensuring their security on the way to college.

Trend Analysis

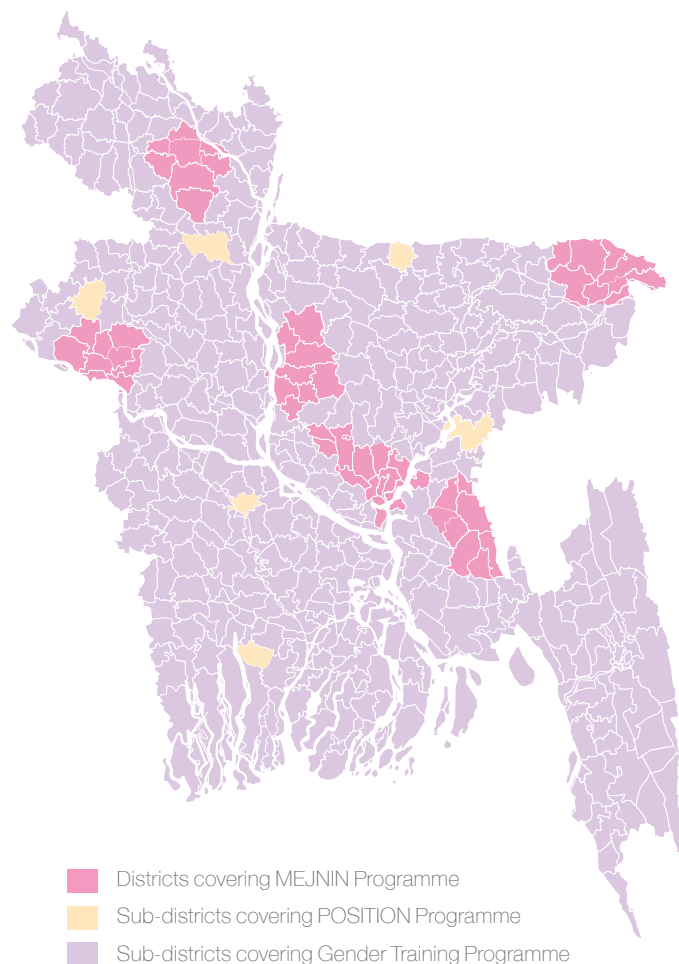
The number of community-based gender equality promoters has slightly increased from 10,200 in 2011, to 11,409 in 2012. However, these promoters have had a considerable influence in promoting gender equality, increasing women's mobility and decision making in the household from 16,200 in 2011 to about 65,000 in 2012.

Similarly, 32,090 students were reached through our interventions in 2012, an improvement from 2011, when we reached 28,800 students.



Change in gender equality, decision making ability and awareness scenario in 2011 and 2012

Coverage of Gender Justice and Diversity Programme



Health, Nutrition and Population

BRAC's health, nutrition and population programme (HNPP) in Bangladesh aims to improve reproductive, maternal, neonatal, and child health and nutritional status, reduce vulnerability to communicable diseases, combat non-communicable diseases, and enhance the quality of life. By combining preventive, promotive, curative and rehabilitative health services, we serve the disadvantaged, socially excluded and hard-to-reach population. Our integrated service delivery model utilises our frontline community health workers, who create an effective bridge between underserved communities and formal healthcare systems including BRAC-run health facilities, for improving access, coverage, and quality of health services in communities across the country.



During a household visit in Manikganj, a *pushti kormi* (nutrition promoter) counseling and demonstrating on nutritious diet for a child under-2 to a mother.

Case Story

MINU RANI: learning the secrets of being a better mother

Minu Rani became pregnant for the third time at 22. When her first baby died right after birth, there were no health workers or facilities which offered post-natal care in a remote village such as Dolua Jamirbari of Sonari union in Nilphamari district. Fortunately, Minu's second child was born healthy.

Konika Rani, a *shasthya shebika* (first frontline community health promoter) and Shefali Begum, a *shasthya kormi* (second frontline community health worker) carefully monitored Minu's third pregnancy, and she delivered twin babies on September 01, 2012. Konika provided the essential care needed for the newborns just after birth, and ensured that the babies were properly nursed. Minu's mother-in-law had insisted on providing formula milk, but Konika firmly counselled against it.

Meanwhile, Shefali kept a tab on the newborns too. She weighed the babies, who were 1.8 kg and 2 kg and classified them as low birth weight babies. Shefali gave Minu two special pouches called a 'baby jacket' designed to keep the babies warm.

Shefali and Konika taught Minu and her family the special care required for low birth weight babies, including the proper wrapping to protect them from cold temperatures, hand washing techniques before touching the babies to prevent infection, and sustaining nutrition through frequent exclusive breastfeeding.

Minu learned quickly from the two helpful frontline health workers, and is now a proud mother of three healthy and thriving babies.



Minu Rani of Dolua Jamir Bari village with her healthy twins.

Highlights 2012

Advanced healthcare services for mothers and newborns

The maternal, neonatal and child health (MNCH) programme provides a comprehensive continuum of care. Encompassing family planning and maternal, neonatal and child health needs in urban slums of eight city corporations and 10 rural districts, it covers 25.6 million people in the process. In 2012, we improved the quality of care rendered through our community health promoters by upgrading their selection criteria, and training content, and diversifying their activities.

We initiated an expansion of MNCH services in *char* areas in four districts across northern Bangladesh. BRAC's delivery centres are gradually transforming into 'Basic Maternity Centres' (run by trained paraprofessionals) in our urban MNCH programme, while our community health promoters are getting trained as skilled birth attendants. These are major breakthroughs for ensuring skilled attendance and creating a congenial environment for women during delivery.

Infant and young child feeding (IYCF) practices have been scaled up and incorporated into the MNCH and essential health care programmes in 2012, reaching 3.3 million children across Bangladesh. This year we focused both on maternal and adolescent nutrition. Supporting the global scaling up nutrition (SUN) movement, we collaborated with various stakeholders to advocate prioritisation of nutrition in the national health agenda.

Specialised efforts to combat communicable diseases

Under the stewardship of the National Tuberculosis Programme (NTP), our TB control programme expanded to include childhood TB, multi-drug resistant strains, tobacco cessation, and HIV co-infection. Our TB programme directly operates in 47 districts as the lead agency for all partner NGOs in Bangladesh, serving more than 92 million people.

Our malaria control programme covers 11 million at-risk populations in 13 endemic districts. This year, we streamlined our malaria surveillance system by introducing reporting via mobile phone to community health workers.

Innovations and Future Outlook

Partnering with private sector to combat communicable diseases

We are expanding our network of private practitioners to enhance their technical skills for TB case detection. We are also in the process of starting mass screening for TB case detection and treatment in the private sector - a social enterprise model using GeneXpert, a new diagnostic technology.

To reduce the number of tourists contracting malaria, we started building awareness among holiday-makers travelling to endemic zones in Bangladesh and training the hotel and resorts on malaria prevention techniques and treatment. Additionally, to facilitate the tracking of all deaths caused by malaria, we conducted verbal autopsies of suspected deaths in the communities.

Preventive strategies to reduce sexual and reproductive morbidity

This year, our reproductive and sexual health care services have focused on reproductive morbidity stemming from prolapse and fistula, reproductive tract and sexually transmitted infections. We plan to introduce preventive strategies for other morbidities including, cervical and breast cancer and urinary incontinence.

Introducing care for congenital deformities

We started offering consultation services to the communities for cleft lip and palate, club foot, and other congenital defects, and referred them to our partner health care providers for treatment.

Expanding facility-based services

In an effort to address the need for quality health care facilities in Bangladesh, we started increasing the number of BRAC health facilities, including health centres, clinics, and hospitals across the country. We also plan to establish comprehensive diagnostic centres to provide affordable and accessible diagnostic services.

Trend Analysis

Our experience in implementing MNCH programmes in rural and urban areas shows that a certain degree of programme maturity over a number of years is necessary to make a gradual and steady shift towards positive outcomes. MNCH has been running for the longest in Nilphamari district (Rural MNCH) and slums of Dhaka City Corporation (Manoshi).

Neonatal mortality in Figure 1 shows a decline in Nilphamari from the baseline to 2012. In Dhaka slums, the neonatal mortality ratio is much lower than the national average (35 deaths per 1,000 live births) and has remained 14-18 deaths per 1000 live births, thanks to the high-skilled community birth attendants working at BRAC's delivery centres. Figure 2 shows a similar decline in maternal mortality.

Overall, 61 per cent of our clients of Manoshi and 41 per cent of rural MNCH programmes availed skilled attendants at the time of delivery in 2012, in comparison to 31.7 per cent nationally.

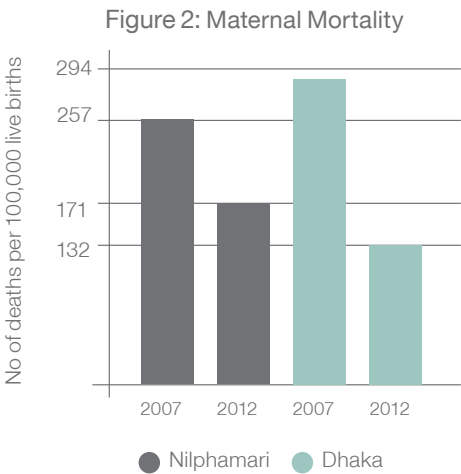
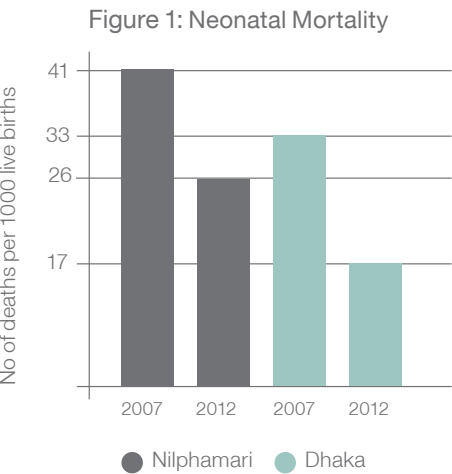
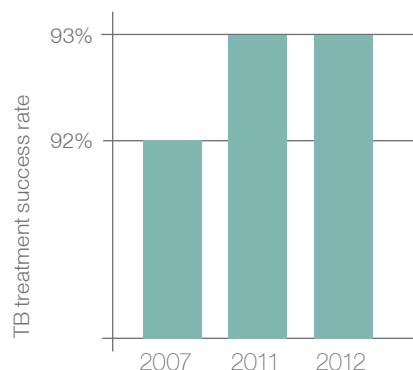


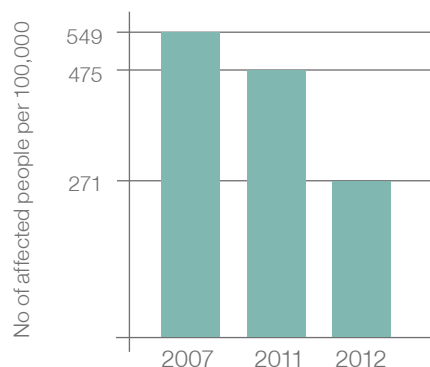
Figure 3: TB Treatment Success



In figure 3, we can see that TB treatment success rate in 2012 was 93 per cent, exceeding the national target of 85 per cent. With our TB programme, we have been steadily detecting cases since 2007, with a marked dip in 2011 due to delay in fund disbursement resulting in inadequate social mobilisation and mass media activities by us. We resumed detecting cases at the expected level in 2012, and our TB treatment success rates consistently kept exceeding the national target of 85 per cent.

Figure 4 shows our malaria programme's successful trajectory with the prevalence dropping from 549 per 100,000 people in 2007, to 271 in 2012. Our malaria programme saw considerable success with steady decrease in case detection rates, indicating the success of preventive components of the programme. Total malaria deaths have been on a steady decline since 2007 as well. These trends are supported by our data which report that a higher number of women and children now use long-lasting insecticidal nets.

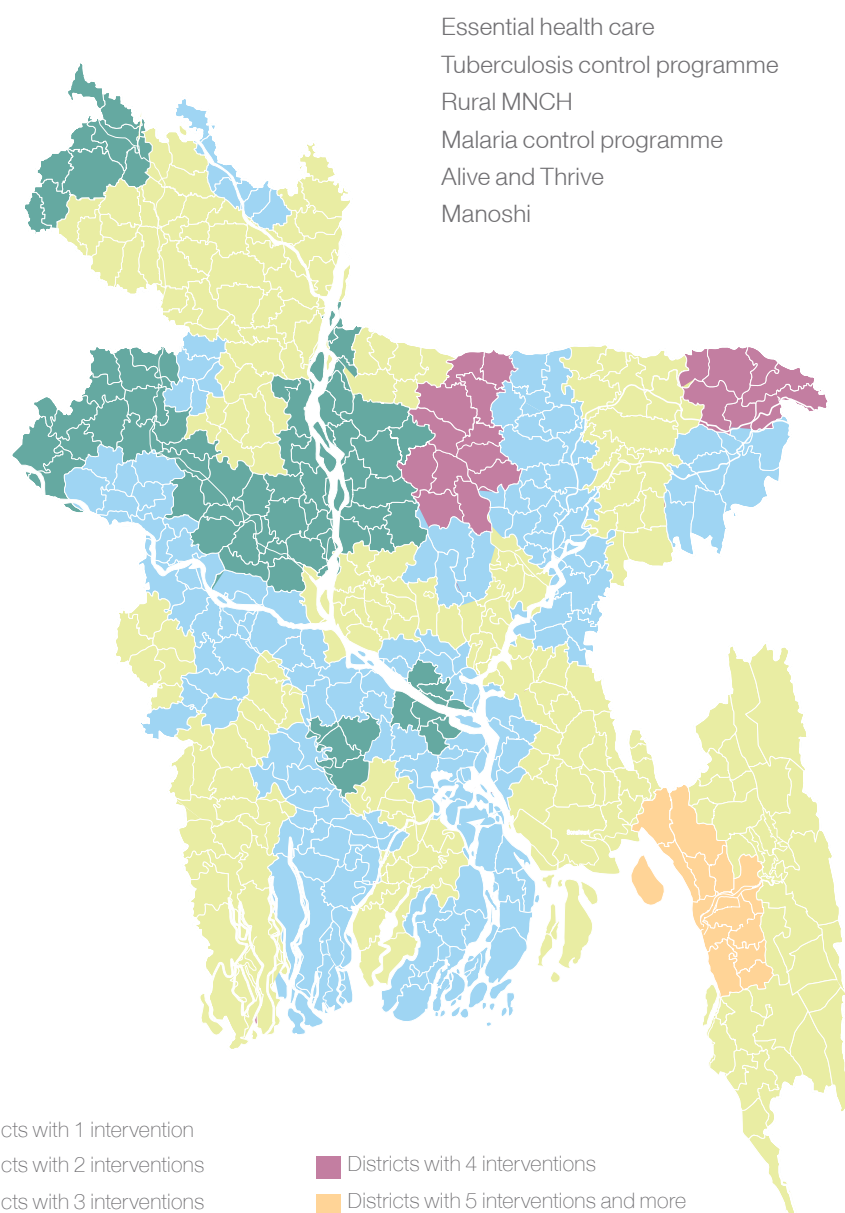
Figure 4: Malaria Prevalence



Additionally (not shown in the figures), 93 per cent of pregnant women in Nilphamari and 77 per cent in Dhaka received four or more antenatal care visits from community health promoters – which are higher than the national figure of 25.5 per cent. These changes indicate a steady increase in community demand for the chain of services starting from home to the nearest facility.

Referring to figure 2, Nilphamari and Dhaka show a marked decline in their maternal mortality ratios (MMR) from baseline year 2007 to 2012, which is also lower than the national MMR (194 deaths per 100,000 live births).

Coverage of 5 Major Health Interventions



Human Rights and Legal Aid Services

Ensuring basic human rights lies at the heart of development. BRAC's human rights and legal aid services (HRLS) programme is dedicated to protecting and promoting human rights of the poor and marginalised through legal empowerment. This programme creates an enabling environment for vulnerable and excluded communities to seek justice through formal and informal systems. HRLS is the largest NGO-led legal aid initiative in the world. It advocates a rights-based approach to human development.

Highlights 2012

The hallmark of this programme has been its legal literacy component, which reached 3,781,576 women by 2012. The second phase of the programme's property rights initiative, which focuses on rights articulation centred on property rights, has expanded to four more districts in Bangladesh. Funded by BRAC USA and Omidyar Network, 10,748 households received land measurement services from a trained cadre of 192 land measurers during the pilot phase in 2012.

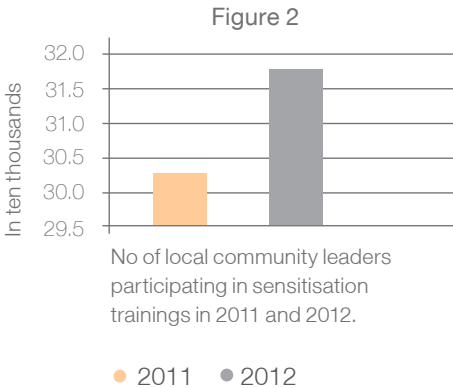
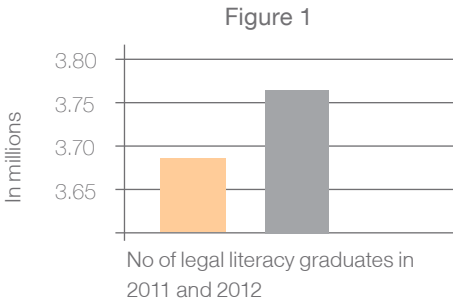
In addition to raising rights awareness, HRLS has provided direct services to uphold people's claims, ensure justice, and where possible, prevented harm from taking place. We have also mobilised communities by arranging workshops to sensitise local community leaders on human rights issues, so that the benefits of our justice services can be sustained beyond our intervention period. We have joined other rights-based groups in a

Public Interest Litigation (PIL) seeking rightful compensation of injured and dead garment workers in the devastating fire in Tazreen Fashions in Dhaka in November.

Trend Analysis

Over the last two years, the number of women who graduated from our legal literacy course has significantly increased, from 3,708,256 in 2011, to 3,781,576 in 2012. More women are now aware of their rights and the importance of upholding them in the face of discrimination and exploitation in their own communities.

Participation in our local community leaders' workshops has increased from 302,798 in 2011, to 317,147 participants in 2012.



A legal education class ongoing in the community, creating awareness on issues of different laws, in Rangpur District.

Case Story

PURANJAN: Lesson learned the hard way

Sri Puranjan Biswas, a native of Jainagar, Kaliganj upazila, Jhinaidaha district fell into the deceptive trap of a broker in 2009, who tricked him into believing that he would find employment overseas as a carpenter in Vietnam.

Enthralled by the job prospects, Puranjan sold all his assets to the broker to pay the fee for visa processing. The broker further convinced him to pay instalments to secure his travel to Vietnam, after which he received his visa from the broker.

Puranjan travelled to Dhaka to book his flight, but was repeatedly turned away by the authorities. His predicament was perpetuated when the visa expired. Devastated by this setback, Puranjan demanded a refund from the broker, but the elusive broker refused reimbursement.

Puranjan helplessly fell into further impoverishment, which was when he learnt about BRAC's HRLS programme. We litigated Puranjan's case in the Jhinaidaha district court for almost two years. In 2012, Puranjan finally received a judgment in his favour and was fully compensated for his financial



Puranjan Biswas now leads a secured life with his family as a carpenter in his own neighborhood.

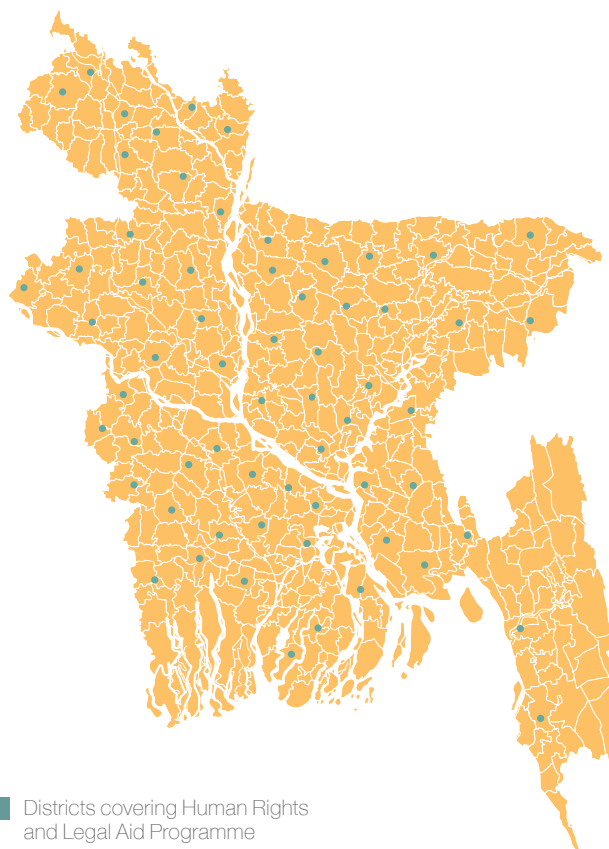
loss. He leased his retrieved land and is now working as a carpenter in Kaliganj upazila.

Innovations and Future Outlook

In 2013, HRLS plans to train staff on professionalism and behavioural change, and develop a standard operating procedure to enhance legal aid service delivery. We are looking to strengthen partnerships with like-minded rights-based groups working on issues of violence against women, children, the marginalised and the disabled.

We also plan on extending our services to the youth, especially young offenders languishing in juvenile correction centres. Additionally, based on the number and type of cases where the government seeks our assistance, especially in helping families in conflict with the law and connecting parents with their missing children, we see a strong demand for our intervention to help children get access to judicial services.

Coverage of Human Rights and Legal Aid Services



Integrated Development

Launched in 2012, BRAC's integrated development programme (IDP) aims to address the need of the most marginalised and deprived communities who are socially and geographically excluded from the mainstream development interventions in specific areas of Bangladesh. IDP reaches its target group with a coordinated version of all BRAC interventions including health, education, microfinance, and overall social development. IDP grants the poor living in hard-to-reach areas with access to basic services, creates livelihood opportunities, mobilises communities for their empowerment, and continually improves its services from research findings.

Holistic approach - a package of empowerment tools for every household

The integrated development programme (IDP) approaches development of a community from different angles, addressing a number of interrelated issues contributing to persistent poverty.

The programme's first year was eventful with initial preparatory activities such as recruiting more than 400 staff and establishing 23 branch offices in the three project locations; implementation of its proposed development projects followed.

Char Development and Settlement Project (CDSP) IV

Char areas are highly vulnerable to sudden and forceful flooding as well as erosion and loss of land, which makes living in the *chars* hazardous and insecure.

Funded by International Fund for Agricultural Development (IFAD), Government of Bangladesh and Government of the Netherlands, IDP has been implementing its multi-sector '*Char* Development and Settlement Project-IV' since January 2012 in five *chars* of Subarnachar and Hatya sub-districts of Noakhali district. In 2012, we targeted a total of 12,741 households to provide services such as microfinance and livelihood development, human rights, health and family planning, disaster management and climate change, agriculture and value-chain development, and water, sanitation and hygiene.

Project for indigenous communities

Experiencing a history of discrimination and marginalisation, indigenous people of plainland districts in north-western Bangladesh are affected by a very persistent poverty, landlessness and absence of targeted development interventions.

IDP's indigenous project has been in operation since July 2012 targeting 20,000 people in Panchbibi sub-district of Joypurhat district and Patnitala sub-district of Naogaon district, providing services such as livelihood development, education, health and family planning, community mobilisation, human rights and advocacy campaigns, to mobilise resources and access to benefits from local public sector development programmes.

Integrated project for people in haor areas

People living in the *haor* basin in north-eastern Bangladesh are extremely vulnerable with limited opportunities for agriculture production and rural enterprise growth. Limited access to markets, off-farm employment and social services, particularly for health and education, are also chronic issues in these areas.



Members of an indigenous community (*Shaontal*) in Joypurhat district attending a monthly meeting to address the needs of their lives.

Case Story

ZOHURA'S story

Zohura Khatun is a traditional birth attendant, working in Suborno *char* in Noakhali district. Although she has been working for a long time, she had never received any orientation from a specialised birth attendant or a gynecologist. Many a time unable to properly diagnose the symptoms of risky pregnancies, Zohura's inadequate knowledge would create serious limitations for her in providing effective birth attendance. Consequently, her clients would encounter complications both before and after delivery.

Recently, Zohura received a 15-day orientation from the CDSP IV, which trained her in dealing with critical situations related to delivery, as well as pre and post-natal care.

After going back to work, Zohura noticed a dramatic qualitative change in her work. She is now able to identify the signs related to critical situations during a pregnancy, and refer pregnant women to the local hospitals for safe delivery.

Today, Zohura feels great satisfaction in having earned the trust of expecting mothers of her community who look forward to receiving her services as a skilled birth attendant.



Zohura is now more confident in offering her services to the community in Suborno char in Noakhali district.

