



## Liberia

The love of liberty brought us here

Founded by freed slaves from the United States in 1847, and having endured two civil wars in recent decades, Liberia has been at peace since 2003, due to no small part to the country's determined women, who boldly campaigned for an end to the last civil war. BRAC established operations in Liberia in 2008 and now provides hope for a better future to more than 500,000 Liberians with programmes in microfinance, small enterprise development, agriculture, livestock and poultry, and health.

What started out in 1972 in a remote village of Bangladesh as a limited relief operation, turned into the largest development organisation in the world. Of major non-governmental organisations, BRAC is one of the few based in the global south.

Today, BRAC is a development success story, spreading solutions born in Bangladesh to 10 other countries around the world – a global leader in creating opportunity for the world's poor. Organising the poor using communities' own human and material resources, it catalyzes lasting change, creating an ecosystem in which the poor have the chance to seize control of their own lives. We do this with a holistic development approach geared toward inclusion, using tools like microfinance, education, healthcare, legal services, community empowerment and more.

Our work now touches the lives of an estimated 126 million people, with staff and BRAC-trained entrepreneurs numbering in the hundreds of thousands – a global movement bringing change to 10 countries in Asia, Africa and the Caribbean, with operations in our 11th country, Philippines, being launched in 2012.

Liberia

Annual Report

2011



Harnessing **the past**  
Enriching **the future**

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## Vision, Mission and Values

### Vision

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

### 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.

### Values

#### Innovation

For forty years, BRAC has been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in groundbreaking development initiatives.

#### Integrity

We value transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. We hold these to be the most essential elements of our work ethic.

#### Inclusiveness

We are committed to engaging, supporting and recognising the value of all members of society, regardless of race, religion, gender, nationality, ethnicity, age, physical or mental ability, socioeconomic status and geography.

#### Effectiveness

We value efficiency and excellence in all our work, constantly challenging ourselves to perform better, to meet and exceed programme targets, and to improve and deepen the impact of our interventions.

## Chairperson's Statement



It gives me great pleasure to present the annual report and the audited financial statements for the year ended 31 December 2011.

Liberia has been heavily reliant on foreign assistance for development. Civil war and government mismanagement destroyed much of Liberia's economy, especially the infrastructure in and around the capital Monrovia. The country's primary focus is on rebuilding the infrastructure and raising incomes. This will depend on generous financial and technical assistance from donor countries and foreign investment in key sectors, such as for the rebuilding of infrastructure and power generation, and the realisation of human potential. Only about 15% of the workforce is employed in the formal sector. The adult literacy rate is estimated at less than 60%, and 68% of Liberians live below the poverty line.

BRAC commenced operations in Liberia in 2008, following an invitation from the President and Nobel Peace Laureate Ellen Johnson Sirleaf. In the last three years, we have been working relentlessly for a better future for more than 500,000 Liberians with our microfinance, small enterprise development, agriculture, livestock and health programmes. The agriculture programme has scaled up tremendously, and by the end of this year, BRAC had covered 20 branches in five areas across seven counties under its agriculture programme, a vast difference from the



five branch offices in one area covering three counties when the programme was first initiated. Our microfinance chapter is operating in even more branches – 30 in total as of December 2011, serving 25,814 Liberians, an increase of 5,255 from last year and a growth