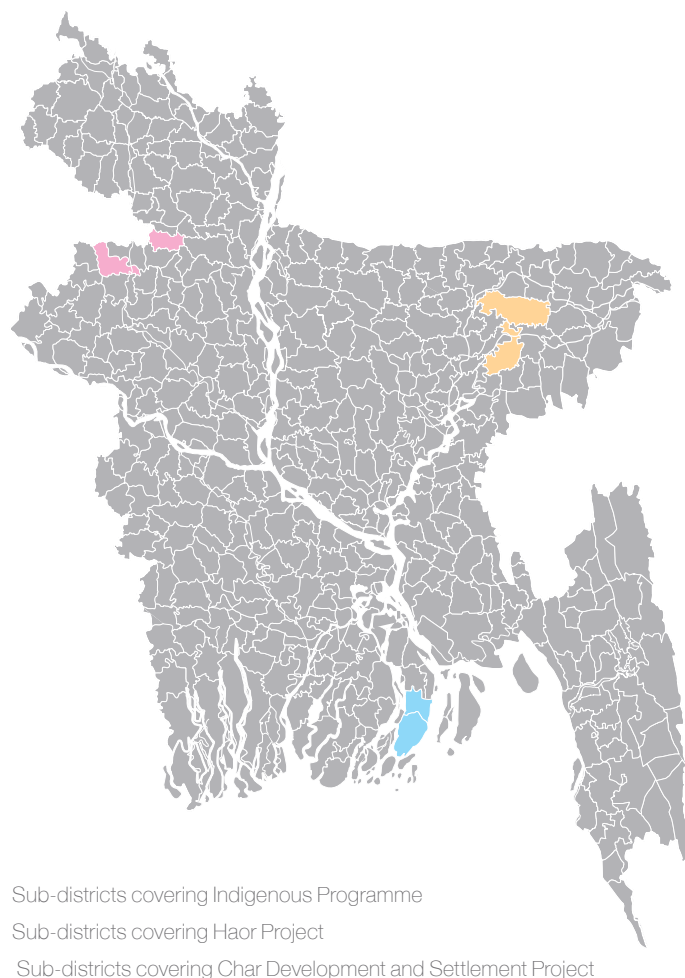
Integrated development programme for these *haor* dwellers aims to improve their socio-economic condition with sustainable livelihoods. The project's pilot run started in Baniachong sub-district of Hobigonj district and Derai sub-district of Sunamgonj district, aiming to serve at least 70 to 80 per cent of 98,554 households with access to a set of basic services and livelihood opportunities.

Innovations and Future Outlook

Some of IDP's innovative service delivery channels include boat clinics for pregnant women of *haor* regions and village development organisations formed by local households as platforms for coordinating development activities.

An estimated one-third of Dhaka city's population live in slums and squatters, leading miserable lives in terms of livelihood opportunities, housing, health, education and land tenure. IDP's goal is to address these problems to improve overall living conditions of those slum dwellers. The project will run on pilot-basis for three years, targeting 35,000 slum dwellers from 10 slums in Dhaka city.

Coverage of Integrated Development Programme



Microfinance

At a time when the global microfinance industry is suffering a crisis of faith, BRAC's story, in which microfinance remains as essential a chapter now as at any time before, continues to amaze and inspire. Through its innovative, client-focused and sustainable approach, BRAC continues to illustrate that microfinance can yield substantial results for the world's poor. BRAC's microfinance programme is a critical component of our holistic approach to support livelihoods. Over the course of the last four decades, we have grown to become one of the world's largest providers of financial services to the poor, providing tools which millions can use for the betterment of their lives.



A monthly village organisation meeting in Rangpur district, where members repay their installments, apply for new loans and discuss various ways to sustain their income

Case Story

NARGIS: The tale of an artisan

Nargis is an artisan at one of BRAC's numerous production centres around the country. She puts intricate hand embroidery on clothes that are sold at BRAC's chain of trendy handicraft stores, Aarong. The wife of a landless farmer and mother of two school-going children, Nargis is in charge of managing her family's finances.

The regular income she receives from her job at the nearby production centre and the money brought in by her husband by working at others' farms help to meet the day-to-day expenses of her family. However, every so often Nargis is inevitably faced with the need to make lump sum payments. It is during these times that her money-management skills are stretched to their limit.

Under different circumstances, she could have accessed credit and savings facilities at any microfinance institution in the area. However, the hours at her job means that she is not able to regularly attend the group meetings microfinance institutions require, which limits her access to formal financial services. Thus, she would often borrow from relatives or neighbours, or be forced to borrow from one of the local informal money-lenders at times of crisis. That was until BRAC's microfinance programme started a special scheme at Rajbari district's Heuli Keutil production centre where she works, allowing Nargis and many others like her to do their transactions at their workplace. A few months ago, Nargis took a loan



Nargis, an artisan of Faridpur district, sitting outside her home embroidering and taking care of her children.

of BDT 12,000 from BRAC and used it to install an electricity connection in her house. Nargis has big plans for her son and daughter and is determined to give them a good education. They need electricity to study in the evenings, which is why it was so important for her to get a line installed.

"Now, I can pay the instalments on the loan from my income from the production centre, and I am saving some money with BRAC as well. After all, who knows when one of us will fall ill again, and we will need to spend money to buy medicine. The fact that a BRAC programme organiser

comes to our production centre to collect our savings and loan instalments has made it very convenient for us to access affordable financial service. It has also made me a more disciplined saver," says Nargis. "If it was not for this scheme, I doubt I would have been able to save the BDT 10-12,000 necessary to get the electricity connection all on my own, but look how much it has changed our lives."

Addressing the Diverse Financial Needs of the Poor

The programme brings its collateral free credit and savings services to the doorsteps of the landless poor, marginal farmers and small entrepreneurs through village organisations (VO) made up of around 20 to 30 women from the local community. These VOs serve as a platform for women and allow them to come together, share information and raise awareness on issues concerning their daily lives. Our holistic approach to providing access to finance also ensures 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.

In 2012, BRAC's microfinance programme disbursed over USD 1.25 billion to nearly four million borrowers, while at the same

time continuing to make progress on other fronts – improving its human resources, strengthening internal controls and innovating new products and services for the poor. This is reflected in the continuing improvement in portfolio quality, which has shown substantial growth for the second straight year in 2012.

We provide a range of financial services to the poor, thereby broadening the scope of financial inclusion to those not served by the conventional banking system. Our

services include microloans (Dabi), micro and small enterprise loans (Progoti), top-up loans for our Dabi and Progoti clients, a specially targeted loan product for migrant workers, and short and long-term savings schemes.

Dabi loans range from USD 100-1,000 and are given exclusively to women who are serviced through VOs. Borrowers repay through weekly or monthly instalments and deposit savings during the regular VO meetings. These loans are generally used for small operations in poultry, livestock, fruits and vegetables cultivation, handicrafts and rural trade. Progoti loans, ranging from USD 1,000-10,000, are given to both male and female entrepreneurs to support and expand their existing small enterprises which are too small to qualify for credit from mainstream banks. These loans are generally used to finance shops and small scale manufacturing activities. We also offer various savings schemes to promote and influence our clients' saving behaviour so that they are insulated against different types of shocks and can save for a better future.

Top-up loans were scaled up in 2011 and 2012 for both Dabi and Progoti borrowers, providing greater flexibility by allowing borrowers with good repayment behaviour to top-up an existing loan. The migration loan scheme, which was initiated in 2011 and scaled up in 2012, targets people migrating overseas for work. The loans cover the cost of obtaining work overseas, including recruiter fees, and travel and travel document costs. In 2012, USD 38.36 million has been disbursed to 19,124 migrant workers.

Innovations and Future Outlook

In 2012, BRAC's microfinance initiated a new pilot project for youth employment through skills (YES). The primary objective of this project is to provide vocational skills training to adolescent children of our microfinance borrowers in order to make them employable and help them to secure decent jobs. As part of the pilot, we have partnered with another organisation to provide skills training for

our participants to work in the leather goods manufacturing sector. We are also working on providing job placements for the trainees. If successful, we hope to scale up this initiative, providing more training opportunities on different sets of skills.

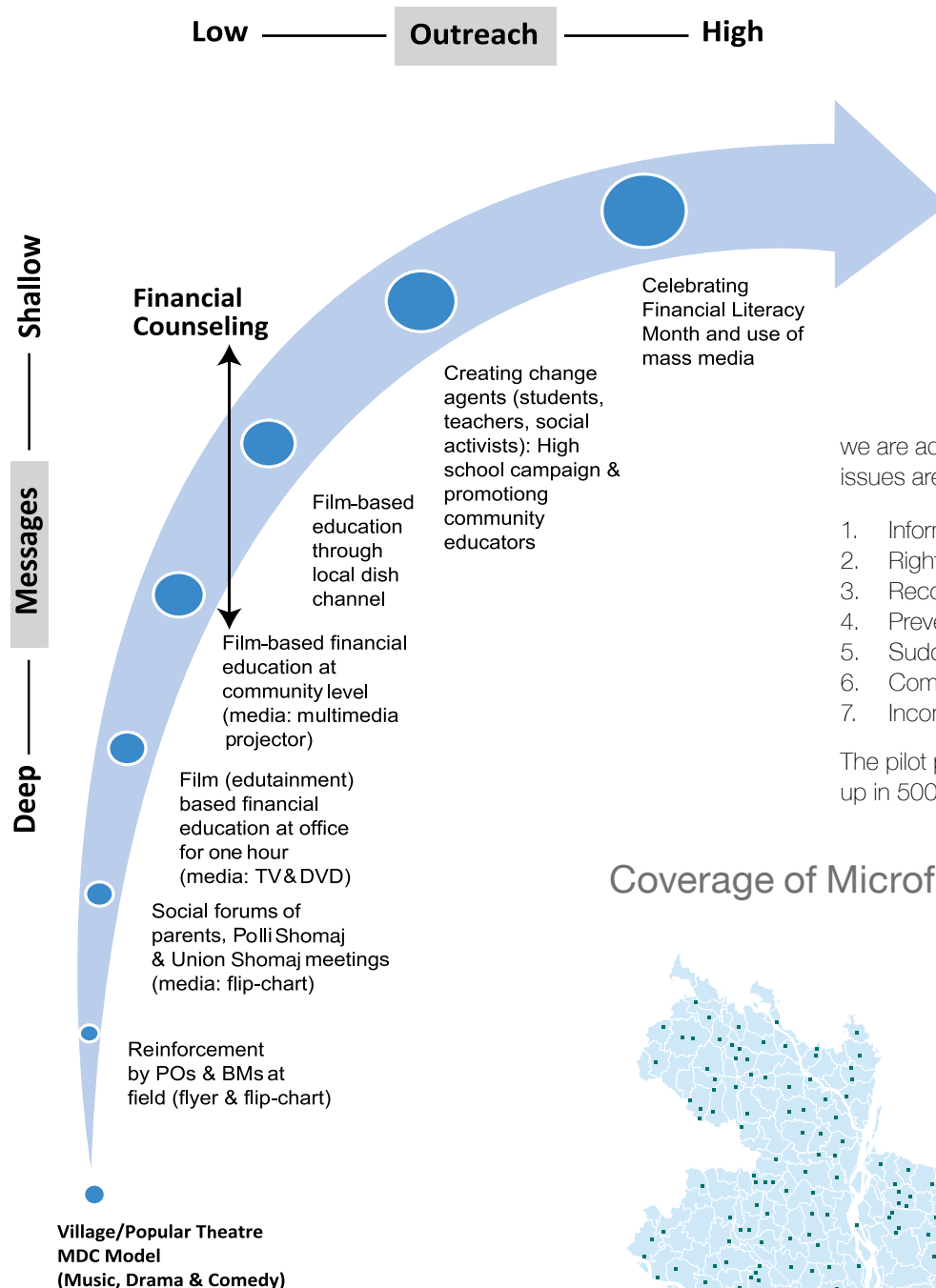
We also piloted the collection of savings instalments on our longer-term, fixed monthly instalment savings product through bKash, BRAC Bank's mobile money subsidiary, so that the poor are able to save with greater ease and convenience. In 2013, we plan to scale up this service nationwide so that instead of depositing money at one of our 2,200 branches, our savers can top-up their mobile wallets at any one of bKash's 30,000 agent points and pay their instalments quickly and with little hassle.

Financial education and client protection pilot project of BRAC microfinance was initiated in 2012 with the social mission to deepen the outreach and effects of responsible microfinance in the communities we work in.



A village organisation meeting with women from the indigenous community (Chakma) in Rangamati district of Chittagong Hill Tracts.

Financial Education Delivery Mechanism

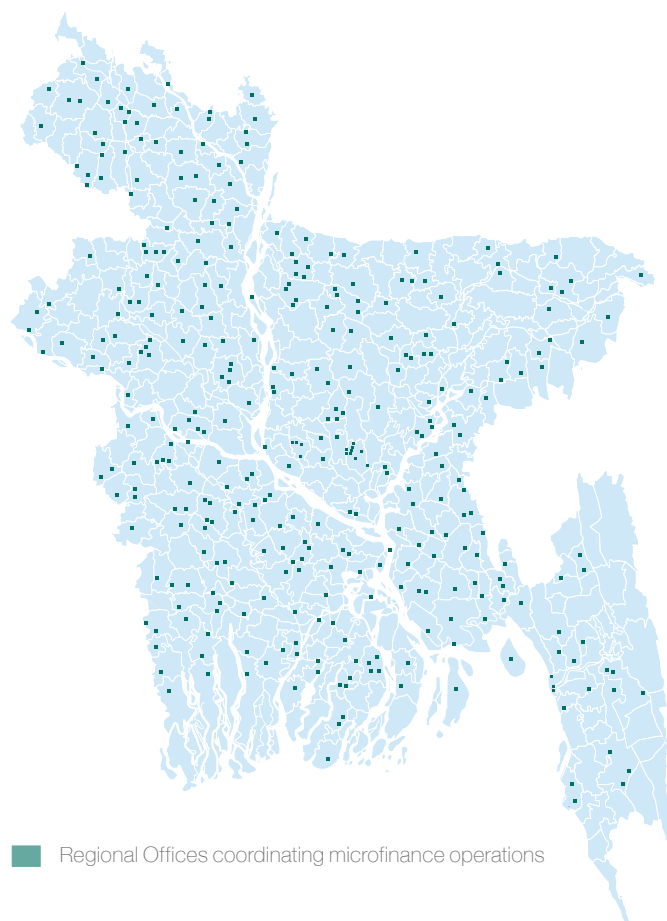


we are addressing through our approach. The issues are:

1. Informed decision making
2. Rights and responsibilities of borrowers
3. Record keeping and reconciliation
4. Preventing over-indebtedness
5. Sudden shocks and emergencies
6. Complaints handling and resolution
7. Income generating activities

The pilot project is continuing and we plan to scale up in 500 branches across the country next year.

Coverage of Microfinance Programme



Financial education is absolutely essential in bringing about a huge positive change in the way borrowers manage their finances. Lack of financial awareness is not an individual issue, and we have seen borrowers making wrong decisions about investing their money and saving for the future. Through our approach based on edutainment, we want to not only raise awareness about these issues and build financial knowledge among our borrowers but also the communities. So far we have completed a feasibility study and needs assessment. BRAC Development Institute (BDI) has helped us by carrying out a baseline survey and we have also finished drawing up the issues

Migration

In Bangladesh, migration has been declared as a thrust sector and is increasingly being recognised as one of the post-MDG development agendas. However, migrants continue to frequently fall victim to exploitation due to lack of access to information and immigration services, proactive policy support and sufficient social and economic re-integration initiatives. Realising this, BRAC initiated a comprehensive migration project in 2006 to work with potential and returning workers in 17 migration-prone districts, providing information on safe migration processes, relevant laws and rights, legal support, skills training and social arbitration to recover money from middlemen, who adapted fraudulent practices and cheated migrants.

Highlights 2012

Since inception, the migration programme has been facilitating 500,000 migrants, their family members and stakeholders to access information on safe migration. The increasing demand for information on safe migration became quite evident in 2012. About 4,000 potential migrants and their relatives sought our services including passport preparation, visa and contract checks.

In 2012, a total of 8,640 migration forum members rendered services to migrants and their family members and ensured justice through alternative dispute resolution for 127 migrant victims.

We collaborated with various international coalitions, networks and alliances, and became a member of the UN NGO committee on migration. These collaborations and advocacy efforts, along with regular inflow of remittances, make the policymakers and implementers more aware of migration issues, while help change the service-seeking behaviour of potential migrants.

Innovations and Future Outlook

The programme is exploring opportunities to engage communities with migration forums for safer migration. We are also working on social and economic re-integration of the returnee migrants to ensure productive contribution to the country's economy.

Safe migration will be integrating with other BRAC programmes, such as microfinance and rights-based organisations in the future to provide more comprehensive support and to develop remittance-based enterprises for the returnees.



Female migration forum members attending a monthly meeting on rights of migrants in Begumganj, Noakhali district.

Case Story

MASUD: Justice served by Torgaon migration forum

Md Masud of Lahiri village, Kapashia, always dreamed of going abroad for better employment opportunities so that he could be economically solvent. To realise his dream, Masud's father sold their land and borrowed money at a high interest rate. They paid a middleman BDT 600,000 for a visa to Greece. But Masud's dream was shattered when the Bangladesh airport authority sent him back home because his visa was a forged document. Heavily in debt, Masud tried to contact with middleman, but he refused to reimburse Masud.

Meanwhile, Masud heard about the BRAC's migration programme and sought their help. The migration forum conducted in Torgaon pressured the middleman to return the money to Masud. After the forum's active and continuous efforts, the middleman signed a letter, acknowledging that he will return the money to Masud.

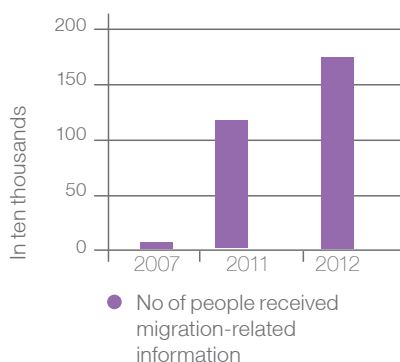
"I am grateful to the Torgaon migration forum. Without their help, it wouldn't be possible to get the money back," said Masud's father with thankful eyes.



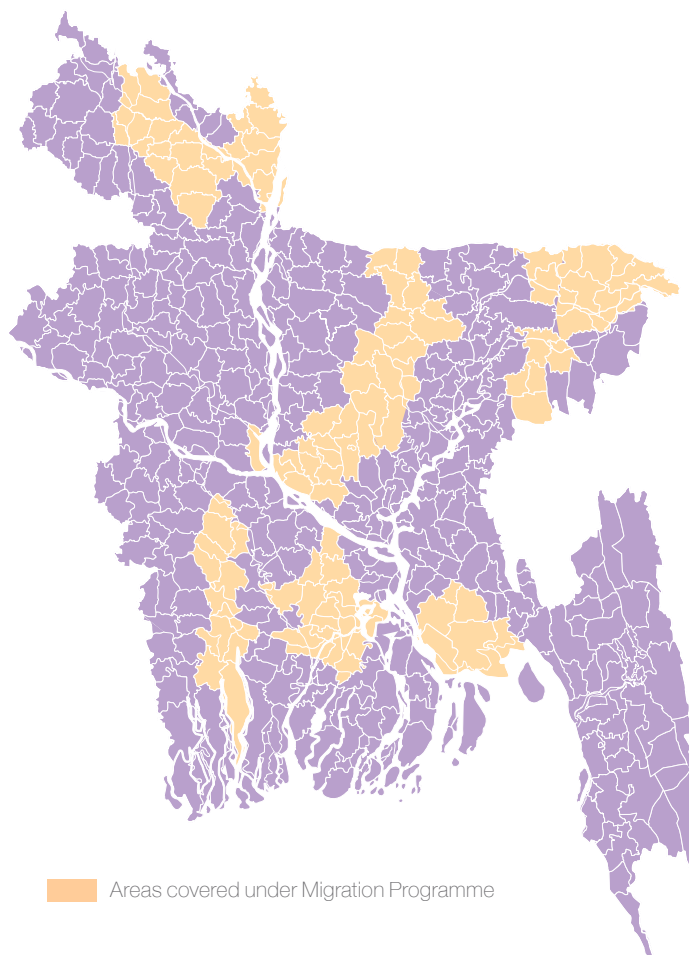
Masud of Kapashia, Bangladesh now works on his own land after recovering the money lost in a false overseas employment application.

Trend Analysis

We provided migration-related information to 34,000 people in 2007, 1.23 million people in 2011 and 1.73 in 2012. We provided skills development training to 32,560 people in 2011 and to 47,080 in 2012 through referral linkages. In 2011, 194 cases and in 2012, 266 cases received our legal aid support. In addition, 1,160 female migrants were educated on violence in the workplace. We also provided 46 and 60 rescue support and death benefits in 2011 and 2012 respectively.



Coverage of Migration Programme



Targeting the Ultra Poor

BRAC's groundbreaking ultra poor programme focuses on improving the economic and social situation of those at the base of the economic pyramid. Living in extreme poverty, this group struggles to meet its minimal dietary requirements and faces difficulty to reach mainstream anti poverty programmes like microfinance. To help this population at least get on the bottom rung of the economic ladder, our process includes a deliberate sequencing of interventions including asset grants, skills development and personalised healthcare support. According to the latest impact assessment study, about 95 per cent of those in the programme 'graduate' from extreme poverty – and have stayed out for six years after the programme ends. Most go on to take advantage of more mainstream opportunities like microfinance. The programme is now being adapted by other organisations in different countries around the world.

Continued Effort to Bring About Freedom from the Trap of Extreme Poverty

Today almost 17.6 per cent of total population in Bangladesh lives below the lower poverty line, of which eight per cent are the ultra poor, and 9.6 per cent are very poor (Bangladesh Bureau of Statistics, 2010). Realising the heterogeneity even among the ultra poor, we have divided our target population into two to address their diverse needs.

Specially targeted ultra poor (STUP): This grant-based approach serves the poorest among the group - the bottom eight per cent of the population through careful selection and providing intensive integrated support including asset grants, enterprise development and life skills training, personalised healthcare and ensuring social integration through community mobilisation.

Other targeted ultra poor (OTUP): This grant-plus-credit approach serves the segment within ultra poor who are marginally less deprived than the STUP clients. The support package for OTUP is similar to that of STUP, with the exception of supporting them with soft loans instead of grants. The loan repayment schedule, loan duration and saving options are more flexible than those of the conventional microfinance programmes.

From January 2002 to December 2012, the ultra poor programme covered 1.4 million households in 40 districts of Bangladesh, among which 415,700 households were reached through a full grant-based approach and the remaining 1,009,000 through a credit-plus-grant-based approach. In 2012, we served a

total of 73,800 households through STUP and OTUP programmes.

Innovations and Future Outlook

In 2012, we started addressing climate change-related destitution (ACCD) - a special project to support the ultra poor households that were affected by climate change in four districts in the coastal regions. The objective is to enhance their resilience to cope with post-disaster challenges by introducing different types of enterprises suitable for coastal areas, raising awareness on pre and post-disaster measures, social forestry initiatives, and building disaster-resilient houses. In 2012, ACCD worked in Khulna, Bagerhat, Barguna and Patuakhali districts covering 12,000 households.



A participatory rural appraisal selection meeting in Rangpur in progress to identify the poorest of the community.

Case Story

SHUBASHINI: Life has turned around

As the second child of a day labourer's eight children, **Shubashini** had to take up domestic work to support her family at an early age. She was married off when she was 14. Shubashini would often fall sick from malnutrition, especially after giving birth to five children at a very young age. After her husband died of cancer, Shubashini and her children were left impoverished. They ate wheat crust, boiled jackfruit, wild leafy vegetables, and anything else they could find. Her neighbours often provided them with food and used clothes, but there were days when they went without any food at all.

In 2005, we selected Shubashini as one of the poorest families in Gaibandha's Kholahati village. After learning about suitable enterprise options, she decided to choose cattle rearing. We trained her on enterprise and life skills for two years, gave her two cattle and assistance to build a cattle shade, and a weekly stipend until she started earning from her assets. To help her get integrated within the wider community, we trained her to gain confidence, provided personalised healthcare, and ensured support from the village poverty reduction committee.

When Shubashini graduated from the programme after two years, she took loans from our microfinance programme, expanding her investment and diversifying her income sources. She rented a small land where she grew 1,000



Shubashini now owns livestock and farm land after graduating from the ultra-poor programme in Gaibandha district.

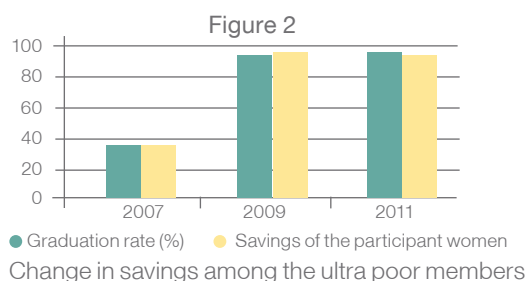
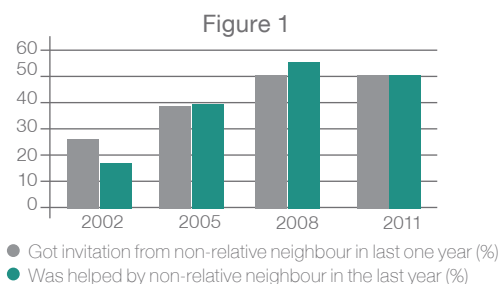
kilos of rice, reinvested the money, paid off her loans, started a shop, and built a new house.

Words cannot contain Shubashini's struggles nor her spirit and resolve. With a little hand-holding from BRAC, she transformed her life in just two years and her prosperous life continues to unfold as we speak.

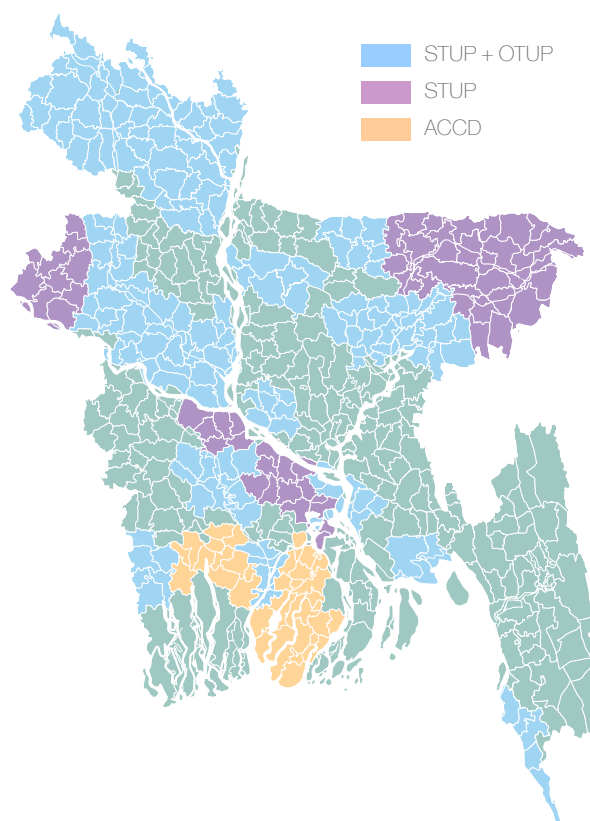
Trend Analysis

Over the years, saving tendency among our ultra poor members increased at a significant rate. In 2007, only about 38 per cent of the ultra poor members had savings from their little amount of income, whereas, in 2011, it increased to 96 per cent.

Again, social acceptance and inclusion has been increased from the baseline year (2002). Figure 2 shows a gradual improvement in their social context as a whole.



Coverage of Ultra Poor Programme



Water, Sanitation and Hygiene

The Water, Sanitation and Hygiene (WASH) programme, which has reached more than 38 million people, provides sustainable and integrated WASH services in rural and isolated areas, breaking the cycle of contamination caused by unsanitary latrines, contaminated water and unsafe hygiene practices. We ensure sustainability of these interventions by encouraging community ownership, developing linkages with local government, and encouraging local entrepreneurs to supply low-cost hardware. BRAC's WASH programme is the largest NGO-led project of its kind in the world, and has played a major role in supplementing Bangladesh's commendable achievements in this sector, including the success in achieving the seventh millennium development goal of reducing the proportion of people without access to safe drinking water and basic sanitation by half.

Highlights 2012

Increased coverage with the second phase of implementation

By the end of 2012, in its second phase, the WASH programme expanded to a total of 98 new sub-districts, installing 184 deep tube wells within the proximity of communities in arsenic contaminated regions and ensured maintenance of water systems installed in the first phase. In addition, we implemented new ways of knowledge sharing with practitioners in the sector.

Till December 2012, we provided subsidies to more than 60,000 ultra poor households and loans to 12,000 poor households for purchasing and installing

sanitary latrines. To instil better hygiene behaviour amongst different demographic groups, we delivered hygiene education to over two and a half million people.

Impact assessment with cutting edge technologies

WASH has started the second pilot run of a qualitative information system, a highly effective evaluation tool that allows quantitative figures to be interpreted into a qualitative context, in 72 sub-districts of Bangladesh. We also tested usability of Sensemaker, another tool to record and evaluate qualitative achievements, in December 2012.

Action research for low-cost solutions to sanitation

Our action research in 2012 focused on issues like sanitation technologies for areas with high-water table, sanitation supply-chain and low-cost water treatment technologies. Once these new technologies have proven their effectiveness, they will be made available to the public through the local entrepreneurs.

Innovative faecal waste management

The programme explored possibilities of utilising faecal waste as organic fertiliser, and undertook field tests to measure the effectiveness of the fertiliser.

After receiving advice from their Village WASH Committee, a family is installing a sanitary latrine outside their house in Haluaghata, Mymensingh, Bangladesh.



Case Story

Life changes with safe water in the neighbourhood

The **Aruakandi union** of Mollarhat in Bagerhat district was struggling with high arsenic in its tube wells and salinity in deep aquifers. To overcome this challenge they sought BRAC's help installing the piped water supply scheme, which would enable households to get access to safe water from a single aquifer. BRAC bore more than 97 per cent of the installation cost while the community paid the rest.

At present, **532** houses are connected to piped water supply, with a capacity to serve a total of 613 houses. The union's water management committee ensures the continued maintenance of the water system. They collect monthly fees from the households, except from the extremely impoverished ones, to pay repair, maintenance and operational expenditures of the system.

In their own words the people in Aruakandi union say, "The system has changed our lives. We used to spend up to three hours in fetching safe drinking water from afar. At times, when I was unable to do so, we had to drink unsafe water. Now we have safe water supply at home."



532 households of Aruakandi union of Bagerhat district are now connected to safe piped-water aquifer.

With the growing demand from more unions in Mollarhat district, BRAC installed a second pipe water supply system in Garfa, with a capacity to serve up to 500 households with safe water.

Trend Analysis

To date, sanitation coverage in Bangladesh has expanded from 33 per cent to 84 per cent in 150 sub-districts, serving 27 million people. We provided 2.8 million people with access to safe water, and hygiene education to 34.8 million women, 2.9 million men, 3.4 million adolescent boys, 6.2 million adolescent girls, and almost five million children, which are illustrated in the figures below.

Figure 1
Sanitation Coverage

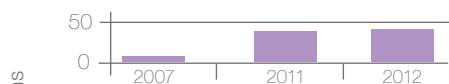


Figure 2
Hygiene Education

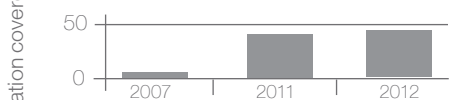
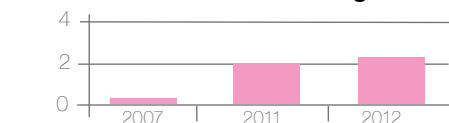
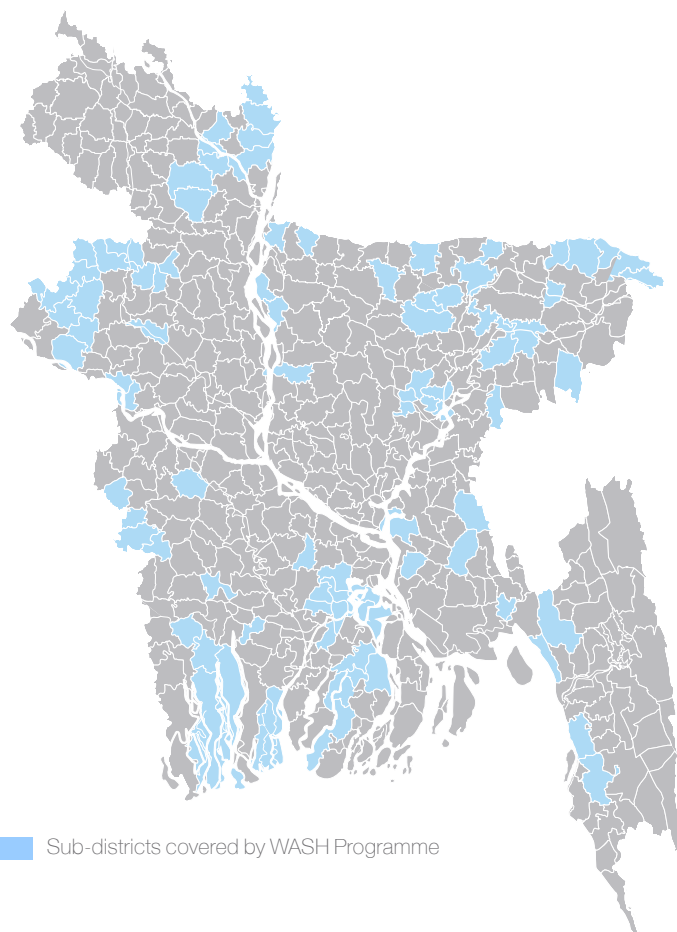


Figure 3
Safe Water Coverage



Coverage of Water, Sanitation and Hygiene Programme



Enterprises and Investments

The BRAC model consists of a network of development programmes, enterprises and investments. About half the surpluses generated by our social enterprises help fund the expenditure of our development programmes in Bangladesh, while the rest is reinvested in the enterprises themselves. BRAC's investments ensure financially profitable investments in socially responsible areas, such as low income housing, small and medium enterprise loans, information technology and clean development mechanisms. Dividends from our investments support the financial health of the organisation and reduce our dependency on donors.



Today, BRAC operates 17 financially and socially profitable enterprises in Bangladesh across health, agriculture, livestock, fisheries, green energy, printing and retail sectors, making a significant contribution to the local economy through the creation of market linkages, entrepreneurs and employment opportunities.



Case Story

MUMTAZ: Entrepreneur with an innovative livelihood

Mumtaz is the eldest daughter in a family of six. Her father is a tenant farmer and the family owns no property or asset. Mumtaz's family had always been poverty stricken, due to which she was forcefully married off to a man when she was a student of class six. After a year and a half of marriage, her husband married another girl. Mumtaz eventually divorced her husband, putting an end to her child marriage, further tainted with domestic violence. She resumed her education, eventually passing HSC examination in 2011. After that, she started to look for job opportunities.

Being a member of BRAC's community empowerment programme, Mumtaz came to know from a programme officer, Mahfuza, that BRAC's artificial

insemination enterprise was hiring female workers. Later, referred by the programme, Mumtaz participated in an eight-day training on artificial insemination and earned a certificate.

After the training, Mumtaz collected free samples and semen from BRAC's AI enterprise. The enterprise also supplied her with marketing materials to help her build a clientele. Mumtaz also made use of her network, built through BRAC's community empowerment programme, educating villagers about artificial insemination process to get better breeds of Black Bengal goats.

Mumtaz's services are steadily gaining popularity in her village, helping her grow into a successful entrepreneur.



Mumtaz with her nitrogen flask is about to inseminate a goat in her village in Rangpur.

In Focus: Artificial insemination (AI) enterprise

Transforming the rural poor into entrepreneurs

The AI enterprise has a bull station in Mymensingh district, which currently holds more than 100 livestock, including bulls, goats and sheep, and distributes semen to 70 'central container' areas throughout Bangladesh. These depots sell semen to more than 2,200 artificial insemination (AI) technicians (including 44 female technicians, as of December 2012) for up to BDT 130, so they can resell it at a profit as well as provide technical services to farmers for a fee. The technicians train farmers to take care of their livestock's health, such as housing, feeding, water management, disease prevention, and cattle breed selection.

Serving farmers at their doorsteps

When a farmer's cow goes into heat, he calls an AI technician who uses high breed semen to impregnate the cow within 12 to 18 hours. Farmers eventually benefit from high quality breeds of calves that grow more quickly to a size larger than average calves. A local cow can sell for BDT 20,000-25,000, whereas a high quality breed can sell for BDT 100,000. If the cow births a female calf, the calf eventually grows into a high-yielding dairy cow.

BRAC's AI technicians provide services at the door steps of the farmers, so that the cows are not fatigued from travelling in the hot sun which is important for successful conceiving. Due to this careful consideration, together with the supply of the highest quality bull semen, BRAC's AI technicians in Bangladesh continue to draw more farmers to avail their services.

BRAC's AI technicians are currently serving 61 districts across Bangladesh, catering to 25 per cent of the cattle population and inseminated a total of 1,334,322 cows in these districts, benefiting more than 300,000 households.

Cross-collaboration to serve across rural and urban communities

BRAC enterprises maximise synergy, impact and value by their targeted outreach and integrative products and services across multiple enterprises. For example, in Bangladesh, BRAC's microfinance or ultra poor programmes support a poor villager to own a cow while the AI enterprise steps in to train the villager to breed more cows and thus produce more milk and cattle. BRAC's feed mills on the other hand, offer the nutrition required to tend for the cow while

BRAC's dairy enterprise provides the villager with market linkage to sell milk at a fair price. At the end of this value chain, the urban communities benefit from the effective cross-collaboration by receiving sufficient supply of quality milk and meat products at affordable prices.

The early days of AI enterprise

In the mid 80's while providing cattle as assets to the rural poor in Bangladesh, BRAC realised that the low productivity of those cows producing an average of 1.25 litres of milk per day will not allow people to generate sufficient income; the only solution was to enable people to have cattle that would yield more milk and meat. Consequently, BRAC and the government jointly sent workers into the field to train villagers to administer artificial insemination. With 130 people volunteering then to train as AI technicians, the year 1985 saw the beginning of a fruitful partnership between BRAC and the government of Bangladesh to provide the rural poor with higher quality breeds of cattle. The government provided farmers with liquid semen and insemination equipment to impregnate their cows. However, with inconsistent electricity in villages, the liquid only lasted

two to three days, after which, the quality significantly deteriorated limiting BRAC's rural development endeavours.

In 1997, due to a shortage of supply in frozen semen many farmers dropped out of the AI development programme. The government soon permitted BRAC to produce its own frozen semen. Meanwhile, BRAC introduced the use of liquid nitrogen to the AI technicians in Bangladesh to preserve the semen temperature without electricity.

With experience gathered from working with the government of Bangladesh, BRAC started its own AI programme in 2000, which turned into a profitable social enterprise by 2007.

Highlights 2012

Enterprises

Aarong launched two new outlets in Comilla and Moulvibajar districts and the dairy enterprise launched its nationwide re-branding initiative.


Fisheries enterprise introduced cat fish product line and acquired a new hatchery in Bagerhat district. In 2012 the enterprise also won first prize from Bangladesh's Fisheries Department.

Artificial insemination enterprise introduced vaccination and insemination for goats, sheep and buffaloes by 50 trained women.

Poultry enterprise built a three-storied shade in Trishal, which led to 15 per cent increase in production.

BRAC chicken launched 15 ready-to-cook packaged foods into the market.

Solar enterprise introduced building solutions, home system accessories and instant power supply. Our enterprise for recycled and handmade products initiated services for corporate houses, while the nursery enterprise introduced landscaping services, its first project being 'Hatirjheel' - Dhaka's largest beautification project. In 2012, the nursery enterprise won first prize from Bangladesh's Forest Department.



A BRAC staff member is shown in the center of the frame, wearing a white headscarf and a colorful patterned shawl. She is focused on her work, using a small mechanical device to fill or seal white plastic bags. The background is filled with numerous large, stacked white sacks, each labeled with blue text and a logo, indicating a large-scale storage or distribution facility for feed. The floor is also covered with several open white bags in the foreground.

A BRAC staff is packaging chicken feed at a BRAC poultry feed mill in Gazipur, Bangladesh.

Investments

After 16 months of operation since July 2011, bKash's customer base now stands at 2.1 million, capturing 80 per cent of the market. bKash now has four million transactions a month and 27,000 agents.

In 2012, **BRAC Bank** disbursed BDT 34,563 million to 34,222 SME entrepreneurs.

BRAC Sajaan Exchange reached 37 major cities in the UK through 126 agents with a market share of 14.9 per cent.

BRAC EPL Investment Limited launched an impact investments division, becoming the first Bangladeshi company to receive UNFCCC certification for clean development mechanism consultancy.

BRAC EPL Stock Brokerage

Limited ranked number one in foreign segment with 58 per cent market share in October 2012 and was ranked number five in the domestic market. It received a Global Citation Award by Morgan Stanley.

Tea enterprise invested USD 270,000 on workers' welfare services, establishing six schools, 217 tube wells, 31 day care centres and 1,305 sanitary latrines.

Beyond 2012

Enterprises

Aarong is considering using an e-commerce platform to sell online, while the artificial insemination enterprise plans to scale up its vaccination services and introduce embryo transfer to produce better breeds of bulls.

Green enterprises: BRAC's green enterprise outlet, Kanon plans to set up express branches and enhance its focus on marketing and landscaping with the nursery enterprise. Solar enterprise will introduce new lines of products, including solar irrigation and mini-grid.

Investments

BRAC Saajan Exchange Limited plans to expand its services to Bangladeshi communities in Italy and Greece to facilitate remittance to Bangladesh. The company is also in the process of creating a platform to offer BRAC Bank's products to the non-resident Bangladeshi communities.

BRAC EPL Investments Limited plans to assist BRAC's impact venture's projects, focusing on sustainable and impact investment to optimise the 3P (People, Planet, Profit) objective of the BRAC Bank group.

List of enterprise and investments

BRAC enterprises

Aarong
BRAC Dairy
BRAC Artificial Insemination
BRAC Poultry
BRAC Poultry Rearing Enterprise
BRAC Feed Mills
BRAC Chicken
BRAC Fisheries
BRAC Salt
BRAC Sanitary Napkin and Delivery Kit
BRAC Sericulture
BRAC Printers
BRAC Printing Pack
Green enterprises:
BRAC Bio-gas (pilot)
BRAC Solar
BRAC Recycled Handmade Paper
BRAC Nursery

BRAC investments

BRAC Cold Storage
BRAC Tea Estates

BRAC Subsidiaries and Associates

BRAC Bank Limited
Delta BRAC Housing Finance Corp Ltd
BRACNet
BRAC Soft

BRAC Bank Subsidiaries and Associates

BRAC Saajan Exchange Limited
BRAC EPL Stock Brokerage Limited
BRAC EPL Investments Limited
bKash Limited

BRAC Bank Associates

CSR Centre
Bangladesh Rating Agency Limited (BDRAL)
IIDFC

Our Management



Mahabub Hossain
Executive Director



Muhammad A (Rumee) Ali
Managing Director
Enterprises



Faruque Ahmed
Executive Director
BRAC International



Shib Narayan Kairy
Group CFO



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



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



Asif Saleh
Senior Director
Strategy Communications and
Capacity



Dr Kaosar Afsana
Director
Health Nutrition and Population



Sheepa Hafiza
Director
Gender Justice and Diversity
Safe Migration



Ahmed Najmul Hussain
Director
Procurement, Estate and
Management Services
Road Safety



Dr Safiqul Islam
Director
Education



Dr W M H Jaim
Director
Research and Evaluation
Division



Moushumi M Khan
Director
Legal and Compliance



Anna Minj
Director
Community Empowerment
Integrated Development



Ishtiaq Mohiuddin
Director
Microfinance



A I M Monsoor
Director
Construction and Maintenance



Saieed Bakth Mozumder
Director
Tea Estates



Faustina Pereira
Director
Human Rights and Legal
Aid Services



Tanwir Rahman
Director
Finance



Nanda Dulal Saha
Director
Internal Audit

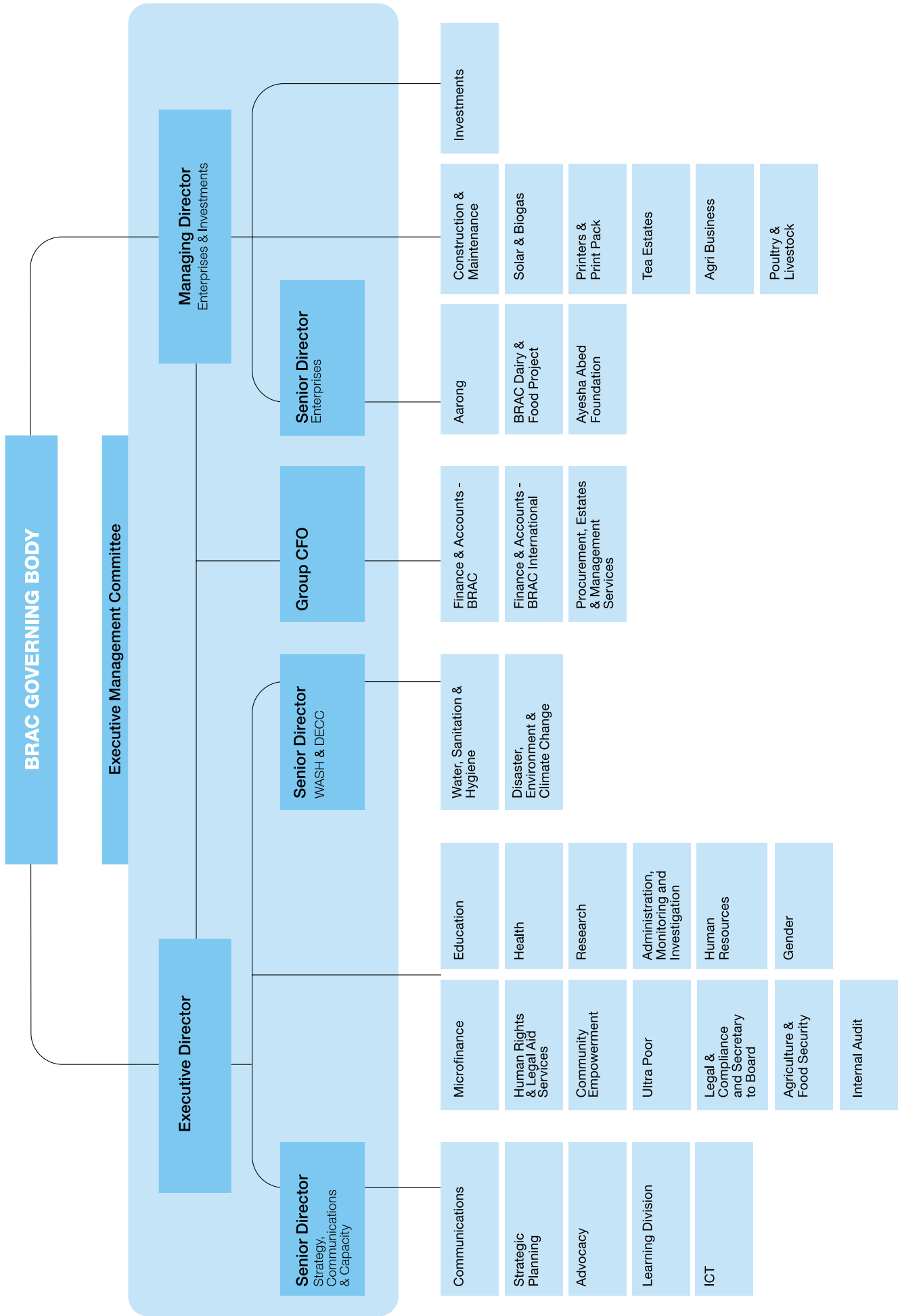


Sukhendra Kumar Sarker
Director
Administration, Monitoring and
Investigation



Rabeya Yasmin
Director
Challenging the Frontiers of
Poverty Reduction-Targeting
the Ultra Poor

BRAC Organogram



Governance, Management and Good Practices

General Body

The general body of BRAC consists of 29 members. As per the Memorandum of Association and Rules and Regulations of BRAC, the general body elects the governing body.

The Annual General Meeting of BRAC was held on June 04, 2012, in which the general body elected the present governing body; approved the Audited Financial Statements for the year ended December 31, 2011; approved the Annual Budget for 2013, and approved the appointment of external auditors for the year ended December 31, 2012.



Sir Fazle Hasan Abed

Founder and Chairperson, BRAC

Sir Fazle is recognised by Ashoka as one of the “global greats” and is a founding member of its prestigious Global Academy for Social Entrepreneurship. He was also appointed Knight Commander of the Most Distinguished Order of St Michael and St George (KCMG) by the British crown in 2010, in recognition of his services to reducing poverty in Bangladesh and internationally. He has received numerous national and international awards for his achievements in leading BRAC, including WISE Prize – the world’s first major international prize for education by Qatar Foundation (2011), the David Rockefeller Bridging Leadership Award (2008), the Conrad N Hilton Humanitarian Prize (2008), the inaugural Clinton Global Citizen Award (2007) and the Henry R Kravis Prize in Leadership (2007).



Mushtaque Chowdhury

Vice Chairperson, Governing Body, and Advisor to the Chairperson, BRAC

Dr Chowdhury is the senior advisor of health at the Rockefeller Foundation, based in Bangkok, Thailand. He works globally with a particular focus on health systems and disease surveillance initiatives. He was also the founding dean of the James P Grant School of Public Health in Dhaka. He is also a professor of Population and Family Health at the Mailman School of Public Health at Columbia University in New York, and served as a research associate at the Harvard University’s Center for Population and Development Studies. He is the co-recipient of the ‘Innovator of the Year 2006’ award from the Marriott Business School of Brigham Young University in USA, and in 2008, he received the PESON oration medal from the Perinatal Society of Nepal.

Governing Body

The governing body of BRAC consists of 10 members. Distinguished professionals, activists and entrepreneurs of excellent repute have been elected to the governing body, bringing their diversified skills and experiences to the governance of BRAC.



Tahrurnessa Abdullah

Social Scientist and Gender Specialist

Ms Abdullah is the current chairperson of Gono Bishwabidyalay, and chairperson of ASA. She worked at the Comilla Academy for Rural Development for nine years as an instructor, heading the Women’s Education and Home Development programme. She oversaw the development of the National Plan of Action for Children, 1997-2002, and has served as chair of Bangladesh Shishu Academy and Bangladesh Jatiyo Mohila Sangstha.



Martha Alter Chen

Lecturer, Harvard Kennedy School and International Coordinator, WIEGO

Dr Chen is a lecturer in Public Policy at the Harvard Kennedy School, and serves as an international coordinator of Women in Informal Employment: Globalising and Organising (WIEGO), a global research-policy-action network that seeks to improve the status of the working poor, especially women, in the informal economy. An experienced development practitioner and scholar, her areas of specialisation are employment, poverty and gender. Dr Chen has spent two decades in Bangladesh and India working for BRAC and Oxfam America.


Faruq A Choudhury

Chairman, Delta-BRAC Housing Finance Corporation

Mr Choudhury currently serves as a member of the BRAC University governing body. He has played a significant role in developing the Bangladesh Foreign Office and was appointed the first chief of protocol. As Bangladesh's foreign secretary in 1984, Mr Choudhury was instrumental in the creation of the South Asian Association for Regional Cooperation (SAARC), and subsequently served as the secretary-general of the first SAARC summit. Previously, he served as the deputy high commissioner for Bangladesh in London, and ambassador in Abu Dhabi and Brussels.


Luva Nahid Choudhury

Director General, Bengal Foundation, an arts trust

Ms Choudhury is an architect who was a part of the Bangladesh government service for 10 years and currently heads Abashan Upodeshta Ltd, an architectural practice in Dhaka. She is the director general of Bengal Foundation, a trust which supports and promotes the arts in Bangladesh. She also heads ICE Media Ltd, a leading publishing house.


Kazi Aminul Huque

Chartered Accountant

Mr Huque was the senior partner of Rahman Rahman Huq, Chartered Accounts, for more than 35 years. The firm is a Bangladesh partnership and a member firm of KPMG International, one of the largest international accounting firms. Mr Huque was a founder trustee of the Bangladesh chapter for Transparency International.


Syed Humayun Kabir

Founder, Sajida Foundation

Mr Kabir currently serves as a trustee of the Centre for Policy Dialogue, and chairman of Renata Ltd. He is the founder of Sajida Foundation, an organisation founded to serve the poor in peri-urban areas. Previously, he was the chairman and managing director of Pfizer in Bangladesh for 21 years. He also served as chairman and president of the Metropolitan Chamber of Commerce and Industries, Bangladesh Employer's Association, Foreign Investors Chamber of Commerce & Industries, American-Bangladesh Economic Forum and Transparency International-Bangladesh.


Rokia A Rahman

Founder, Women Entrepreneurs Association, Bangladesh, Women in Small Enterprises

Ms Rahman currently chairs Airlinks Group of Companies and R R Group of Companies. She is also the chair of Mediaworld Ltd, and the director of Mediastar, and ABC Radio. As the chair of Midas Financing Ltd, Ms Rahman has initiated loan facilities to several thousand women. She is also a director at Reliance Insurance and Mercantile Securities Ltd. She is a member of the Business Advisory Council of ESCAP, based in Thailand, and a member of Women's Business Network of WIEF, based in Malaysia. Ms Rahman is also a board member of Asian University for Women.

Latifur Rahman

Chairman and CEO, Transcom Group

Mr Rahman currently serves as the chairperson of Nestle Ltd, Bangladesh, and Holcim Ltd, Bangladesh. He is also president of the Metropolitan Chamber of Commerce and Industry, Dhaka and vice president of the International Chamber of Commerce, Bangladesh. He is a member of Bangladesh Better Business Forum. Formerly, Mr Rahman served as president of Bangladesh Employer's Federation and member of the Executive Committee, Federation of Bangladesh Chamber of Commerce and Industry, Bangladesh Jute Mills Association and Bangladesh Tea Associations.

BRAC International Governing Body



Sir Fazle Hasan Abed
Founder and Chairperson,
BRAC



Mahabub Hossain
Executive Director, BRAC

Dr Hossain is an internationally renowned development economist. He was the head of the Social Sciences Division and programme leader of the Rainfed Ecosystems Programme of International Rice Research Institute (IRRI), Philippines. He was also the director general of Bangladesh Institute of Development Studies (BIDS). He was awarded the first gold medal from the Bangladesh Agricultural Economist Association in 1985, in recognition of outstanding contribution to understanding the operation of rural economy in Bangladesh.



Shabana Azmi
Actor and Social Activist

Ms Azmi is an internationally acclaimed actress who was a member of the Indian Parliament and a UN Goodwill Ambassador. She is also a vocal and committed social activist, undertaking campaigns and making public statements over various issues, particularly social justice and rights of women. She is a leading advocate of AIDS awareness in India. Ms Azmi is a visiting professor at Ann Arbor, Michigan and has addressed several universities including Harvard, Columbia, Berkeley, MIT, University of Chicago, and University of London.

Muhammad A (Rume) Ali
Managing Director, BRAC

Mr Ali is the chairman of BRAC Bank Ltd, BRAC EPL Investments Ltd, BRAC EPL Stock Brokerage Ltd, bkash Ltd, BRAC Sajaan Exchange Ltd, and also director of several organisations, including BRACNet and Delta BRAC Housing Finance Corp Ltd. He is the vice chairman of Bangladesh Association of Bank and a member of the Global Steering Committee of the Performance Based Grants Initiatives of the International Finance Corporation (IFC) and the Technical Advisory Committee of Bangladesh Investment Climate Fund, and also served as the deputy governor of Bangladesh Bank and was the first Bangladeshi to head a major international bank in Bangladesh.



Debapriya Bhattacharya
Macro economist and Public Policy Analyst

Dr Bhattacharya is a Distinguished Fellow at the Centre for Policy Dialogue (CPD). He was also the first executive director of CPD from 1999 to 2007. He was a member of the macro economic Policy Advisory Committee, Ministry of Finance; Banking Sector Reform Committee; Ministry of Energy and Mineral Resources and National Committee for Vision 2020, Prime Minister's Office, and many other distinguished offices.



Sylvia Borren
Director, Greenpeace Netherlands

Ms Borren is presently the co-chair of Global Call for Action against Poverty (GCAP) and of its Dutch Chapter EEN, a world-wide citizen's network. She also serves as the independent chairperson of a programme with the Global Trade Union 'Education International' and Oxfam Novib to accelerate Quality Teacher Training for informal and formal teachers in developing countries. She was the co-chair of Worldconnectors, a diverse Dutch network of concerned citizens. She was a member of the advisory council on International Affairs of the Dutch Government.



Susan Davis
Founding President and CEO,
BRAC USA; Co-author of '*Social Entrepreneurship*'

Ms Davis is a founding board member and immediate past chair of the Grameen Foundation. She serves on Ashoka's international board committee that selects Ashoka Fellows, and is also a senior advisor to New York University's Reynolds Programme on Social Entrepreneurship. Ms Davis is on Mary Robinson's advisory council of Realising Rights: the Ethical Globalisation Initiative, and is a member of the Council on Foreign Relations.



Shafiq ul Hassan (Quais)
Managing Director, Echo Sourcing Ltd UK

Mr Hassan is a businessman who has been involved in marketing of garments produced in Bangladesh to Europe since 1986. He is the managing director of Echo Sourcing Ltd UK, and Echotex Ltd Bangladesh. Echo Sourcing was made Supplier of the Year in 2003, by New Look Retailers Ltd UK and Echotex received both Bangladesh National Environmental Award and MCCI Environmental Award in 2010.



Irene Z Khan
Director General, International Development Law Organisation

Ms Khan is the Chancellor of Salford University, and sits on the board of several organisations including Save the Children International, Mary Robinson Foundation for Climate Justice, and the Centre for Economic and Social Rights. Previously, she was the secretary general of Amnesty International and has worked at the UN High Commissioner for Refugees (UNHCR). She was a member of the Advisory Council of the UN Global Compact and is currently a member of the Advisory Council of Transparency International.



Parveen Mahmud FCA
Managing Director, Grameen Telecom Trust.

Ms Mahmud was the first female council member of the Institute of Chartered Accountants of Bangladesh (ICAB) in 2007, and its first female president in 2011. She was the first female board member of the South Asian Federation of Accountants (SAFA). Ms Mahmud was a working group member for Consultative Group on Social Indicators at UNCTAD/ISAR. She has also served as the chairperson of Acid Survivors Foundation.

In 2012, four meetings of the governing body were held on April 10, 2012, June 03-04, 2012, October 14, 2012, and December 03, 2012.

Finance and Audit Committee

BRAC's governing body constitutes of the Finance and Audit Committee with the following members:

- | | |
|--|--------|
| 1. Kazi Aminul Huque , FCA, Member, BRAC Governing Body | Chair |
| 2. Tahrunnesa Abdullah , Member, BRAC Governing Body | Member |
| 3. Parveen Mahmud , FCA | Member |
| 4. Mahabub Hossain , Executive Director, BRAC | Member |

S N Kairy, Group CFO, acts as the Secretary of the committee. Each member is free of any relationship that would interfere with the exercise of his or her independent judgment as a member of the committee. Members of the committee have professional experience and expertise in different sectors. Dr Mahabub Hossain, Executive Director, is a non-voting member of the committee.

Role and Purpose

The primary function of the Finance and Audit Committee ("the committee") is to assist the governing body in fulfilling its oversight responsibilities for:

- The financial reporting and budgeting processes
- The systems of internal controls and risk assessments
- Compliance with legal and regulatory requirements
- Qualifications, independence, and performance of the external auditors, and
- Qualifications, independence, and performance of the internal audit unit.

Meetings in 2012

The committee meets at least two times annually, or more frequently as deemed necessary by any committee member. A total of three meetings were held during 2012.

Meeting Date: March 25, 2012

Meeting Highlights:

- The committee suggested issuing a circular from the Executive Director in order to ensure presence of the respective directors in the meetings of the Audit Review committee
- The committee reviewed the audited annual accounts of 2011, and recommended for approval of BRAC's governing body
- The committee suggested providing training to those with the responsibility of record keeping
- The committee recommended for approval of BRAC's governing body to appoint S F Ahmed & Co, Chartered Accountants, Bangladesh and Ernest & Young, Chartered Accountants, Malaysia, as the external auditor of BRAC for 2012.

Meeting Date: June 02, 2012

Meeting Highlights:

- Group CFO presented annual budget for 2013
- The committee recommended to the governing body and general body for approval of the proposed budget for 2013
- The committee recommended to BRAC governing body and general body for approval of the proposed budget for the period of July 2012, to June 2013, of the microfinance programme

Meeting Date: November 25, 2012

Meeting Highlights:

- Group CFO presented the budget variance for 2012 and revised budget for 2013

- The committee recommended to the governing body for approval of the proposed revised budget for 2013
- Director of the Internal Audit department presented his findings for the period of January 2012, to September 2012, as well as his report on the audit review committee
- He also presented the internal audit plan for 2013, as well as a revised organogram of the department, which the committee approved
- Director of Internal Audit highlighted some changes in the terms of reference (ToR) of the audit review committee, which the finance and audit committee approved
- He also highlighted some changes in the internal audit manual which were approved by the committee

Investment Committee

The Investment committee oversees the BRAC investments, and consists of the following members:

1. Sir Fazle Hasan Abed, Chairperson, BRAC Governing Body Chairperson
2. Latifur Rahman, Member, BRAC Governing Body Member
3. Rokia A Rahman, Member, BRAC Governing Body Member
4. Luva Nahid Choudhury, Member, BRAC Governing Body Member
5. Muhammad A (Rume) Ali, Managing Director, Enterprises & Investments, BRAC Member

S N Kairy, Group CFO acts as the Secretary of the committee.

In 2012, the investment committee held a meeting on April 10, 2012.

Ombudsperson

BRAC established its office of the Ombudsperson with a comprehensive mandate to investigate any incident of misadministration and misuse of power within the organisation. This includes grievances such as corruption, abuse of power or discretion, negligence, oppression, nepotism, rudeness, arbitrariness, unfairness and discrimination. The Ombudsperson maintains the highest level of confidentiality regarding complainants and complaints. The office prepares an annual report concerning the discharge of its functions and submits it to the Chairperson who then put the report before BRAC's governing body for their consideration.

Mr Anis-uz-Zaman Khan, former Secretary-in-Charge of the Government of Bangladesh, has been appointed as the third Ombudsperson for BRAC for the period of November 15, 2010 to November 14, 2013.

Finance and Accounts

BRAC's finance and accounts department is responsible for financial planning and record-keeping, managing costs, assets and liabilities, financing investments, analysing cash-flow and profitability, and preparing budgets and financial frameworks for the development programmes. The department is accountable for donor grants, property, provident funds, employee gratuity, salary, tax and loans. It produces annual and monthly consolidated financial statements and fulfils the rules and regulations of the NGO Affairs Bureau, Microcredit Regulatory Authority (MRA) and other regulatory bodies. Through this department we ensure effective financial control and transparency of the financial data of our projects and enterprises, garnering the trust and confidence from all those with whom we work.

In 2012, the department's annual financial statements are prepared in accordance with international reporting standards, for which we received an award from the Institute of Chartered Accountants of Bangladesh (ICAB) as well as 'AAA' (Triple A) rating by the Credit Rating Agency of Bangladesh Ltd (CRAB).

Human Resource Division

BRAC's human resource division (HRD) has established a qualitative and strategic approach in managing its workforce. The key focus areas are procedural justice, transparency, equality, respect for diversity, and recognition of potential. Its HR policies and guidelines aim to ensure uninterrupted services to and spontaneous participation of employees, which in turn facilitates achieving the organisational goals, as well as fulfilling individual employee needs.

In 2012, we developed a strategic guideline for 2012-2013, and trained the division staff on performance management system.

2012 also saw the division participating in job fairs in various universities to represent BRAC and attract talent.

We launched e-recruitment, an online system that enables candidates to apply electronically. The system notifies candidates via SMS for interviews. In addition, we introduced web-based information services for BRAC's employees on the division's website (www.brachrd.org), including staff training and new vacancies.

Monitoring and Investigation

The monitoring and investigation department is an integral part of BRAC's internal control mechanism. The department has two units: monitoring and investigation.

The monitoring unit provides support to BRAC's development programmes, supporting departments and enterprises. In order to ensure transparency, the unit conducts periodic analysis, enabling the management to determine whether the key activities are being carried out as planned, and whether they are having the expected outcomes.

The investigation unit investigates complaints related to financial irregularities, violation of organisational rules and regulations, nepotism, indecent behaviour and arbitrariness across BRAC. It also

investigates grievances from BRAC's stakeholders.

In 2012, the department monitored 147 cases through its monitoring unit and shared their findings to the relevant internal stakeholders, while its investigation unit investigated a total of 167 cases throughout the year.

Procurement, Estates and Management Services

The department of procurement, estate and management services (PEMS) includes procurement, estate, security, logistics, central store, telecommunication and visa and protocol unit under its umbrella. It is engaged in activities crucial for smooth governance and successful implementation of BRAC programmes and enterprises. The PEMS ensures procuring and delivering goods punctually, and in addition, it also ensures security and safety of lives and properties of BRAC and its staff. Along with purchasing and managing its land, PEMS ensures protection of unused, vulnerable land owned by BRAC in the country. It also manages telecommunication network inside the organisation and arranges visas for overseas travel for BRAC and BRAC International's staff.

In addition, PEMS provides logistics support in distributing warm clothes to underprivileged people affected by severe cold during winter, as well as donating blood to Bangladesh Thalassaemia Hospital by organising a blood drive at BRAC Centre.

In 2012, the department started implementing its updated procurements guidelines and procedures to ensure those requirements for major donors were fulfilled as per international standards.

A security assessment project has been taken up which will lead to formulation of 'security policy' and 'security risk management procedure' for the organisation.

Legal and Compliance

Our legal and compliance (L&C) department promotes good governance and legal culture within BRAC. The department's mission is to protect the legal interests of people, programmes, property and reputation of BRAC. With more than 70 lawyers and staff stationed across Bangladesh, the department helps to advance our mission at home and abroad. In addition to providing litigation support and legal training, L&C has the mandate to ensure the BRAC entities are in compliance with relevant laws, policies and regulations. The goals of the department are to provide legal support, mitigate risk through due diligence and build legal culture.

The department has various wings to undertake litigation for the staff, resolve our land related issues, monitor potential legal liabilities and issues pertaining to our enterprises, consult management of our international operations, and review BRAC's legal documents.

In 2012, BRAC's legal and compliance department established a centralised legal database which stores more than 10,000 legal cases and has been recognised as one of the best IT practices in BRAC. In addition, the department introduced the international resource binder for BRAC's 10 country offices. The binder has contact information of local NGOs, government resources, NGO laws and support, legal checklist and legal documents. L&C has recovered more than BDT 15 million and solved more than 200 cases per month throughout the year, and developed a standard operating procedure to manage BRAC's legal issues. A publication for the Annual Law Review on legal topics relevant to NGOs is also in the pipeline.

We have prepared fee schedule for external lawyers and have started to meet with them, and our plan is to enter into a standard retainer agreement with these lawyers.

Internal Audit

The internal audit department is an independent unit within BRAC which undertakes risk-based internal audit and compliance to maintain transparency

and accountability across the organisation and is directly reportable to the finance and audit committee. The department independently examines and evaluates BRAC-wide activities to assist management with advice on operational efficiency. It also assesses the effectiveness of BRAC's management control, governance and risk management services. The department's services include routine audits, system audits, special audits, investigations, and annual inventory verification. An audit review committee reviews the work of the department to ensure greater transparency and accountability.

In the future, the internal audit department plans to undertake an IT audit, surprise audit, quality assurance and construction audit.

In 2012, the department completed 11,416 audit spots, while establishing six divisional offices. The internal audit department also conducted e-reporting, managerial peer review, implementation of internal audit manual, planning of documentation, CPD reports, risk ranking reports, and a legal and compliance audit.

Partnership Strengthening Unit and Administration

Our partnership strengthening unit (PSU) strives to strengthen relationships and coordination amongst our programmes and stakeholders, such as government agencies, NGOs, media and public representatives. Under PSU, district BRAC representatives (DBRs) provide information under the Right to Information (RTI) Act 2009, and prepare the annual district development report. The DBRs also act as incident commanders, in line with the standard operation procedure (SOP) of BRAC's disaster, environment and climate change (DECC) programme. Through PSU, we are effectively facilitating the district and sub-district administration as well as the NGO Bureau to work more resourcefully for our clients across Bangladesh. The unit also plays a leading role in coordinating major events across BRAC.

The administration unit facilitates preparation, submission and obtaining approval for operationalising foreign

donated projects from the Director General of NGO Affairs Bureau. In addition, the unit undertakes production registration for BRAC's enterprises and processes work permits for BRAC's expatriate employees.

In 2012, the DBRs attended 8,315 meetings with district government officials and sub-district administration. PSU and DBRs also facilitated information dissemination with regards to the RTI Act to 1,663 individuals and organisations,

Capacity Development and Support Units

Advocacy Unit

BRAC's advocacy for social change programme promotes behavioural change amongst individuals, communities, organisations, government officials, and policy makers regarding policies and practices to improve the overall human rights scenario in Bangladesh.

Currently supporting BRAC's health, ultra poor and migration programmes, the advocacy programme will expand its area of work in education, agriculture, road safety, and nutrition sector in 2013.

In 2012, the advocacy programme initiated the second phase of its communication for development project, in partnership with UNICEF.

Under the ultra poor project, advocacy programme held over 1,000 social communication activities, including popular theatre shows and talk shows, reaching nearly 200,000 people across Bangladesh.

Under the health project, 71 media mobilisation activities, such as media fellowships, talk shows and round tables with journalists were held, reaching 5,752 people in the process.

The communication for development (C4D) project undertook over 8,400 social communication activities, such as popular theatre, courtyard meetings, and peer-group discussions, reaching out to 105,367 people across the country.

and attended 3,548 internal BRAC programme meetings held at district and sub-district levels.

External Auditors

The Annual General Meeting of BRAC held on June 04, 2012 have approved the appointment of S F Ahmed & Co, Chartered Accountants, Bangladesh and Ernst & Young, Chartered Accountants, Malaysia as the joint auditors for annual audit of BRAC for the year ended December 31, 2012.

Learning Division

BRAC Learning Division (BLD) is responsible for augmenting the capacity and professionalism of BRAC employees and programme participants through a wide range of human development and management training. We deliver training and learning programmes through 19 residential learning centres across Bangladesh, accommodating approximately 3,000 participants per day. We also contribute to the capacity development of government and development organisations at home and abroad.

Currently, with 106 faculty members (25 per cent of whom are women), we provide tailor-made training and consultancy services to our employees around the world. In 2012, we trained a total of 757,504 participants and accommodated 131,153 participants in our learning centres for training, meetings and workshops. Among these participants, 3,889 were from external agencies, having participated in around 24 training courses. Our training materials are increasingly prioritising effective performances. Towards that end, our academic pillars for the last two years consist of three major areas: leadership development, social capital development, and sustainable development.

In 2012, we established a case-bank to enrich learning resources and computer labs at learning centres to provide ICT training. In addition to that, we established a training, monitoring, evaluation and

quality assurance unit as well as a material development unit. Capacity development of faculty members has been reinforced.

We are exploring e-learning methods for training, as well as opportunities to strengthen our collaboration with BRAC University, Aarong, Ayesha Abed Foundation and BRAC's enterprises.

Communications

BRAC Communications enhances, promotes and protects BRAC's image through strategic communication. It also fosters innovation and synergy across and outside BRAC, by facilitating an effective exchange of ideas and information. It maintains consistency of all external communications, facilitates knowledge sharing and employee engagement, and ensure brand consistency within the organisation. The department also innovates different modes of communication to promote a better understanding of BRAC.

In 2012, the communications department coordinated and arranged BRAC's 40 years celebration programmes in Bangladesh and nine other countries. The '40 years celebration gala night' hosted a number of distinguished and high profile guests from different parts of the world. A communication policy has been drafted for the first time, to ensure efficiency, standardisation, integration and cost-effectiveness. A Global Learning Meeting, with an objective of emphasising the involvement of young girls as future leaders was arranged in February 2012. The BRAC Day and BRAC Values Award Giving Ceremony, organised by the Communications team with the assistance of BRAC Finance and Accounts, was held in March 2012, where 70,000 copies of a booklet named 'My BRAC' were distributed to all BRAC staff. A number of trainings and workshops were offered under our capacity building initiative for effective communications. As part of concluding the 40th anniversary celebration, the department arranged a photo exhibition in October 2012, highlighting our work in empowering women.

The department carried on year round activities to promote BRAC's profile globally. Our presence on social media

has increased significantly with 11,000 followers in 2012 from 4,500 in 2011. Along with a few major periodicals in Bengali, this year, an English newsletter was introduced for the international audience. BRAC was extensively featured in the international media in 2012, highlighting the synergy between government initiatives and BRAC's innovations.

The visitors unit facilitated many high profile visits throughout the year, and some of the most significant visitors were:

- Sheikha Mozah bint Nasser Al Missned, Her Highness Queen, Qatar
- Betty McCollum, Congresswoman, USA
- Andrew Mitchell, Secretary of State for International Development, MP of UK
- Irina Bokova, Director General, UNESCO

Partnership Management

In 2012, a results framework (RF) was designed by the Donor Liaison Office (DLO) after consultation with our strategic partners (AusAID and DFID). Throughout 2012, the DLO continued to work closely with BRAC Communications and jointly started several important initiatives such as the Partnership Managers Forum, the launching of the DLO portal, and coordination of the Annual Donor Consortium Meeting.

Support and coordination was also provided to three Donor Consortiums for our health, education and ultra poor programmes. The role of each consortium evolved during the year as a result of changes in partnerships, leading to new terms of references.

Information and Communications Technology

Our information and communications technology (ICT) department not only makes technological interventions to automate BRAC's internal business processes, but also introduces creative and innovative solutions tailored to complement our efforts in the local and global development arena. The department is comprised of four units – software development, network and infrastructure, hardware support, and mid-range coverage desk.

In 2012, ICT developed social media applications for employees including blogs and forums to ensure the effective flow of information and sharing of knowledge throughout the organisation.

As part of its ICT for development initiatives, the department implemented a platform to help programmes establish communication with their resources around the globe to disseminate real-time information to clients and service providers. This system is now used by BRAC's health programme in four regions, as well as by our disaster management programme for monitoring climate changes using real-time data in all six divisions of Bangladesh.

As for internal business automation, ICT offers i-fleet for our transport department, e-assets and e-accounts for our finance and accounts departments, an internal audit management system for the audit department, and a case hub for the legal and compliance department.

One of the mobile-based applications ICT developed in 2012 is an education management system for BRAC in the Philippines, which is being used in 410 schools to monitor activities of students, teachers and local implementation institutions. The application is a survey tool for collecting, storing and automatic archiving of offline and online data, which is currently being used by BRAC's water, sanitation and hygiene (WASH) programme covering 8,100 households, 400 schools, 310 rural sanitation centres and 300 village WASH committees in 150 sub-districts.

Social Innovation Lab

Launched in 2011, BRAC's social innovation lab (SIL) institutionalises innovation at BRAC and shares, nurtures and translates ideas into action. Through this unit we identify opportunities to better align activities with our overall strategic priorities and take better advantage of the emerging opportunities. The unit aims to enhance BRAC's overall capacity for managing internal innovation and foster organisation-wide dialogue and mobilisation.

In 2012, SIL collaborated in a research to investigate the motivation of BRAC-supported land entrepreneurs. In relation

to this, the unit facilitated the signing of a Memorandum of Understanding (MoU) between BRAC and the University of Cambridge's Judge Business School to strengthen partnership for research and capacity development.

Interest in contributing to global development is growing worldwide, particularly among the youth. SIL hosted a Facebook contest for an innovative idea in 2012. A panel of senior leaders voted on the best idea, and a university student from the United States won the competition for his idea to add a component of structured play (or a playground) to our primary school model. During his internship with SIL, he found that the idea needed modification to fit to the context of rural Bangladesh.

Many cross-cutting initiatives are underway at BRAC, particularly around issues of urban poverty and youth. SIL conducted a BRAC-wide inventory on its programmes touching the youth and presented its findings at the Global Learning Meeting in March 2012. In its follow up, SIL held a workshop on financial access for young entrepreneurs and captured the major issues on video and in a publication.

To encourage internal discussions on dynamics of urban poverty, SIL surveyed programmes globally; visiting several in South Asia, and developed resources for internal and external learning. SIL has established monthly innovation forums to generate greater opportunities for exposure to new ideas, as well as serving as a platform for collaborative problem-solving and dialogue.

In 2012, our topics included: Bangladesh's Access to Information programme, operational research conducted by BRAC in Uganda, the condition of Bangladeshi migrant workers in labour camps in the United Arab Emirates, and emerging understandings of health from social network research.

Research and Evaluation Division

Our research and evaluation division (RED) plays a critical role in designing our development interventions, monitoring progress, managing knowledge, and conducting impact assessment studies. The department undertakes programme-

driven research in food security and nutrition, education, health systems, maternal, neonatal and child health, social development, development and agricultural economics, and environment.

In 2012, RED conducted more than 70 studies, mostly related to addressing issues of BRAC's ultra poor programme, malaria and tuberculosis programme, infant and young child feeding, *Polli Shomaj*, gender justice, human rights and legal issues, and primary and secondary education in Bangladesh. The department has also started studying the prevalence of chronic kidney diseases in Bangladesh, evaluation of the community empowerment programme, and census in two sub-districts of Sunamgonj district where our integrated development programme operates.

RED also undertook international collaborative research with the Centre for Effective Global Action of the University of California; Leveraging Agriculture for Nutrition in South Asia with funds from DFID; University of Bonn with funds from Gates Foundation; and The World Vegetable Centre with funds from USAID. The division's publications in 2012 include 19 research reports, 17 articles in peer-reviewed journals and seven books and book chapters. It also organised 21 seminars and workshops including one public lecture by Dr Wendy Graham, Professor of Obstetric Epidemiology at the University of Aberdeen, UK.

Construction and Maintenance

BRAC's construction department consists of well qualified engineers and architects and undertakes design and construction of our organisation's infrastructure. The department has constructed nearly 500 establishments for BRAC and its subsidiaries in Bangladesh, including BRAC's area and branch offices, training centres, Aarong outlets, Ayesha Abed Foundation centres, poultry and fish hatcheries, sericulture and artificial insemination centres, nurseries, cyclone centres, dairy and food project establishments, staff housing and recreation centres all over Bangladesh.

To maintain and ensure proper usage of the utility facilities in these establishments,

BRAC's maintenance department has been working alongside the construction department since 1996. In order to achieve a more efficient operation and management, the two departments merged as one in 2006, under a single leadership.

In 2012, the department has completed and launched BRAC Learning Centre (BLC) in Khulna, a six storied building with a capacity of 50 boarders for facilitating residential training. A number of projects are ongoing including dormitories, VIP hostels, learning centres, staff housing and office buildings in different parts of Bangladesh.

Road Safety

BRAC's community road safety programme is an active and immediate measure to tackle the alarming increase in road fatalities with a long term vision. Through which, BRAC involves the community through motivation, education and self-help.

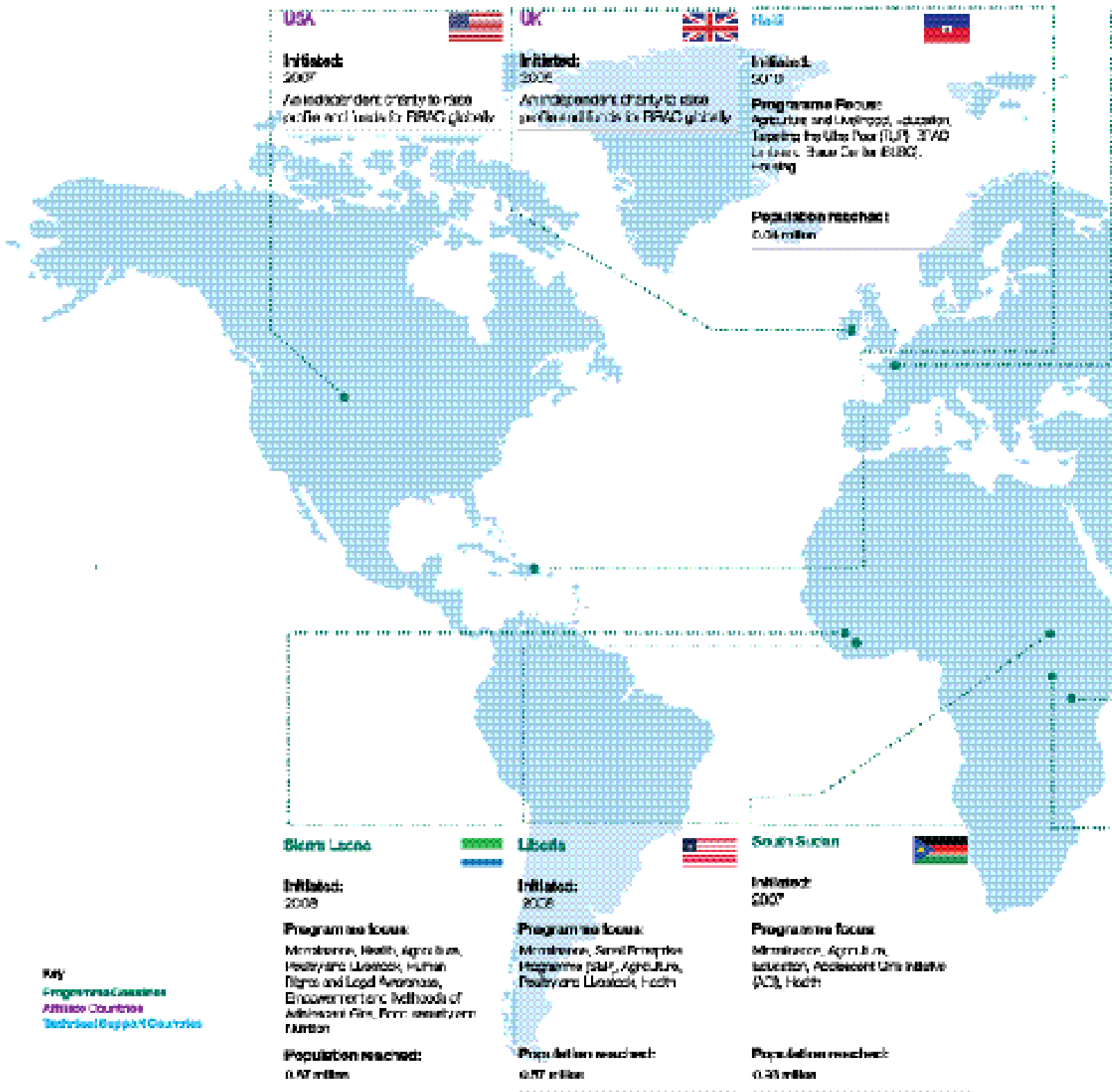
In 2012, BRAC took a new driving training project as a measure to tackle the increasing road fatalities. Under this, 12 driving trainers were trained by Hubert Ebner (India) Pvt Ltd, an Indo-Austrian road safety organisation. The trainers have so far trained 87 driving instructors of private driving training schools countrywide.

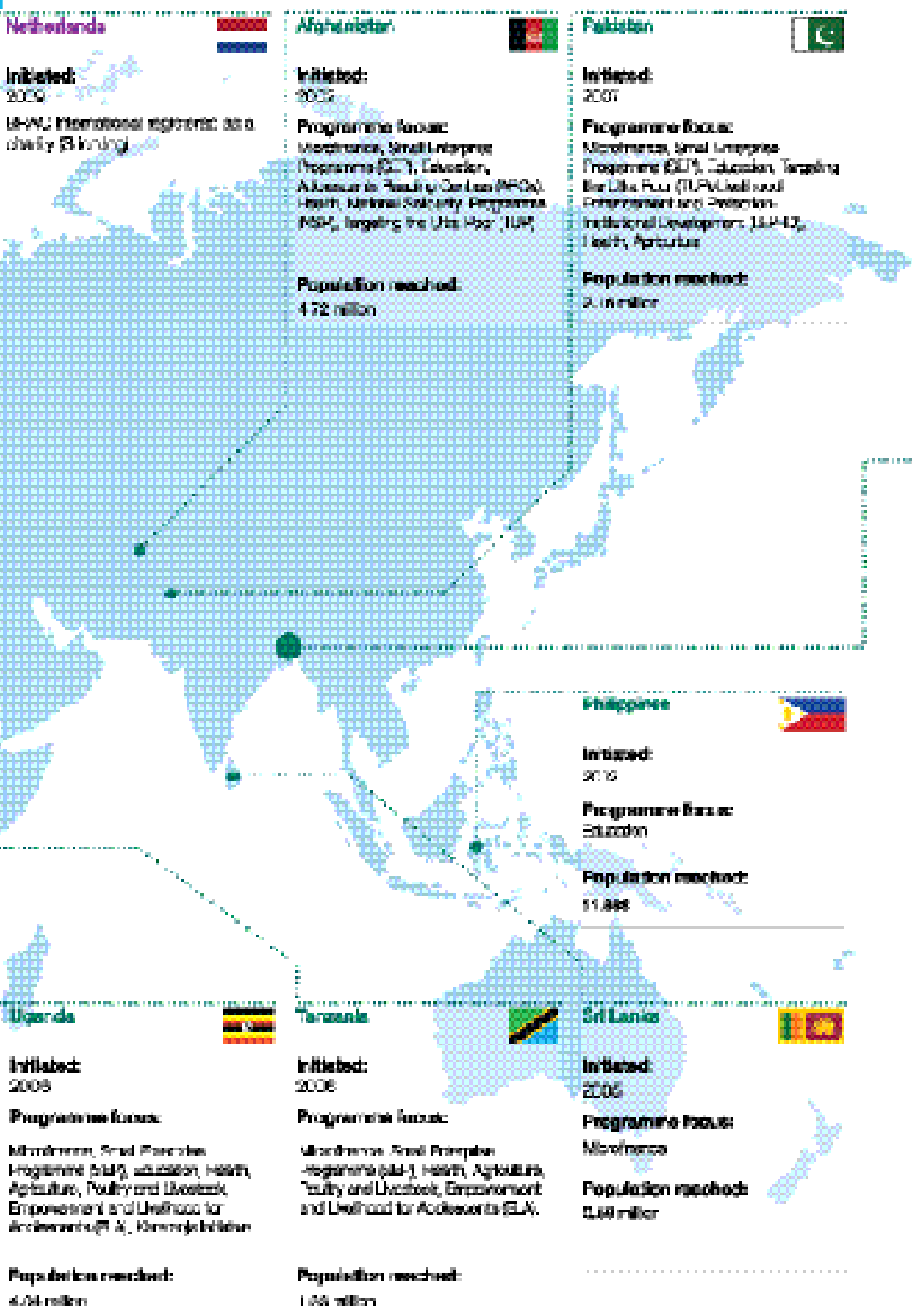
The school launched 'Promoting Women in Professional Driving' project, training 60 women, many of whom are employed as chauffeurs at different organisations. This intervention has attracted worldwide attention; and was featured in many national and international print and electronic media, including the Guardian and Channel 4 (UK).

BRAC driving school has signed up an MoU with BRTA, through which another project named 'Shurakkha', a three-day road safety driving course planned for 250,000 bus and truck drivers of the country, is being implemented since 2012. BRAC Driving School has also been providing driving training by professional driving instructors since November 2012.

To facilitate proper delivery of driving testing and licensing, an MoU has been signed between BRAC and BRTA under the Ministry of Communications.

BRAC Across the World





Bangladesh



Initiated: 1973

Programme Focus

Microfinance, Education, Health, Adolescent Reproductive Care (ARC), Targeting the Ultra Poor (TUP), Education, Welfare, Sustainable Income, Human Rights & Legal Services, Community Empowerment, Right to Food and Nutrition, Adolescent Reproductive Care (ARC), Gender, Climate, Disaster Preparedness, Disaster Mitigation

Population Reached

135 million



Serving over **135** million people all over the world

106,507 employees

405,973 women received assets

914,964 received subsistence allowance

5.84 million village organisation members

8,910 million USD cumulative loans disbursed

105,631 front line community health workers

5.29 million women received ante-natal care

1.24 million women received post-natal care

107,231 malaria cases detected during 2012

104,984 TB patients treated during 2012

39,902 schools operating in Bangladesh

9.3 million graduates from BRAC schools

1.11 million members in our community libraries

202,251 members in our adolescent development centres

12,835 community institutions (Polli Shomaj and Union Shomaj) built

22,344 Union Parishad members trained

154,670 shows staged by our popular theatre groups

3.8 million graduates from our human rights and legal education programme

17,124 cases of human rights violations addressed

186,768 legal complaints received

46,013 village WASH (Water Sanitation and Hygiene) committees formed

2.12 million converted from unhygienic latrine to sanitary latrine

4,022 sanitary latrines installed in secondary schools

4,151 deep tube-wells installed

Development partners

Strategic Partners and Donors



Major Institutional Donors



Government Alliances

- | | |
|--|--|
| Ministry of Fisheries & Livestock | Ministry of Youth and Sports |
| Ministry of Food and Agriculture | National Institute for Local Government |
| Ministry of Health and Family Welfare | Tongi Paurashava |
| Ministry of Social Welfare of Bangladesh | All Party Parliamentary Group |
| Ministry of Foreign Affairs | Bureau of Manpower Employment and Training |
| Directors General of Health Services | Ministry of Expatriate Welfare and Overseas Employment |
| Department of Agricultural Extension | Bangladesh Overseas Employment and Services Limited |
| Ministry of Women and Children Affairs | Bureau of Manpower, Employment and Training |

Knowledge Partners





BRAC

(registered in Bangladesh under the Societies Registration Act, 1860)

Independent Auditor's Report and Audited Financial Statements

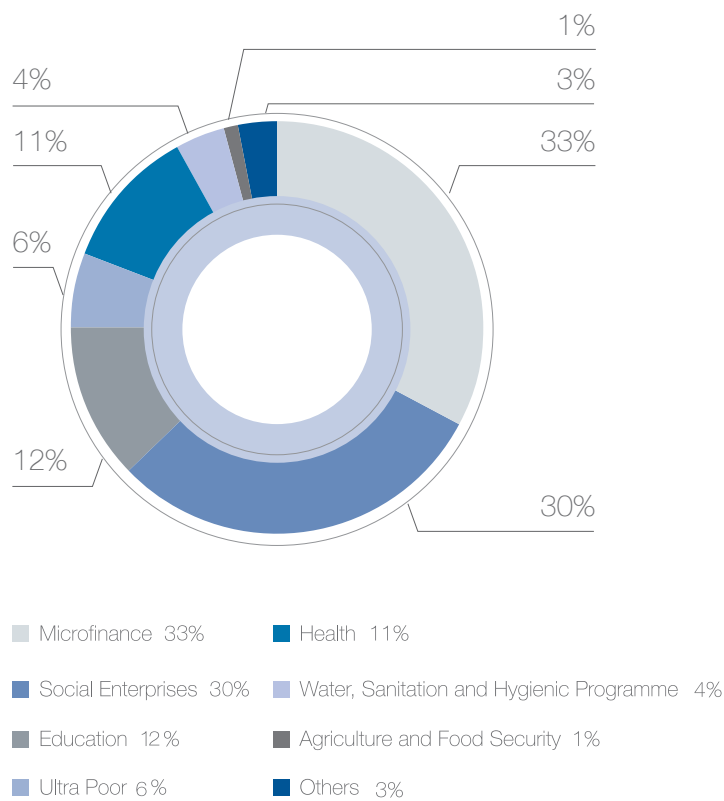
YEAR ENDED 31 DECEMBER 2012

Ernst & Young
Chartered Accountants
Kuala Lumpur, Malaysia

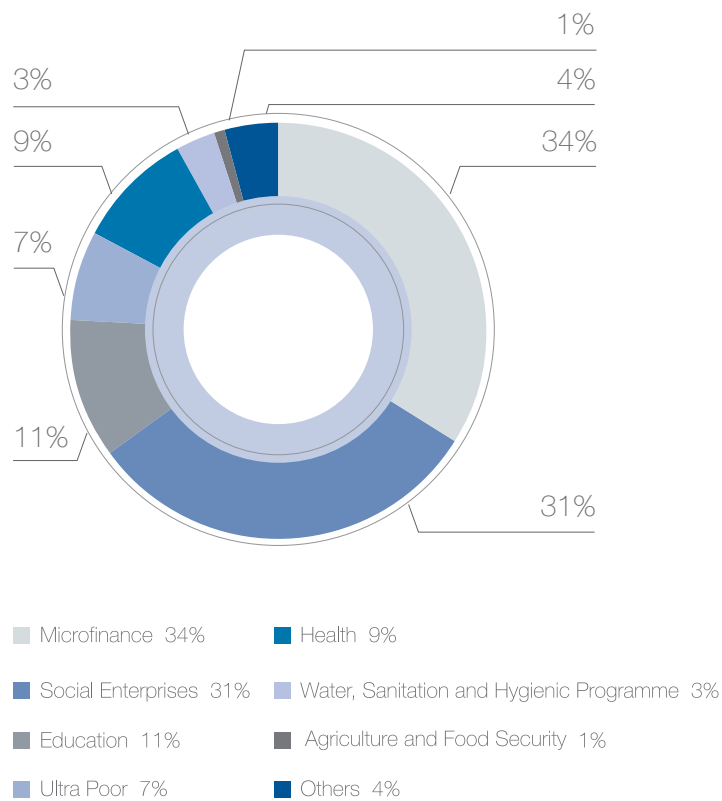
S.F. Ahmed & Co.
Chartered Accountants
Dhaka, Bangladesh

Revenue Expenditure

2012: Total US\$ 449m



2011: Total US\$ 395m



NOTES

- Social Enterprises include Income Generating Projects and Program Support Enterprises
- Other includes the following: House Property, Gender, Justice and Diversity, Community Empowerment Program, Human Rights and Legal Services Policy Advocacy and other development projects

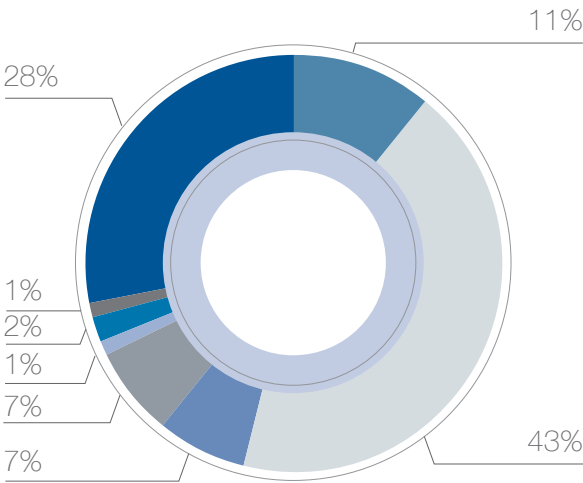
Contribution of BRAC to Government Exchequer

Income Year	2012		2011	
	BDT	USD	BDT	USD
Income Tax deduction at source by third parties	91,410,591	1,171,931	53,732,054	736,056
Tax deduction at source from third parties	85,301,237	1,093,606	65,433,712	896,352
Income Tax deduction at source from Staff salary	30,960,238	396,926	16,674,102	228,412
VAT collection from customers	415,245,894	5,323,665	359,819,472	4,929,034
Import Duty paid	3,083,795	39,536	3,583,198	49,085
Total	626,001,755	8,025,664	499,242,538	6,838,939

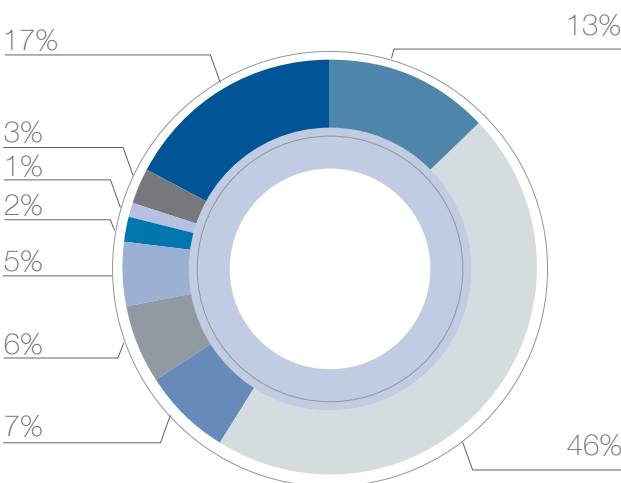
Grant Composition

Grants 2012: Total US\$ 194m

Grants 2011: Total US\$ 186m



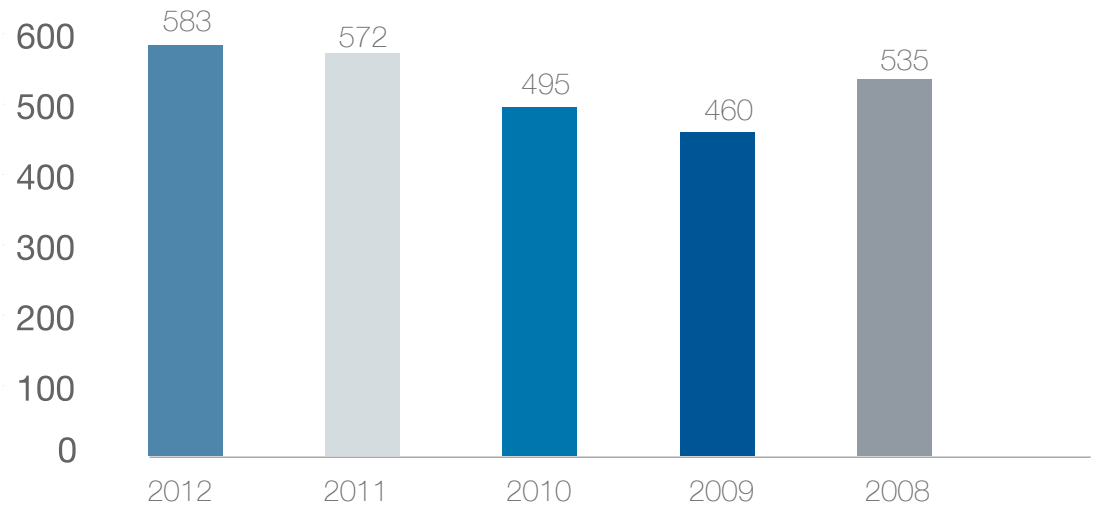
- NOVIB/EKN
- UNICEF
- DFID
- Gates Foundation
- The GlobalFund
- BRAC USA
- Others
- AusAID
- EC



- NOVIB/EKN
- UNICEF
- DFID
- Gates Foundation
- The GlobalFund
- BRAC USA
- Others
- AusAID
- EC

Annual Expenditure

in Million USD



BALANCE SHEET CONVERTED TO USD

as at December 31, 2012
(NOT PART OF AUDITED FINANCIAL STATEMENTS)

	2012		2011	
	Taka	US \$	Taka	US \$
ASSETS				
Cash in hand and at banks	16,049,453,079	205,762,219	10,726,197,131	146,934,207
Advance, deposits and prepayments	2,222,130,860	28,488,857	2,257,580,907	30,925,766
Inventories	3,054,105,958	39,155,205	3,109,682,789	42,598,394
Grants and accounts receivable	1,309,451,932	16,787,845	1,522,043,694	20,849,914
Microfinance loans	56,297,005,220	721,756,477	48,399,046,115	663,000,632
Motorcycle loans	602,663,398	7,726,454	743,562,017	10,185,781
Investments in securities and others	232,100,000	2,975,641	235,000,000	3,219,178
Investments in related undertakings	8,098,697,120	103,829,450	7,399,808,731	101,367,243
Property, plant and equipment	9,916,899,837	127,139,742	7,838,616,600	107,378,310
TOTAL ASSETS	97,782,507,404	1,253,621,890	82,231,537,984	1,126,459,424
LIABILITIES AND NET ASSETS				
Liabilities:				
Liabilities for expenses and materials	4,788,834,426	61,395,313	4,046,695,193	55,434,181
Bank overdrafts	5,006,636,222	64,187,644	5,120,907,332	70,149,416
Term loans	12,940,746,146	165,907,002	11,165,623,568	152,953,748
Members' savings deposits	24,907,281,663	319,324,124	22,364,367,269	306,361,195
Grants received in advance account	8,697,918,904	111,511,781	5,762,859,156	78,943,276
Deferred income	250,895,452	3,216,608	216,957,532	2,972,021
Other long term liabilities	8,216,392,565	105,338,366	6,374,465,005	87,321,438
Provision for taxation	840,941,030	10,781,295	640,941,030	8,780,014
Total Liabilities	65,649,646,408	841,662,132	55,692,816,085	762,915,288
Net Assets:				
Capital fund				
-unrestricted	31,200,446,939	400,005,730	25,679,805,212	351,778,154
-temporarily restricted	932,414,057	11,954,026	858,916,687	11,765,982
	32,132,860,996	411,959,756	26,538,721,899	363,544,136
TOTAL LIABILITIES AND NET ASSETS	97,782,507,404	1,253,621,890	82,231,537,984	1,126,459,424

Exchange rate: 1 US \$ = Tk.78 (2011: 1 US \$ = Tk.73)

Statement of Income and Expenditure Converted to USD

for the year ended December 31, 2012
(NOT PART OF AUDITED FINANCIAL STATEMENTS)

	2012		2011	
	Taka	US \$	Taka	US \$
Income				
Donor grants	11,852,318,277	151,952,798	10,046,780,917	137,627,136
Revenue from:				
- Income Generating Projects	7,861,356,580	100,786,623	7,342,675,873	100,584,601
- Program Support Enterprises	4,124,249,679	52,874,996	3,372,806,327	46,202,826
Service charges on microfinance loans	14,774,933,599	189,422,226	11,851,912,448	162,354,965
Interest on bank accounts and fixed deposits	1,278,456,613	16,390,469	365,830,024	5,011,370
Investment income	126,946,311	1,627,517	545,994,809	7,479,381
Other income	550,365,696	7,055,970	518,711,087	7,105,631
Income from House Property	100,720,809	1,291,292	90,861,598	1,244,679
Total income	40,669,347,564	521,401,892	34,135,573,083	467,610,590
Expenditure				
Income Generating Projects	6,988,350,392	89,594,236	6,353,877,329	87,039,415
Program Support Enterprises	3,638,907,643	46,652,662	3,157,743,553	43,256,761
House Property	93,188,884	1,194,729	80,197,303	1,098,593
Education Programme	4,277,356,983	54,837,910	3,434,005,024	47,041,165
Ultra Poor Programme	2,045,763,985	26,227,743	2,137,337,116	29,278,591
Community Empowerment Programme	217,227,040	2,784,962	161,300,304	2,209,593
Human Rights and Legal Services	195,539,238	2,506,913	136,546,758	1,870,504
Policy Advocacy	39,777,955	509,974	31,822,364	435,923
Health Programme	3,710,271,278	47,567,580	2,741,737,287	37,558,045
Water, Sanitation and Hygienic Programme	1,339,321,154	17,170,784	829,577,150	11,364,071
Gender, Justice and Diversity Programme	138,151,582	1,771,174	99,839,611	1,367,666
Micro Finance Programme	11,714,555,867	150,186,614	10,497,901,219	143,806,866
Agriculture and Food Security	264,294,222	3,388,387	475,991,318	6,520,429
Other Development Projects	340,826,334	4,369,568	372,260,236	5,099,455
Grants	-	-	306,040,276	4,192,333
Total expenditure	35,003,532,557	448,763,238	30,816,176,848	422,139,409
Surplus of income over expenditure before taxation	5,665,815,007	72,638,654	3,319,396,235	45,471,181
Taxation	(200,000,000)	(2,564,103)	(150,000,000)	(2,054,795)
Net surplus for the year	5,465,815,007	70,074,551	3,169,396,235	43,416,387

Exchange rate: 1 US \$ = Tk.78 (2011: 1 US \$ = Tk.73)

Audited Financial Statements of BRAC in Bangladesh

For the year ended 31 December 2012

Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50250 Kuala Lumpur
Malaysia

Tel.: +60 3 7495-8000
Fax: +60 3 2095-9076

S. F. Ahmed & Co.
Chartered Accountants
House #25, Road #13A, Block D
Banani
Dhaka - 1213
Bangladesh

Tel.: +880 2 881 5102
Fax: +880 2 882 5135

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF BRAC

Report on the Financial Statements

We have audited the 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 2012 and the statement of income and expenditure, statement of changes in net assets and statement of cash flows for the year ended 31 December 2012, and a summary of significant accounting policies and other explanatory information, as set out on pages 1 to 35.

Governing Body of BRAC's responsibility for the financial statements

The Governing Body of BRAC is responsible for the preparation of financial statements so as to give a true and fair view in accordance with the accounting policies as summarised in Note 2 to the financial statements. The Governing Body of BRAC is also responsible for such internal control as the Governing Body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

This report is made solely to the Governing Body of BRAC 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Ernst & Young
Chartered Accountants

S. F. Ahmed & Co.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF BRAC (Contd.)

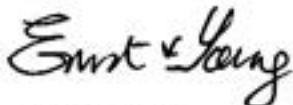
Auditors' responsibility (Contd.)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Governing Body, 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.

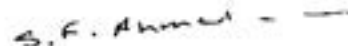
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BRAC as at 31 December 2012 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies summarised in Note 2 to the financial statements.



Ernst & Young
Chartered Accountants
Kuala Lumpur, Malaysia

March 14, 2013



S. F. Ahmed & Co.
Chartered Accountants
Dhaka, Bangladesh

BRAC

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

Balance Sheet

as at 31 December 2012

	Notes	2012 Taka	2011 Taka
ASSETS			
Cash and bank balances	3	16,049,453,079	10,726,197,131
Advance, deposits and prepayments	4	2,222,130,860	2,257,580,907
Inventories	5	3,054,105,958	3,109,682,789
Grants and accounts receivable	6	1,309,451,932	1,522,043,694
Microfinance loans	7	56,297,005,220	48,399,046,115
Motorcycle loans	8	602,663,398	743,562,017
Investments in securities and others	9	232,100,000	235,000,000
Investments in related undertakings	10	8,098,697,120	7,399,808,731
Property, plant and equipment	11	9,916,899,837	7,838,616,600
TOTAL ASSETS		97,782,507,404	82,231,537,984
LIABILITIES AND NET ASSETS			
Liabilities:			
Liabilities for expenses and materials	12	4,788,834,426	4,046,695,193
Bank overdrafts	13	5,006,636,222	5,120,907,332
Term loans	14	12,940,746,146	11,165,623,568
Members' savings deposits	15	24,907,281,663	22,364,367,269
Grants received in advance account	16	8,697,918,904	5,762,859,156
Deferred income	17	250,895,452	216,957,532
Other long term liabilities	18	8,216,392,565	6,374,465,005
Provision for taxation		840,941,030	640,941,030
Total Liabilities		65,649,646,408	55,692,816,085
Net Assets:			
Unrestricted		31,200,446,939	25,679,805,212
Temporarily restricted		932,414,057	858,916,687
		32,132,860,996	26,538,721,899
TOTAL LIABILITIES AND NET ASSETS		97,782,507,404	82,231,537,984

The annexed notes form an integral part of these statements.

Chairperson, Governing Body
BRAC
Dhaka, March 14, 2013

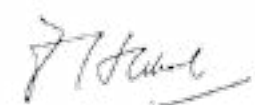
Group CFO
BRAC

Executive Director
BRAC

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
for the year ended 31 December 2012

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2012 Taka
Income				
Donor grants	19	4,524,208	11,847,794,069	11,852,318,277
Revenue from:				
- Income Generating Projects		7,861,356,580	-	7,861,356,580
- Program Support Enterprises		4,124,249,679	-	4,124,249,679
Service charges on microfinance loans		14,774,933,599	-	14,774,933,599
Interest on bank accounts and fixed deposits	20	1,137,822,692	140,633,921	1,278,456,613
Investment income	21	126,946,311	-	126,946,311
Other income	22	535,221,235	15,144,461	550,365,696
Income from House Property		100,720,809	-	100,720,809
Total income		28,665,775,113	12,003,572,451	40,669,347,564
Expenditure				
Income Generating Projects		6,988,350,392	-	6,988,350,392
Program Support Enterprises		3,638,907,643	-	3,638,907,643
House property related expenses		93,188,884	-	93,188,884
Education Programme		191,083,781	4,086,273,202	4,277,356,983
Ultra Poor Programme		-	2,045,763,985	2,045,763,985
Community Empowerment Programme		2,912,978	214,314,062	217,227,040
Human Rights and Legal Aids Services		-	195,539,238	195,539,238
Policy Advocacy		-	39,777,955	39,777,955
Health Programme		170,093,323	3,540,177,955	3,710,271,278
Water, Sanitation and Hygiene Programme		-	1,339,321,154	1,339,321,154
Gender, Justice and Diversity		-	138,151,582	138,151,582
Micro Finance Programme		11,714,555,867	-	11,714,555,867
Agriculture and Food Security		10,089,482	254,204,740	264,294,222
Other Development Projects		264,275,126	76,551,208	340,826,334
Total expenditure		23,073,457,476	11,930,075,081	35,003,532,557
Surplus of income over expenditure before taxation		5,592,317,637	73,497,370	5,665,815,007
Taxation	24	(200,000,000)	-	(200,000,000)
Net surplus for the year		5,392,317,637	73,497,370	5,465,815,007

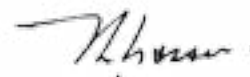
The annexed notes form an integral part of these statements.



Chairperson, Governing Body
BRAC
Dhaka, March 14, 2013



Group CFO
BRAC



Executive Director
BRAC

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
for the year ended 31 December 2011

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2011 Taka
Income				
Donor grants	19	2,297,640	10,044,483,277	10,046,780,917
Revenue from:				
-Income Generating Projects		7,342,675,873	-	7,342,675,873
-Program Support Enterprises		3,372,806,327	-	3,372,806,327
Service charge on microfinance loans		11,851,912,448	-	11,851,912,448
Interest on bank accounts and fixed deposits	20	230,537,415	135,292,609	365,830,024
Investment income	21	545,994,809	-	545,994,809
Other income	22	517,944,253	766,834	518,711,087
Income from House Property		90,861,598	-	90,861,598
Total income		23,955,030,363	10,180,542,720	34,135,573,083
Expenditure				
Income Generating Projects		6,353,877,329	-	6,353,877,329
Program Support Enterprises		3,157,743,553	-	3,157,743,553
House Property		80,197,303	-	80,197,303
Education Programme		73,051,304	3,360,953,720	3,434,005,024
Ultra Poor Programme		54,188,500	2,083,148,616	2,137,337,116
Community Empowerment Programme		3,681,981	157,618,323	161,300,304
Human Rights and Legal Aids Services		-	136,546,758	136,546,758
Health Programme		94,751,304	2,646,985,983	2,741,737,287
Water, Sanitation and Hygiene Programme		-	829,577,150	829,577,150
Gender, Justice and Diversity		9,776,923	90,062,688	99,839,611
Micro Finance Programme		10,497,901,219	-	10,497,901,219
Agriculture and Food Security		38,901,638	437,089,680	475,991,318
Other Development Projects		8,212,534	395,870,066	404,082,600
Grants		306,040,276	-	306,040,276
Total expenditure		20,678,323,864	10,137,852,984	30,816,176,848
Surplus of income over expenditure before taxation		3,276,706,499	42,689,736	3,319,396,235
Taxation	24	(150,000,000)	-	(150,000,000)
Net surplus for the year		3,126,706,499	42,689,736	3,169,396,235

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 2012

	Net Assets		Total Net Assets Taka
	Unrestricted Taka	Temporarily Restricted Taka	
At 1 January 2011	22,812,130,179	798,174,743	23,610,304,922
Net surplus for the year	3,126,706,499	42,689,736	3,169,396,235
Transferred to relief and rehabilitation fund	(50,000,000)	-	(50,000,000)
Share of non operating changes in net assets in related undertakings	(209,433,929)	-	(209,433,929)
Transferred from Motorcycle Replacement Fund	402,463	18,052,208	18,454,671
At 31 December 2011	25,679,805,212	858,916,687	26,538,721,899
At 1 January 2012	25,679,805,212	858,916,687	26,538,721,899
Net surplus for the year	5,392,317,637	73,497,370	5,465,815,007
Share of non operating changes in net assets in related undertakings	128,324,090	-	128,324,090
At 31 December 2012	31,200,446,939	932,414,057	32,132,860,996

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 2012

Note	2012 Taka	2011 Taka
------	--------------	--------------

Cash flows from operating activities:

Surplus of income over expenditure before taxation	5,665,815,007	3,319,396,235
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Loan loss provision	7 1,709,585,836	1,686,378,613
Depreciation	11 603,213,042	517,054,235
Gain on disposal of property, plant and equipment	22 (36,232,317)	(25,325,849)
Land gifted to BRAC University	-	246,040,276
Share of results in related undertakings	21 (144,346,311)	(552,653,565)
Reversal of impairment in value of investment in related undertakings	21 -	6,658,756
Donor grants - amortisation of investment in property, plant and equipment	19 (43,943,518)	(28,638,042)
Interest on fixed deposits and bank accounts	20 (1,278,456,613)	(365,830,024)
Adjustments for other accounts:		
Increase in service charge outstanding on microfinance loans	(172,340,060)	(164,794,331)
Decrease/(increase) in inventories	55,576,831	(492,196,012)
Decrease/(increase) in advances, deposits and prepayments	35,450,047	(250,530,589)
Increase in accounts receivable, net	(119,876,764)	(174,116,604)
Decrease in motorcycle loans	140,898,619	79,844,911
Increase in liabilities for expenses and materials	742,139,234	1,363,098,531
Increase in deferred income	77,881,438	9,491,522
Net cash provided by operating activities	7,235,364,471	5,173,878,063

Cash flows from investing activities:

Increase in microfinance loans	(9,435,204,881)	(10,973,868,656)
Increase in fixed deposits pledged with financial institutions	(57,747,354)	(894,395,159)
Increase in investments in related undertakings	(447,274,178)	(215,633,107)
Interest received on fixed deposits and bank accounts	1,278,456,613	365,830,024
Purchase of property, plant and equipment	(2,836,261,904)	(1,176,979,162)
Proceeds from disposal of property, plant and equipment	190,997,941	92,362,847
Dividends received from related undertakings	21,056,190	119,177,492
(Realisation of)/ investment in securities and others	2,900,000	(64,450,000)
Net cash used in investing activities	(11,283,077,573)	(12,747,955,721)

BRAC

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

Statement of Cash Flows

for the year ended 31 December 2012

Note	2012 Taka	2011 Taka
------	--------------	--------------

Cash flows from financing activities:

Grants received during the year	15,153,784,471	14,476,226,186
Grants utilised during the year for:		
- operational expenditure & micro-finance	(11,808,374,759)	(10,018,142,875)
- investment in property, plant and equipment	(74,623,438)	(6,647,522)
- motorcycle replacement funds	(3,258,000)	(2,844,000)
Net decrease in securitised financing	-	(645,297,797)
Increase/ (Decrease) in term loans	1,775,122,578	(1,901,951,454)
Increase in members savings deposits	2,542,914,394	2,398,355,681
Increase in other long term liabilities	1,841,927,560	760,755,602
Increase in members project and current accounts	-	989,231
Net cash provided by financing activities	9,427,492,806	5,061,443,052
Net increase/(decrease) in cash and cash equivalents	5,379,779,704	(2,512,634,606)
Cash and cash equivalents, beginning of the year	2,381,514,543	4,894,149,149
Cash and cash equivalents, end of the year	3.3 7,761,294,247	2,381,514,543

The annexed notes form an integral part of these statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Notes to Financial Statements
for the year ended 31 December 2012

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, feed mills, seed mills and prawn hatcheries.

2 Summary of Significant Accounting Policies:

"BRAC prepares its financial statements on a going concern basis, under the historical cost convention, except for investments in shares in listed companies classified within investment in securities and others, which are stated at fair value. BRAC generally follows the accrual basis of accounting or a modified form thereof for key income and expenditure items.

The significant accounting policies, which have been materially consistent over the years, as applied and 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 2.5, 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 International Holdings B.V, Stichting BRAC International, 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.

2 Summary of Significant Accounting Policies (contd.) :

2.1 Basis of preparation of financial statements (contd.)

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:

- **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 Reporting period

These financial statements has been prepared for the period from 1 January 2012 to 31 December 2012.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2.5 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 BRAC has significant influence and/or where effective equity interests are between 20% and 50%.

2 Summary of Significant Accounting Policies (contd.) :

2.6 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, income is recognized over the estimated useful life of the motorcycles.

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.

2.7 Revenue recognition

Income generating projects

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

Programme support enterprises

Programme support enterprises mainly comprising poultry farms, feed mills, seed mills, 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 the sale of goods

Revenue from the 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, when the goods are delivered to the distributor/customers along with dispatch documents and invoices.

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 2.12. Service charge is included in income thereafter only when it is realized. Loans are returned to the accrual basis only when the full amount of the outstanding arrears of loans received and future collectability is reasonably assured.

Interest on bank accounts, fixed deposits, bonds

Interest income is recognised on an accrual basis

House property income

House property income is recognised on an accrual basis whether cash is received or not.

Other income

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

2 Summary of Significant Accounting Policies (contd.) :

2.8 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 7% to 10% of their costs, based on agreement with donors or management's judgement.

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if all the following conditions are met:

- a) It is probable that future economic benefits will flow to BRAC
- b) the cost of the item can be measured reliably and exceeds Tk2,000
- c) it is expected to be used for more than 3 years

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets at the following annual rates which are consistent with the prior year

<u>Item</u>	<u>Annual Depreciation Rate (%)</u>
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	33.3

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of income and expenditure in the year the asset is derecognized.

2 Summary of Significant Accounting Policies (contd.) :

2.10 Microfinance loans

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

2.11 Provision for loan losses

Management regularly assesses the adequacy of the loan loss provision based on the age of the loan portfolio and calculates the required provision for loan losses based on the loan classification and following the provisioning methodology which is shown below .

<u>Loan Classification</u>	<u>Days in Arrears</u>	<u>Provision Required</u>
Standard	Current (no arrears)	2%
Watch list	1 - 30	5%
Substandard	31 - 180	25%
Doubtful	181 - 350	75%
Loss	Over 350	100%

2.12 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.

2.13 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 significant influence and /or effective equity interests of more than 20%. Details of these undertakings are disclosed in Note 10.

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 statement of net assets 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 Summary of Significant Accounting Policies (contd.) :

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.

2.18 Motorcycle replacement fund

Applicable donor funds are utilized for providing motorcycles to project or programme staff 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 amortized to the statement of income and expenditure over a period of five years, being the average estimated useful life of the motorcycles.

2.19 Self-insurance fund

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 18, and is not externally funded.

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 2011 in respect of the funds, and are disclosed in Note 18 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 the fund.

2 Summary of Significant Accounting Policies (contd.) :

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 18, 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 2011, and are disclosed in Note 18 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 makes contributions to a recognised contributory provident fund for its eligible employees which is operated by a Board of Trustees. The contribution by BRAC is 10% of the basic salary of each confirmed employee and this is equivalent to the contribution by each eligible employee. Contributions to this fund are recognised as an expense in the period in which the employee services are performed.

2.22 Foreign currencies

Foreign currency transactions are converted into equivalent Taka at the ruling exchange rates on the respective dates of such transactions.

Monetary assets and liabilities denominated in foreign currencies as at 31 December 2012 have been converted into Taka at the exchange rates prevailing at that date

The resulting exchange translation gains and/ or 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. 2012 Taka	Dec. 2011 Taka
United States Dollars	79.40	81.25
Euro	103.13	104.88
Great Britain Pound	128.17	124.55
Australian Dollars	81.55	81.20

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

2.23 Taxation

Income tax liabilities for the current period are measured at the amount expected to be paid to the taxation authorities in accordance with the Income Tax Ordinance, 1984 (Amended) for activities by which BRAC generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2 Summary of Significant Accounting Policies (contd.) :

2.24 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.

2.25 Impairment of assets

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

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

2.26 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 2.25 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.

2.27 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 2.25.
- b) **Investments in securities and others**
Investments in securities and others are stated at cost, subsequently adjusted for fair value or at amortised cost. The policy for recognition and measurement of impairment losses is in accordance with Note 2.25.
- c) **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.
- d) **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.

2 Summary of Significant Accounting Policies (contd.) :

2.27 Financial instruments (contd.)

e) 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 drawn down 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

2.28 Cash and cash equivalents

Cash and cash equivalents for the purposes of the statement of cash flows comprises cash and bank balances and unpledged fixed deposits, against bank overdrafts, if any, are deducted. 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.

2.29 Contingent liabilities

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 BRAC; 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 Segmental Reporting

BRAC is organised into operating segments based on projects and programmes which are independently managed by the respective program managers responsible for the performance within the operating segments.

The programme managers report directly to the management of BRAC who regularly review the segment results in order to assess segment performance. Additional disclosures on each of these segments are shown in notes 28 and 29 respectively. BRAC provides segment information voluntarily.

3. Cash and bank balances

Cash in hand and at banks (Note 3.1)
Deposits (Note 3.2)

2012 Taka	2011 Taka
5,670,916,384	4,381,435,703
10,378,536,695	6,344,761,428
<u>16,049,453,079</u>	<u>10,726,197,131</u>

3.1 Cash in hand and at banks

Cash in hand
Cash at banks

369,880,631	269,683,303
5,301,035,753	4,111,752,400
<u>5,670,916,384</u>	<u>4,381,435,703</u>

3.2 Deposits:

Fixed deposits pledged with financial institutions (Notes 13 and 14)
Fixed deposits unpledged
Short term deposits unpledged

3,281,522,610	3,223,775,256
5,524,353,608	1,729,256,459
1,572,660,477	1,391,729,713
<u>10,378,536,695</u>	<u>6,344,761,428</u>

Included in the above balances are amounts placed with related undertakings as follows:

No. Name of Related Party**Nature of balances**

1. BRAC Bank Ltd.

Fixed deposits unpledged
Short term deposits unpledged
43 Bank Accounts (2011: 45)

2012 Taka	2011 Taka
4,841,838,437	1,081,747,855
1,572,660,477	1,391,729,713
4,023,121,210	2,742,239,584

2. Delta BRAC Housing Finance Corp.Ltd. Fixed deposits unpledged

589,963,600	540,573,446
-------------	-------------

3.3 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at December 31:

Cash in hand and at banks
Fixed deposits unpledged
Short term deposits unpledged
Bank overdrafts (Note 13)

5,670,916,384	4,381,435,703
5,524,353,608	1,729,256,459
1,572,660,477	1,391,729,713
(5,006,636,222)	(5,120,907,332)
<u>7,761,294,247</u>	<u>2,381,514,543</u>

4. Advance, deposits and prepayments

Advances:

Employees
Suppliers
Advance for tax

438,767,369	383,815,393
329,233,676	700,295,041
997,225,170	774,388,509
<u>1,765,226,215</u>	<u>1,858,498,943</u>

Deposits:

Deposits for facilities and utilities
Debt service reserve for securitised financing
Prepayments

13,596,362	8,994,318
-	128,341,644
443,308,283	261,746,002
<u>2,222,130,860</u>	<u>2,257,580,907</u>

5. Inventories

Seeds and feed
Medical supplies and consumables
Printing and stationery
Handicraft goods
Dairy products
Programme materials

531,214,239	513,470,947
99,679,542	58,279,398
127,640,985	183,837,616
1,893,954,652	2,021,898,485
258,973,545	148,059,102
142,642,995	184,137,241
<u>3,054,105,958</u>	<u>3,109,682,789</u>

6. Grants and accounts receivable

	2012 Taka	2011 Taka
Grants receivable (Note 16)	130,499,012	462,967,538
Interest receivable on fixed deposits and bank accounts	403,189,670	457,705,147
Other accounts receivable	855,514,762	634,636,109
	1,389,203,444	1,555,308,794
Provision for doubtful debts	(79,751,512)	(33,265,100)
	1,309,451,932	1,522,043,694

Included in interest receivable on fixed deposits is Tk. 395,650,347 (2011: Tk. 167,989,433) receivable after 12 months.

7. Microfinance loans

	Principal outstanding Taka	Service charge receivable Taka	Loan loss provision Taka	Total Taka
At January 1, 2012	52,635,581,150	201,997,281	(4,438,532,316)	48,399,046,115
Additions	104,221,991,000	14,774,933,599	(1,709,585,836)	117,287,338,763
Realisation	(94,786,786,119)	(14,602,593,539)	-	(109,389,379,658)
Write-off	(2,110,651,064)	(266,996,457)	2,377,647,521	-
At December 31, 2012	59,960,134,967	107,340,884	(3,770,470,631)	56,297,005,220

Loans to members bear annual service charges 18% to 27% (declining balance method). Repayments are made in weekly/monthly instalments.

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

Loan Classification	Days in Arrears	Rate of Provision for 2012	Loan Outstanding 2012 Taka	Loan loss Provision 2012 Taka	Loan Principal 2011 Taka	Loan loss Provision 2011 Taka
Standard	Current (no arrears)	2%	55,343,920,316	1,106,878,406	47,461,369,150	949,227,383
Watch list	1 - 30	5%	1,091,943,320	54,597,166	998,687,552	49,934,378
Substandard	31 - 180	25%	1,183,471,953	295,867,988	959,179,375	239,794,844
Doubtful	181 - 350	75%	110,689,230	83,016,923	67,077,446	50,308,085
Loss	Over 350	100%	2,230,110,148	2,230,110,148	3,149,267,627	3,149,267,627
			59,960,134,967	3,770,470,631	52,635,581,150	4,438,532,316

8. Motorcycle loans

	2012 Taka	2011 Taka
Opening balance	743,562,017	823,406,928
Addition during the year	13,000,000	2,343,000
Realization during the year	(153,898,619)	(82,187,911)
	602,663,398	743,562,017

9. Investments in securities and others

DBH 1st Mutual Fund	42,600,000	60,000,000
Bangladesh Bank Bonds	189,500,000	175,000,000
	232,100,000	235,000,000

The Bangladesh Bank Bonds earned interest at 8.5% (2011: 8.5%) per annum respectively during the year.

Market value of DBH 1st Mutual Fund at 31 December 2012 was Tk.7.10 per unit (2011 : Tk.8.30) and Tk.7.10 per unit (2011 : Tk.8.30) on the Dhaka "DSE" and Chittagong "CSE" stock exchanges respectively.

10. Investments in related undertakings

Related undertakings	2012				
	Shares Taka	Share of Reserves Taka	Loans Taka	Provision for impairment in value Taka	Total Taka
BRAC Bank Ltd.	2,669,595,296	3,179,818,703	-	-	5,849,413,999
BRAC Industries Ltd.	24,999,900	5,161,253	-	-	30,161,153
BRAC BD Mail Network Ltd.	186,161,000	(96,483,531)	-	-	89,677,469
Documenta TM Ltd.	5,300,000	4,146,330	-	-	9,446,330
BRAC Services Ltd.	10,000,000	(82,074,993)	154,418,193	(18,211,239)	64,131,961
Delta BRAC Housing Finance Corp. Ltd.	40,000,000	282,732,762	-	-	322,732,762
BRAC Karnafuli Tea Company Ltd.	243,908,025	8,305,239	453,420,127	-	705,633,391
BRAC Kaiyachara Tea Company Ltd.	63,300,695	39,968,922	130,461,210	-	233,730,827
BRAC Banshkhali Tea Company Ltd.	27,719,870	(72,598,439)	336,322,479	-	291,443,910
BRAC Kodala Tea Company Ltd.	81,680,954	47,876,809	186,805,720	-	316,363,483
Bangladesh Netting Factory Ltd.	17,071,429	34,198,690	26,164,292	-	77,434,411
BRAC Assets Management Company Ltd.	13,000,000	1,192,269	-	-	14,192,269
BRAC Impact Ventures Ltd	10,200,000	(1,134,366)	-	-	9,065,634
BRAC Environmental Enterprises Ltd	90,000,000	(4,730,479)	-	-	85,269,521
	3,482,937,169	3,346,379,169	1,287,592,021	(18,211,239)	8,098,697,120

Related undertakings	2011				
	Shares Taka	Share of Reserves Taka	Loans Taka	Provision for impairment in value Taka	Total Taka
BRAC Bank Ltd.	2,669,595,296	2,967,277,024	-	-	5,636,872,320
BRAC Industries Ltd.	24,999,900	3,888,441	-	-	28,888,341
BRAC BD Mail Network Ltd.	186,161,000	(96,763,884)	-	-	89,397,116
Documenta TM Ltd.	2,300,000	3,949,160	-	-	6,249,160
BRAC Services Ltd.	10,000,000	(67,169,523)	75,380,762	(18,211,239)	-
Delta BRAC Housing Finance Corp. Ltd.	40,000,000	220,457,982	-	-	260,457,982
BRAC Karnafuli Tea Company Ltd.	243,908,025	3,093,621	332,359,105	-	579,360,751
BRAC Kaiyachara Tea Company Ltd.	63,300,695	29,516,587	76,813,530	-	169,630,812
BRAC Banshkhali Tea Company Ltd.	27,719,870	(58,229,502)	280,300,033	-	249,790,401
BRAC Kodala Tea Company Ltd.	81,680,954	53,803,666	150,584,295	-	286,068,915
Bangladesh Netting Factory Ltd.	17,071,429	34,359,340	28,080,118	-	79,510,887
BRAC Assets Management Company Ltd.	13,000,000	582,046	-	-	13,582,046
	3,379,737,169	3,094,764,958	943,517,843	(18,211,239)	7,399,808,731

Represented by:

Share of net tangible assets

Goodwill on acquisition

Loans

2012	2011
6,632,147,272	6,277,333,061
178,957,827	178,957,827
1,287,592,021	943,517,843
8,098,697,120	7,399,808,731

10. Investments in related undertakings (contd)

Related undertakings (All Incorporated in Bangladesh)	2012	2011	Principal activities
BRAC Bank Ltd.	43.77	43.77	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	20.0	Internet service provider
BRAC Services Ltd.	100.0	100.0	Hospitality
Delta BRAC Housing Finance Corp.Ltd.	18.39	18.39	Housing finance, listed on the Dhaka and Chittagong Stock Exchanges
Documenta TM Ltd.	80.0	70.0	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	26.0	Management of Assets and Portfolio Investment
BRAC Impact Ventures Ltd	51.0	-	Sustainable conscious, green and ethical investment
BRAC Environmental Enterprises Ltd	90.0	-	Waste management service

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% (2011: 12%) interest per annum. These loans are unsecured have no fixed repayment terms.

The market value of BRAC Bank Ltd. shares at 31 December 2012 was Tk. 34.8 per share (2011: Tk 45.7) and Tk.35.7 per share (2011: Tk.46 on the Dhaka ("DSE") and Chittagong ("CSE") Stock Exchanges respectively.

The market value of Delta BRAC Housing Finance Corporation Ltd. shares at 31 December 2012 was Tk. 56.0 per share (2011: Tk.91.60.) and Tk. 55.1 per share (2011: Tk.88) on the DSE and CSE respectively.

Significant transactions with related undertakings are as follows:

Related undertakings	Nature of transaction	2012	2011
BRAC Bank Ltd	Interest on fixed deposits and bank balance	55,194,632	47,600,220
Delta BRAC Housing Finance Corp. Ltd.	Interest on fixed deposits	49,590,162	39,989,846
BRAC Services Ltd	Service facilities	17,944,990	9,579,944

11. Property, plant and equipment

Group of fixed assets	Cost				Depreciation			Amount in Taka			
	Opening balance 01-01-2012	Additions during the year	Transferred during the year	Disposals and written offs during the year	Closing balance 31-12-2012	Opening balance 01-01-2012	Charged during the year	Adjustment/ disposals and written offs during the year	Closing Balance 31-12-2012	Written down value 31-12-2012	Written down value 31-12-2011
Freehold land	4,118,770,064	1,843,236,902	-	(11,578,547)	5,950,428,419	-	-	-	-	5,950,428,419	4,118,770,064
Buildings	3,420,460,677	-	445,757,524	(128,334,397)	3,737,883,804	1,280,211,367	152,779,840	(2,000,000)	1,430,991,207	2,306,892,597	2,140,249,310
Furniture & fixtures	853,688,620	115,372,882	-	(41,860,351)	927,201,151	536,180,690	79,997,434	(30,889,623)	585,288,501	341,912,650	317,507,930
Equipment	1,334,009,988	181,801,546	-	(9,004,470)	1,506,807,064	982,577,325	120,859,351	(4,549,733)	1,098,886,943	407,920,121	351,432,663
Computer	342,670,270	80,856,502	-	(5,044,463)	418,482,309	279,999,696	44,033,649	(4,437,252)	319,596,093	98,886,216	62,670,574
Vehicles	549,896,172	80,673,167	-	(4,271,475)	626,297,864	393,889,891	66,991,582	(4,271,475)	456,609,998	169,687,866	156,006,281
Bicycles	33,221,690	1,222,975	-	(11,772,133)	22,672,532	24,997,015	4,795,910	(10,952,128)	18,840,797	3,831,735	8,224,675
Machineries	934,967,492	32,394,458	-	(12,089,930)	955,272,020	631,031,866	65,160,384	(12,089,930)	684,102,320	271,169,700	303,935,626
Deep tube wells and tanks	19,373,789	461,506	-	(831,203)	19,004,092	13,936,733	2,574,805	(831,203)	15,680,335	3,323,757	5,437,056
Hatcheries	13,025,792	2,030,637	-	(1,898,602)	13,157,827	13,025,792	898,602	(1,898,602)	12,025,792	1,132,035	-
Camp/Poultry/Livestock sheds	279,851,946	3,315,019	-	-	283,166,965	120,154,187	15,370,740	-	135,524,927	147,642,038	159,697,759
Motorcycles	1,547,745	-	-	-	1,547,745	1,466,494	-	-	1,466,494	81,251	81,251
Construction work-in-progress	100,929,975	468,339,048	(445,757,524)	-	123,511,499	-	-	-	-	123,511,499	100,929,975
Crates/Mannequins/Samples/Antiques	241,536,602	26,557,262	-	-	268,093,864	127,863,166	49,750,745	-	177,613,911	90,479,953	113,673,436
Total 2012	12,243,950,822	2,836,261,904	-	(226,685,571)	14,853,527,155	4,405,334,222	603,213,042	(71,919,946)	4,936,627,318	9,916,899,837	7,838,616,600
Total 2011	11,428,249,536	1,176,979,162	-	(361,277,876)	12,243,950,822	3,936,480,589	517,054,235	(48,200,602)	4,405,334,222	7,838,616,600	

Allocation of depreciation:

	Dec. 2012	Dec. 2011
i) included in cost of sales of commercial projects	Note 29	78,915,250
ii) included in programme related expenses	Note 29	438,138,985
	603,213,042	517,054,235

An amount of Tk. 24,458,917 (2011 : Tk. 28,638,042) 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 17 and 19.

Landed properties with an aggregate net book value of Tk. 1,419,806,191 (2011 : Tk. 1,136,850,570) have been pledged to secure overdraft facilities and term loans as disclosed in Notes 13 and 14 to the financial statements.

12. Liabilities for expenses and materials

	2012 Taka	2011 Taka
Liabilities for expenses	3,312,782,385	2,717,731,594
Liabilities for goods	454,984,032	406,267,962
Advances received for training, publications, supplies etc.	1,021,068,009	922,695,637
	<u>4,788,834,426</u>	<u>4,046,695,193</u>

13. Bank overdrafts

	AB Bank Ltd.	41,174,130	29,547,466
*	Agrani Bank Ltd.	76,548,707	25,229,525
*	Bangladesh Krishi Bank (BKB)	173,834,054	234,356,307
	Bank Alfalah Ltd.	119,688,826	16,851,418
	Bank Asia Ltd.	82,179,886	4,760,839
	Dhaka Bank Ltd.	-	139,891
	Dutch Bangla Bank Ltd.	34,423,960	9,668,094
	Eastern Bank Ltd.	22,051,879	21,530,133
	HSBC Bank Ltd.	2,591,895	48,254
	IFIC Bank Ltd.	7,961,188	351,448
	Janata Bank Ltd.	19,744,458	16,471,629
	Premier Bank Ltd.	-	3,335,451
	Prime Bank Ltd.	399,936,796	963,316,518
*	Pubali Bank Ltd.	3,247,175,540	2,897,403,458
	Rupali Bank Ltd.	31,525,623	178,584,082
	Sonali Bank Ltd.	21,840,656	227,682,743
	South East Bank Ltd.	1,128,449	2,183,458
	Standard Bank Ltd.	21,373,237	2,016,958
	State Bank of India	4,810,272	169,809
	The Trust Bank Ltd.	634,324,121	482,730,946
	United Commercial Bank Ltd.	17,682,750	4,528,905
	Uttara Bank Ltd.	46,639,795	-
		<u>5,006,636,222</u>	<u>5,120,907,332</u>

- * The bank overdrafts are secured by fixed deposits amounting to Tk. 2,252,497,422 (2011: Tk 2,026,607,549) and properties amounting in aggregate to Tk. 555,398,156 (2011 : 570,271,197).

The bank overdrafts were obtained for BRAC's micro-finance programme and to finance working capital requirements. The bank overdrafts bear interest at 14% - 18% (2011 : 11% -16%) per annum, and are repayable within 12 months.

14. Term loans

	2012 Taka	2011 Taka
AB Bank Ltd.	-	11,791,844
Agrani Bank Ltd.	-	52,400,000
Bangladesh Bank	2,781,252,000	1,885,465,000
Bangladesh Commerce Bank (BCB) Ltd.	77,670,320	-
Bangladesh Krishi Bank (BKB)	-	90,843,614
Bank Asia Ltd.	351,539,520	400,000,000
BASIC Bank Ltd.	376,730,251	227,499,357
Citi Bank NA [guaranteed by OPIC & IFC]	-	543,750,000
Citi Bank NA [local currency syndication]	33,000,000	190,000,000
Dutch Bangla Bank Ltd.	343,708,515	74,231,260
Eastern Bank Ltd.	464,913,739	299,785,929
Export Import Bank of Bangladesh (EXIM) Ltd.	167,171,512	-
FMO, Netherlands	489,071,430	733,607,144
* HSBC Bank Ltd.	500,000,000	1,200,000,000
Islamic Development Bank (IDB)	-	343,450,000
Jamuna Bank Ltd.	77,052,103	11,980,299
Janata Bank Ltd.	-	39,854,545
Norfund, Norwegian	195,628,570	293,442,856
Pubali Bank Ltd.	-	57,728,118
* Rajshahi Krishi Unnayan Bank (RAKUB)	345,000,000	260,000,000
* Rupali Bank Ltd.	450,000,000	100,000,000
Shahjalal Islami Bank Ltd.	131,555,140	42,044,973
Sonali Bank Ltd.	-	220,862,915
Southeast Bank Ltd.	429,977,100	-
* Standard Chartered Bank (SCB)	4,675,257,142	4,086,885,714
The City Bank Ltd.	517,931,390	-
Uttara Bank Ltd.	83,333,334	-
United Commercial Bank Ltd.	449,954,080	-
	12,940,746,146	11,165,623,568

Term Loans are analysed as follows:

Amount repayable within 12 months	9,998,006,400	7,008,824,533
Amount repayable after 12 months:		

- Repayable after 12 months and within 24 months
- Repayable after 24 months and within 36 months
- Repayable after 36 months and within 48 months
- Repayable after 48 months and within 60 months

2,280,800,489	2,867,577,676
637,263,277	771,958,362
24,675,980	492,636,217
-	24,626,780
2,942,739,746	4,156,799,035
12,940,746,146	11,165,623,568

All repayment obligations in respect of the term loans were met and no amounts were in arrears as at 31 December 2012.

- * Secured by fixed deposits amounting to Tk. 1,029,025,188 (2011: Tk.1,197,167,707) and properties amounting in aggregate to Tk. 594,408,035 (2011: Tk 566,579,373).

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 interest between 5% - 16% (2011: 6% - 16%) interest rates.

15. Members' savings deposits

	2012 Taka	2011 Taka
Opening balance	22,364,367,269	19,966,011,588
Deposits during the year	21,813,569,333	13,744,922,600
Withdrawals during the year	(19,270,654,939)	(11,346,566,919)
Closing balance	24,907,281,663	22,364,367,269
Compulsory savings	17,913,520,720	16,510,035,153
Voluntary savings	2,827,738,728	2,246,329,535
Term deposits	4,166,022,215	3,608,002,581
	24,907,281,663	22,364,367,269

The rate of interest paid in respect of savings deposits by members was 6% - 10% (2011: 6%-10%) per annum

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

(a) Compulsory saving

- (i) Each member deposits a minimum amount of Tk. 10 in a weekly meeting. The amount to be deposited weekly is fixed by the member at the inaugural meeting of the year. The interest rate is 6% per annum.
- (ii) A member can withdraw the entire amount of savings after the loan outstanding balance including service charges thereon is fully repaid.
- (iii) BRAC is allowed to offset the amount of loan balance with the equivalent savings balance of the loanee in the event of default.

(b) Voluntary savings

- (i) Each member can save for periods ranging from 3 years to 10 years on a monthly basis. The voluntary savings vary between Tk.100 to Tk.1,000. The interest rate ranges from 7% for a 3 year period to 10% for a 10 year period.
- (ii) Any member can withdraw his/ her savings by giving a seven (7) days written notice.

(c) Term deposits

Each member can save for a period 1 to 10 years for a fixed time period. The amount of deposit can range between Tk. 10,000 to 100,000. Interest rates for the maturity period range from 7% in the first year to 10% for 10 years.

16. Grants received in advance account

	Note	2012 Taka	2011 Taka
At 1 January		5,762,859,156	1,507,216,363
Receivables as at 1 January		(462,967,538)	(655,916,534)
		5,299,891,618	851,299,829
Donations received during the year	27	15,153,784,471	14,476,226,186
Transferred to deferred income:			
- Investment in fixed assets	17	(74,623,438)	(6,647,522)
- Motorcycle replacement fund	17	(3,258,000)	(2,844,000)
Transfer to Statement of Income and Expenditure for expenditure during the year	19	(11,808,374,759)	(10,018,142,875)
		8,567,419,892	5,299,891,618
Receivables as at 31 December	6	130,499,012	462,967,538
At 31 December		8,697,918,904	5,762,859,156

17. Deferred income

	Notes	Investment in Fixed Assets Taka	Motorcycle Replacement Fund Taka	Total Taka
At 1 January 2012		182,171,246	34,786,286	216,957,532
Transferred from Grants received in advance	16	74,623,438	3,258,000	77,881,438
Amortization to Statement of Income and Expenditure		(24,458,917)	(19,484,601)	(43,943,518)
At 31 December 2012		<u>232,335,767</u>	<u>18,559,685</u>	<u>250,895,452</u>

18. Other long term liabilities

	2012 Taka	2011 Taka
Employee gratuity and redundancy fund	6,533,622,393	4,989,404,275
Self-insurance fund		
- Employees	339,509,578	271,915,188
- BRAC properties and motorcycles	578,587,052	522,324,332
	918,096,630	794,239,520
Other funds		
- Special fund for scholarship	4,953,497	4,683,811
- Relief and rehabilitation fund	654,985,086	535,310,616
- Staff welfare fund	104,734,959	50,826,783
	<u>8,216,392,565</u>	<u>6,374,465,005</u>

An actuarial valuation of the employee gratuity and redundancy fund as at 31 December 2011 was performed by an independent professional actuary. Based on the valuation, there was an excess provision of Tk 166,933,000. The principal assumptions applied in the actuarial valuation, were similar to those applied in the previous years.

An actuarial valuation of the self-insurance fund for employees as at 31 December 2011 was performed by an independent professional actuary. Based on the valuation, there was an excess provision of Tk 41,173,000. The principal assumptions applied in the actuarial valuation, were consistent with those applied in previous years.

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 208,106,000, 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 2011. 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 50,000,000 would be required. BRAC intends to accrete its properties and motorcycle self-insurance fund provision to attain the recommended additional Tk 50,000,000 over a period of two years commencing 2011. Accordingly, Tk 25,000,000 was accreted in financial year 2011 and Tk. 25,000,000 has been accreted in the financial year 2012.

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.

18. Other long term liabilities (contd.)

The Relief and Rehabilitation fund for disaster and climate change represents recoveries from prior disbursements of grants for rehabilitation, as well as additional amounts accreted by BRAC as deemed appropriate and is held as a liability. This fund is utilized to meet outgoings during natural disasters and climate change and is substantially represented by separate bank balances 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.

19. Donor grants

Donor grants recognised in the Statement of Income and Expenditure:

	Notes	2012 Taka	2011 Taka
Transferred from grants received in advance	16	11,808,374,759	10,018,142,875
Transferred from deferred income:			
Amortisation of investment in fixed assets			
- unrestricted	17	1,044,245	2,297,640
- temporarily restricted	17	23,414,672	26,340,402
		24,458,917	28,638,042
Amortisation of motorcycle replacement fund			
- unrestricted	17	445,649	-
- temporarily restricted	17	19,038,952	-
		19,484,601	-
		11,852,318,277	10,046,780,917

20. Interest on bank accounts and fixed deposits

Microfinance Programme	442,117,939	178,049,516
Other Programmes	836,338,674	187,780,508
	1,278,456,613	365,830,024

21. Investment income

In respect of investments in related undertakings:		
- Share of profits less losses	144,346,311	552,653,565
- Increase in provision for impairment losses	-	(6,658,756)
- Impairment loss on investment in quoted securities	(17,400,000)	-
	126,946,311	545,994,809

22. Other income

Gain on disposal of property, plant and equipment	36,232,317	25,325,849
Partial reimbursements on cost of programme supplies	59,749,365	31,980,849
Training income	278,607,045	198,564,325
Sale of waste materials	80,704,076	81,121,504
Interest received on other loans and advances	104,869,364	97,097,363
Foreign exchange (loss)/ gain - unrealised	(9,796,471)	84,621,197
	550,365,696	518,711,087

23. Grants

Grants to Aminul Alam Trust Fund
 Grants to BRAC University
 Grants to BRAC Foundation

2012 Taka	2011 Taka
-	50,000,000
-	246,040,276
-	10,000,000
-	306,040,276

24. Taxation

Income tax provision for the year

2012 Taka	2011 Taka
200,000,000	150,000,000

Under the Income Tax Ordinance, 1984 (Amended), in addition to its commercial activities, BRAC is also subject to taxation on income derived from other non-commercial activities unless they are tax exempt. Income from microfinance activities, agricultural based programme support enterprises and dairy activities are tax-exempt.

The tax change is in respect of taxable income arising from BRAC's taxable activities in 2012, and is subject to agreement with the tax authorities.

For years of assessment 1991-92 to 2009-10, BRAC has been issued directives requesting payment of taxes cumulatively amounting to approximately Tk. 4.5 billion. BRAC has disagreed with the basis of taxation, successfully obtaining stays of execution on the said directives, and has referred the matter to the High Court Division of the Supreme Court of Bangladesh. Similar directives for years of assessment 2010-11 and 2011-12 amounting to Tk.1.2 billion in total have been issued by the Deputy Commissioner of Taxation (DCT) for which appeals are in progress as at the date of the financial statements.

In early 2013, for year of assessment 1999-2000, BRAC received judgement in their favour in that it would be exempt from tax on the income from three of its commercial activities for which tax had been assessed.

BRAC continues to be of the view that the basis of taxation contained in the abovementioned directives are inappropriate, and therefore BRAC would not be liable to taxation. Accordingly, the amounts referred to above have not been provided for in the financial statements as at 31 December 2012.

25. Foreign currency denominated monetary assets and liabilities

Resident Foreign Currency Deposits (in US\$)
 Resident Foreign Currency Deposits (Euro)
 Resident Foreign Currency Deposits (in GBP)
 Cash at bank (in US\$)
 Cash at bank (in Euro)
 Cash at bank (AUD)
 Cash at bank (in GBP)

2012 Taka	2011 Taka
592,640,592	663,475,774
19,567,776	19,868,009
20,227,107	19,570,191
26,334,592	12,683,395
1,697,180	1,216,793
764,671	96,956
79,817	340,425

26. Financial Instruments

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	2012 Taka	2011 Taka
BRAC Education Program (BEP-II)	EKN	563,858,741	523,512,500
	DFID	-	1,168,358,000
	AusAID	-	1,143,833,045
	CIDA	494,316,960	647,000,490
	Sub total	1,058,175,701	3,482,704,035
Challenging the Frontiers of Poverty Reduction Programme (Phase-II)	AusAID	-	775,912,850
	DFID	-	1,813,062,248
	CIDA	31,126,000	-
	Sub total	31,126,000	2,588,975,098
BRAC University Institute of Education Development	EKN	125,606,670	116,266,228
	SDC	-	1,227,157
	Institute of Dev. Studies-Sussex	-	(2,048,046)
	Sub total	125,606,670	115,445,339
Improving Maternal Neonatal & Child Survival Program (MNCS-Rural)	AusAID	-	349,298,850
	EKN	168,826,324	93,044,859
	DFID	128,001,172	260,335,411
	Sub total	296,827,496	702,679,120
BRAC New Initiative of HRLS	GTZ	846,200	1,920,591
	UNHCR	-	216,890
	Sub total	846,200	2,137,481
Vision Bangladesh Project	Sight Saver-UK	34,717,056	46,295,224
	BRAC-USA	-	279,326
	BRAC-UK	5,512,933	3,366,505
	Sub total	40,229,989	49,941,055
Community Based Maternal, Newborn and Child Health (MNCH) -Program for Urban Bangladesh	Bill and Melinda Gates Foundation	-	74,448,511
	AusAID	-	173,428,850
	Sub total	-	247,877,361
Char Development and Settlement Program	EKN	-	3,123,282
	Euroconsult Mott Mac Donald	16,678,766	3,068,434
	Sub total	16,678,766	6,191,716
Improving Incomes, Nutrition and Health in Bangladesh through Potato, -Sweet potato and Vegetables	AVRDC (The World Vegetable Centre)	8,994,470	-
Strategic Partnership Arrangement (SPA)	DFID	6,387,884,049	3,335,205,500
	AusAID	4,264,942,700	-
		10,652,826,749	3,335,205,500
BRAC Water, Sanitation and Hygiene Program (WASH-I & II)	EKN	748,196,612	1,208,946,480
TB Control Program	The Global Fund	885,684,836	852,132,369
TB Care-II	University Research Company LLC.	30,747,925	-
m.Health for improving Maternal, Neonatal & Child Health project	Engender Health-USA	-	14,000,644
MA in Governance and Development Program	World Bank	-	9,919,579
Early Childhood Development Support Program	AKF	6,200,000	6,653,244
Atta Fortification Program	WFP	-	18,824,133
Social Protection Package for Retrenched State Owned -Enterprise Workers	DFID	-	12,105,745
Tree Improvement project	Inter Co-operation Bangladesh	-	1,788,372
Pathway of Women Empowerment of research project	Institute of Dev. Studies-Sussex	-	1,099,366
Malaria Control Program	The Global Fund	244,479,408	214,164,501
Safe Migration Facilities	Manusher Jonno Foundation	1,299,720	11,466,577
BRAC Non-formal Primary Education Program	EC	2,747,332	77,533,092
Vitamin A Captul Supplementation (VAS) for Unreached -Children in Hard to Reach areas	Micro-Nutrient Initiative	-	223,642
Early Learning for Child Development Project (ELCDP)	UNICEF	200,000,000	194,961,580
Community Safety Pilot project	Safer World	-	1,000,000
Post SIDA Livelihood Rehabilitation Program	EC	-	(6,743,436)
Pro-Poor Growth for South Africa and Asia	Oxford University	899,848	1,268,892

Name of the projects	Donor	2012 Taka	2011 Taka
Adolescent Development Program	UNICEF	-	2,616,448
VCT Services BRAC TB Centre	Family Health International	5,033,000	3,990,000
TQI-SEP Innovation and Development	GOB	1,075,000	1,729,892
Alive and Thrive Project	FHI Solutions	235,552,446	-
Social and Financial Empowerment of Adolescents (SoFEA)	BRAC-USA	23,482,667	2,403,492
Active Citizen and Accountable Local Government Project	United Nations Democracy Fund	-	17,544,222
Advocacy for Safe Migration and Abating Labour Trafficking	Winrock International-USA	-	721,131
Bangladesh Springles Program	The Global Alliance for Improved Nutrition (GAIN)	12,708,027	27,054,156
Crop Intensification for Achieving Food Self-Sufficiency Program	EC	69,882,596	178,146,114
Developing BRAC's Emergency Response Capacity in Bangladesh	BRAC-USA	85,241,833	6,604,207
Technology Dissemination of Aquaculture for Poverty Reduction			
- economic growth in Bangladesh	AIDA-Spain	-	8,305,514
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	5,190,831	3,590,299
Restoring Socio-Economic Stability and Strengthening Community			
-in areas affected by Cyclone AILA	EC	52,625,863	357,006,398
Situation Analysis Study on Core Issues related to Food Security and	International Union for Conservation of Nature and Natural resources (IUCN)	-	350,000
-Poverty in Bangladesh			
Accelerating Water, Sanitation & Hygiene (WASH) coverage in			
- Ukhiya Upazilla under Cox's Bazar District	UNICEF	4,208,592	6,250,393
BRAC HRLS Property Rights Program	BRAC-USA	-	42,703,830
C4D-Promoting Sustainable Behaviours and Social Development			
-Changes in Cox's Bazar	UNICEF	-	26,907,839
National Food Security Nutritional Surveillance Project	EC	71,947,338	75,733,515
Support to Agricultural Research for Climate Change Adaptation in Bangladesh	IRRI	1,198,500	1,051,500
Supporting Adolescent Empowerment	UNICEF	-	24,457,592
Community Sensitization on CEDAW	UN Women	232,530	1,090,116
Creating Awareness on RTI law for Community	World Bank	2,087,163	1,391,441
Joint Program on Gender based Violence	UNDP	12,124,438	6,722,862
Spreading Awareness to Prevent, Promote and Protect Domestic Workers			
- and female Migrant workers at work place from violence	International Labour Office (ILO)	1,419,619	1,298,638
Community Based Digital Bangladesh Project	Care-Bangladesh	5,113,968	4,244,700
Gendered Impact of Ultra Poor Program	International Food Policy Research Institute	1,811,981	1,682,651
BRAC Limb Centre and Brace Centre	BRAC-USA	-	143,491
BRAC International Conference on Scaling Health Innovations	BRAC-USA	-	1,036,992
Innovation in Sustainable Sanitation in Bangladesh	BRAC-USA	-	424,785,800
Coordination and Change Enabling Project	World Fish	7,431,909	2,225,924
Assessment of Patient Costs and Patient Perspectives of TB Treatment	Liverpool School of Tropical Medicine	3,333,930	1,100,894
BRAC Project Laser Beam (PLB)	Unilever-UK	-	40,625,000
Impact Assessment of Credit Program for the Tenant Farmers	Global Development Network Inc. (GDN)	-	21,809,880
Improved Rice Crop Management for Raising Productivity	IRRI	-	219,450
BRAC Health care Innovations Programme (B-HIP)	Rockefeller Foundation	31,360,722	30,180,320
BRAC HRLS Child Domestic Worker Project	BRAC-USA	2,165,940	-
Enjoyment of the Socio Economic Rights of Bangladeshi women fish farmers			
-farmers through their economic and social empowerment in Comilla and Chandpur	AIDA-Spain	12,906,614	-
Changing Social Norms and Supporting Adolescent Empowerment	UNICEF	19,425,675	-
Vocational Skill Training for Urban Working Children	UNICEF	44,796,144	-
BRAC Education Watch	Campaign for Popular Education	5,173,093	-
Productive, profitable and resilient agriculture and aquaculture systems	IRRI	1,211,686	-
Monitoring and Evaluation of the School Nutrition	The Global Alliance for Improved Nutrition	11,223,810	-
Sexual and Reproductive Health Rights Education Program in Bangladesh	NOVIB	18,216,000	-
South Asia Legal Empowerment Practitioner fair	Foundation Open Society Institute	1,351,224	-
Sustainable Human Development and Empowerment of Vulnerable Women affected	UN Women	10,747,310	-
Urban School Nutrition Programme	The Global Alliance for Improved Nutrition	20,720,880	-
Bangladesh Youth Parliament Project	British Council	1,925,787	-
Engaging Communities for Behaviour Social Change in Cox's Bazar District	UNICEF	5,117,949	-
COMDIS-HSD	University of Leeds	517,995	-
Marketing Innovation for Health (MIH) Program	Social Marketing Company (SMC)	8,000,000	-
Technology (ex-ante) assessment and farm House hold Segmentation for	Center for Development Research	3,228,000	-
Inclusive Poverty Reduction and Sustainable Growth in Agriculture			
Value Chain Scoping Assessment	AVRDC (The World Vegetable Centre)	1,568,140	-
Mental Health and Psychosocial Support (MHPPS)	Asian Disaster Preparedness Center	857,549	-
TOTAL		15,153,784,471	14,476,226,186

28. Segmental financial information

Balance Sheet as at December 31, 2012											
Unrestricted											
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	Temporarily restricted	Total 2012
Taka		Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Development Projects	Taka
Assets:											
129,524,735		51,336,352	52,892,399	331,974,532	37,918,749	2,400,313,385	3,014,106,293	736,748,252	6,754,814,697	9,294,638,382	16,049,453,079
55,779,153		250,445,594	40,009,047	109,411,497	921,479	182,684,600	1,408,065,360	25,678,863	2,072,995,593	149,135,267	2,222,130,860
1,893,954,652		118,897,516	259,897,906	617,271,049	14,621,124	45,589,623	100,508,146	-	3,050,740,016	3,365,942	3,054,105,958
76,346,896		69,324,099	31,191,712	379,387,163	15,178,701	343,632,453	255,438,115	2,955,117	1,173,454,256	135,997,676	1,309,451,932
264,083,953		(265,165,561)	74,482,452	8,042,244	5,082,795	84,814,726	(160,964,747)	-	10,375,862	(10,375,862)	-
-		-	-	-	-	56,297,005,220	-	-	56,297,005,220	-	56,297,005,220
350,987		-	3,316,790	7,504,813	40,900	308,243,783	9,616,097	-	329,073,370	273,590,028	602,663,398
-		-	-	-	-	-	232,100,000	-	232,100,000	-	232,100,000
-		-	-	-	-	-	8,098,697,120	-	8,098,697,120	-	8,098,697,120
574,175,480		63,676,312	526,407,389	794,533,699	3,984,208	3,200,844,943	4,401,726,206	145,094,551	9,710,442,788	206,457,049	9,916,899,837
2,994,215,856		288,514,312	988,197,695	2,248,124,997	77,747,956	62,863,128,733	17,359,292,590	910,476,783	87,729,698,922	10,052,808,482	97,782,507,404
Liabilities and Net Assets											
Liabilities:											
199,979,819		30,737,487	148,312,216	286,437,179	12,316,387	2,611,151,285	1,224,072,576	1,184,560	4,514,191,509	274,642,917	4,788,834,426
72,479,975		-	-	-	-	4,179,176,412	754,979,835	-	5,006,636,222	-	5,006,636,222
-		-	-	200,000,000	-	12,540,746,146	200,000,000	-	12,940,746,146	-	12,940,746,146
-		-	-	-	-	24,907,281,663	-	-	24,907,281,663	-	24,907,281,663
-		-	-	-	-	-	-	-	-	8,697,918,904	8,697,918,904
-		-	-	-	-	678,799	102,384,049	-	103,062,848	147,832,604	250,895,452
268,109,849		41,536,808	-	-	-	348,929,316	7,557,816,592	-	8,216,392,565	-	8,216,392,565
-		-	-	5,969,245	-	-	834,971,785	-	840,941,030	-	840,941,030
540,569,643		72,274,295	148,312,216	492,406,424	12,316,387	44,587,963,621	10,674,224,837	1,184,560	56,529,251,983	9,120,394,425	65,649,646,408
2,453,646,213		216,240,017	839,885,479	1,755,718,573	65,431,569	18,275,165,112	6,685,067,753	909,292,223	31,200,446,939	932,414,057	32,132,860,996
Net assets											
2,994,215,856		288,514,312	988,197,695	2,248,124,997	77,747,956	62,863,128,733	17,359,292,590	910,476,783	87,729,698,922	10,052,808,482	97,782,507,404

28. Segmental financial information (cont'd.)

Balance Sheet as at December 31, 2011											
Assets:											
Cash in hand and at banks											
Advance, deposits and prepayments											
Inventories											
Grants and accounts receivable											
Inter-programme current account											
Microfinance loans											
Motor cycle loans											
Investments in securities and others											
Investments in related undertakings											
Property, plant and equipments											
Total Assets											
Liabilities and Net Assets											
Liabilities:											
Liabilities for expenses and materials											
Bank overdrafts											
Term loans											
Members savings deposits											
Grants received in advance account											
Deferred income											
Other long term liabilities											
Provision for taxation											
Total Liabilities											
Net assets											
Total Liabilities and Net Assets											

Unrestricted										restricted		Temporarily	
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	Total 2011	Taka		
Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka				
159,901,428	29,190,477	39,985,451	116,528,696	16,745,501	2,186,908,100	1,186,992,765	711,086,354	4,447,338,772	6,278,858,359	10,726,197,131			
81,387,866	271,641,533	41,898,290	93,819,880	235,722	370,752,280	1,290,372,068	23,896,294	2,174,003,932	83,576,974	2,257,580,907			
2,021,898,485	175,326,803	148,059,102	542,811,600	16,092,420	106,868,931	89,164,109	-	3,100,221,450	9,461,339	3,109,682,789			
65,833,686	58,981,137	20,863,267	270,118,752	14,286,593	271,357,330	274,698,167	4,518,617	980,657,549	541,386,145	1,522,043,694			
(603,718,077)	(358,045,429)	95,784,841	87,394,464	14,217,142	210,906,464	573,633,916	-	20,173,321	(20,173,321)	-			
312,507	-	2,458,485	7,139,473	48,368	48,399,046,115	7,017,916	-	48,399,046,115	-	48,399,046,115			
-	-	-	-	-	372,245,545	235,000,000	-	389,222,294	354,339,723	743,562,017			
-	-	-	-	-	-	7,399,808,731	-	235,000,000	-	235,000,000			
847,968,815	97,754,054	510,329,524	731,215,161	4,217,617	3,104,694,974	2,220,299,289	164,948,668	7,681,428,102	157,188,498	7,399,808,731			
2,573,584,710	274,848,575	859,378,960	1,849,028,026	65,843,363	55,022,779,739	13,276,986,961	904,449,933	74,826,900,267	7,404,637,717	82,231,537,984			
Liabilities and Net Assets													
Liabilities:													
Liabilities for expenses and materials													
Bank overdrafts													
Term loans													
Members savings deposits													
Grants received in advance account													
Deferred income													
Other long term liabilities													
Provision for taxation													
Total Liabilities													
Net assets													
Total Liabilities and Net Assets													

Balance Sheet as at December 31, 2011

28. Segmental financial information (cont'd.)

	Unrestricted								Temporarily restricted		
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Projects Taka	House Property (Building) Taka	Total Unrestricted Taka	Development Projects Taka	Total 2012 Taka
Statement of Income and Expenditure for the year ended December 31, 2012											
Income											
Donor grants	-	-	-	-	-	2,615,265	1,908,943	-	4,524,208	11,847,794,069	11,852,318,277
Revenue from											
- Income Generating Projects	4,529,861,669	861,739,364	2,469,755,547	-	-	-	-	-	7,861,356,580	-	7,861,356,580
- Program Support Enterprises	-	-	-	3,941,665,074	182,584,605	-	-	-	4,124,249,679	-	4,124,249,679
Service charge on microfinance loans	-	-	-	-	-	14,774,933,599	-	-	14,774,933,599	-	14,774,933,599
Interest on bank accounts and fixed deposits	-	-	-	-	-	442,117,939	695,704,753	-	1,137,822,692	140,633,921	1,278,456,613
Investment income	-	-	-	-	-	-	126,946,311	-	126,946,311	-	126,946,311
Other income -internal	-	(43,849,943)	-	-	-	-	43,849,943	-	-	-	-
Other income	27,897,751	10,568,603	10,557,197	8,200	-	-	486,189,484	-	535,221,235	15,144,461	550,365,696
Income from house property	-	-	-	-	-	-	-	100,720,809	100,720,809	-	100,720,809
Total income	4,557,759,420	828,458,024	2,480,312,744	3,941,673,274	182,584,605	15,219,666,803	1,354,599,434	100,720,809	28,665,775,113	12,003,572,451	40,669,347,564
Expenditure											
Income Generating Projects	3,881,517,898	821,329,525	2,285,502,969	-	-	-	-	-	6,988,350,392	-	6,988,350,392
Program Support Enterprises	-	-	-	3,474,442,045	164,465,598	-	-	-	3,638,907,643	-	3,638,907,643
House property related expenses	-	-	-	-	-	-	-	93,188,884	93,188,884	-	93,188,884
Education Programme	-	-	-	-	-	-	191,083,781	-	191,083,781	4,086,273,202	4,277,356,983
Ultra Poor Programme	-	-	-	-	-	-	-	-	-	2,045,763,985	2,045,763,985
Community Empowerment Programme	-	-	-	-	-	-	2,912,978	-	2,912,978	214,314,062	217,227,040
Human Rights and Legal Aids Services	-	-	-	-	-	-	-	-	-	195,539,238	195,539,238
Policy Advocacy	-	-	-	-	-	-	-	-	-	39,777,955	39,777,955
Health Programme	-	-	-	-	-	-	170,093,323	-	170,093,323	3,540,177,955	3,710,271,278
Water, Sanitation and Hygiene Programme	-	-	-	-	-	-	-	-	-	1,339,321,154	1,339,321,154
Gender, Justice and Diversity	-	-	-	-	-	-	-	-	-	138,151,582	138,151,582
Micro Finance Programme	-	-	-	-	-	11,714,555,867	-	-	11,714,555,867	-	11,714,555,867
Agriculture and Food Security	-	-	-	-	-	-	10,089,482	-	10,089,482	254,204,740	264,294,222
Other Development Projects	-	-	-	-	-	-	264,275,126	-	264,275,126	76,551,208	340,826,334
Total Expenses	3,881,517,898	821,329,525	2,285,502,969	3,474,442,045	164,465,598	11,714,555,867	638,454,690	93,188,884	23,073,457,476	11,930,075,081	35,003,532,557
Surplus of income over expenditure before taxation											
Taxation	676,241,522	7,128,499	194,809,775	467,231,229	18,119,007	3,505,110,936	716,144,744	7,531,925	5,592,317,637	73,497,370	5,665,815,007
Net surplus stated in statement of income & expenditure before inter-programme allocations	-	-	-	(4,067,884)	-	-	(195,932,116)	-	(200,000,000)	-	(200,000,000)
Net surplus for the year after inter-programme allocations											
Inter-programme allocations	676,241,522	7,128,499	194,809,775	463,163,345	18,119,007	3,505,110,936	520,212,628	7,531,925	5,392,317,637	73,497,370	5,465,815,007
Net surplus for the year after inter-programme allocations	(338,120,761)	(5,129,240)	(97,404,888)	(123,604,979)	-	-	564,259,868	-	-	-	-
Net surplus for the year after inter-programme allocations	338,120,761	1,999,259	97,404,887	339,558,366	18,119,007	3,505,110,936	1,084,472,496	7,531,925	5,392,317,637	73,497,370	5,465,815,007

28. Segmental financial information (cont'd.)

	Unrestricted										Temporarily restricted
									Total Unrestricted	Development Projects	
	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)			
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Income											
Donor grants	-	-	-	-	-	40,684	2,256,956	-	2,297,640	10,044,483,277	
Revenue from											
- Income Generating Projects	4,150,032,990	807,377,783	2,385,265,100	-	-	-	-	-	7,342,675,873	-	
- Program Support Enterprises	-	-	-	3,223,834,061	148,972,266	-	-	-	3,372,806,327	-	
Service charge on microfinance loans	-	-	-	-	-	11,851,912,448	-	-	11,851,912,448	-	
Interest on bank accounts and fixed deposits	-	-	-	-	-	178,049,516	52,487,899	-	230,537,415	135,292,609	
Investment income	-	-	-	-	-	-	545,994,809	-	545,994,809	-	
Other income -internal	(72,423,958)	(40,040,443)	-	-	-	-	112,464,401	-	-	-	
Other income	59,193,589	13,279,665	14,649,237	32,954,995	343,525	-	397,446,242	77,000	517,944,253	766,834	
Income from house property	-	-	-	-	-	-	-	90,861,598	90,861,598	-	
Total income	4,136,802,621	780,617,005	2,399,914,337	3,256,789,056	149,315,791	12,030,002,648	1,110,650,307	90,938,598	23,955,030,363	10,180,542,720	
Expenditure											
Income generating projects	3,443,367,797	741,974,215	2,168,535,317	-	-	-	-	-	6,353,877,329	-	
Program Support Enterprise	-	-	-	3,021,048,244	136,695,309	-	-	-	3,157,743,553	-	
House Property	-	-	-	-	-	-	-	80,197,303	80,197,303	-	
Education Programme	-	-	-	-	-	-	73,051,304	-	73,051,304	3,360,953,720	
Ultra Poor Programme	-	-	-	-	-	-	54,188,500	-	54,188,500	2,083,148,616	
Community Empowerment Programme	-	-	-	-	-	-	3,681,981	-	3,681,981	157,618,323	
Human Rights and Legal Services	-	-	-	-	-	-	-	-	-	136,546,758	
Health Programme	-	-	-	-	-	-	94,751,304	-	94,751,304	2,646,985,983	
Water, Sanitation and Hygienic Programme	-	-	-	-	-	-	-	-	-	829,577,150	
Gender, Justice and Diversity Programme	-	-	-	-	-	-	9,776,923	-	9,776,923	99,839,611	
Micro Finance Programme	-	-	-	-	-	10,497,901,219	-	-	10,497,901,219	-	
Agriculture and Food Security	-	-	-	-	-	-	38,901,638	-	38,901,638	475,991,318	
Other Development Projects	-	-	-	-	-	-	8,212,534	-	8,212,534	395,870,066	
Grants	-	-	-	-	-	-	306,040,276	-	306,040,276	-	
Total Expenses	3,443,367,797	741,974,215	2,168,535,317	3,021,048,244	136,695,309	10,497,901,219	588,604,460	80,197,303	20,678,323,864	10,137,852,984	
Surplus of income over expenditure before taxation	693,434,824	38,642,790	231,379,020	235,740,812	12,620,482	1,532,101,429	522,045,847	10,741,295	3,276,706,499	42,689,736	
Taxation	-	-	-	(1,901,361)	-	-	(148,098,639)	-	(150,000,000)	-	
Net surplus stated in statement of income & expenditure before inter-programme allocations	693,434,824	38,642,790	231,379,020	233,839,451	12,620,482	1,532,101,429	373,947,208	10,741,295	3,126,706,499	42,689,736	
Inter-programme allocations	(346,717,412)	(34,073,396)	(114,842,908)	(47,120,970)	-	-	542,754,686	-	-	-	
Net surplus for the year after inter-programme allocations	346,717,412	4,569,394	116,536,112	186,718,481	12,620,482	1,532,101,429	916,701,894	10,741,295	3,126,706,499	42,689,736	
inter-programme allocations											

Statement of Income and Expenditure for the year ended December 31, 2011

29. Statement of Functional Expenses

Unrestricted												Temporarily restricted
Aarong Rural Craft Centre	BRAC Printers & Printing Pack	BRAC Dairy and Food	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	Total 2012	
Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Expenditure Statement for the year ended December 31, 2012												
Salaries and benefits	495,104,368	21,858,220	101,915,634	193,802,314	6,039,235	4,693,827,356	16,562,777	-	5,529,109,903	5,019,737,140	10,548,847,043	
Travelling and transportation	33,759,052	5,619,193	62,441,093	47,381,106	491,171	420,225,202	14,124,290	-	584,041,107	590,096,983	1,174,138,090	
Teachers' salaries	-	-	-	-	-	-	-	-	-	864,364,047	864,364,047	
Teachers' training	-	-	-	-	-	-	-	-	-	225,067,977	225,067,977	
School rent and maintenance	-	-	-	-	-	-	-	-	-	186,231,439	186,231,439	
Stationery, rent and utilities	124,956,507	4,239,881	10,980,745	11,979,939	1,030,631	179,042,304	16,191,027	13,169,462	361,590,496	344,407,992	705,998,488	
Maintenance and general expenses	78,381,600	5,842,901	41,409,943	19,782,449	1,117,377	138,425,353	18,006,277	1,840,227	304,806,127	142,098,853	446,904,980	
Members' training	-	-	-	-	-	2,495,842	34,261,408	-	36,757,250	488,542,527	525,299,777	
Staff training and development	2,243,455	-	2,246,362	6,702,606	-	38,689,574	28,982,676	-	78,864,673	488,517,347	567,382,020	
Programme supplies	-	-	-	3,009,521	57,075	259,754,682	193,214,461	-	456,035,739	3,538,307,798	3,994,343,537	
Interest on members' savings deposits	-	-	-	-	-	1,591,469,559	-	-	1,591,469,559	-	1,591,469,559	
Interest on long term loans	-	-	-	-	-	1,425,348,750	-	-	1,425,348,750	-	1,425,348,750	
Bank overdraft interest and charges	20,863,077	44,586,822	-	2,409,418	-	1,183,180,911	87,759,470	-	1,338,799,698	-	1,338,799,698	
Cost of goods sold of income generating projects	2,974,712,117	724,579,365	2,021,099,185	-	-	-	-	-	5,720,390,667	-	5,720,390,667	
Cost of goods sold of program support enterprises	-	-	-	2,998,249,111	153,919,261	-	-	-	3,152,168,372	-	3,152,168,372	
Publicity, advertisement and sales commissions	31,579,340	-	42,427,159	102,208,474	1,199,626	-	13,677,661	-	191,092,260	6,982,773	198,075,033	
Loan loss provision for microfinance loans	-	-	-	-	-	1,709,585,836	-	-	1,709,585,836	-	1,709,585,836	
Depreciation of property, plant and equipment	119,918,382	2,951,763	1,708,760	80,709,833	455,187	72,510,498	165,674,642	21,931,475	465,860,540	35,720,205	501,580,745	
Provision for bad and doubtful debts	-	11,651,380	1,274,088	8,207,274	156,036	-	-	-	21,288,778	-	21,288,778	
Allocation to self- insurance fund	-	-	-	-	-	-	-	-	56,247,720	-	56,247,720	
Allocation to -Relief and Rehabilitation fund	-	-	-	-	-	-	50,000,000	-	50,000,000	-	50,000,000	
	3,881,517,898	821,329,525	2,285,502,969	3,474,442,045	164,465,598	11,714,555,867	638,454,689	93,188,884	23,073,457,475	11,930,075,081	35,003,532,556	

Included in cost of goods sold of (BRAC dairy, Printers and Printing Pack) is depreciation of property, plant and equipment amounting to Tk. 101,632,297

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

Expenditure Statement for the year ended December 31, 2011												
				Unrestricted						Temporarily restricted		
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	Total 2011		
Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
425,354,776	17,351,052	89,423,817	150,128,680	4,213,965	4,849,062,353	33,944,822	-	5,569,479,465	3,920,165,394	9,489,644,859		
34,705,180	4,648,009	51,783,854	42,635,497	449,814	490,891,221	15,280,245	-	640,393,820	464,030,302	1,104,424,122		
										680,252,524		
										163,176,987		
										142,674,819		
105,230,272	3,923,331	12,262,349	11,080,369	964,473	171,038,788	3,281,123	-	308,943,616	290,590,773	599,534,389		
73,731,568	6,072,580	30,732,205	16,320,477	767,968	147,436,370	3,754,659	2,045,945	280,861,772	31,335,913	312,197,685		
						8,108,493		17,880,744	488,076,825	505,957,569		
5,774,141		2,449,505	1,516,612		38,412,281	6,842,831		54,995,370	425,932,614	480,927,984		
			1,639,328	46,382	225,567,263	30,363,081		257,616,054	3,450,239,254	3,707,855,308		
					1,405,709,117			1,405,709,117		1,405,709,117		
					1,394,193,021			1,394,193,021		1,394,193,021		
30,871,601	42,884,655		2,056,388		18,668,313	26,232,862		120,713,819		120,713,819		
2,644,345,985	654,277,934	1,956,652,267						5,255,276,186		5,255,276,186		
			2,655,125,956	128,945,733				2,784,071,689		2,784,071,689		
34,328,377		15,522,063	60,168,928	390,200		6,165,924		116,575,492	43,554,498	160,129,990		
					1,686,378,613			1,686,378,613		1,686,378,613		
89,025,897	2,235,131	4,597,341	73,277,758	440,958	62,435,386	146,926,386	21,377,047	400,315,904	37,823,081	438,138,985		
	10,581,523	5,111,916	7,098,251	475,816				23,267,506		23,267,506		
							55,611,400	55,611,400		55,611,400		
						306,040,276		306,040,276		306,040,276		
3,443,367,797	741,974,215	2,188,535,317	3,021,048,244	136,695,309	10,497,901,219	588,604,460	80,197,303	20,678,323,864	10,137,852,984	30,816,176,848		

Included in cost of goods sold of (Printers and Printing Pack) is depreciation of property, plant and equipment amounting to Tk. 78,915,250

30. Comparative figures

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

Notes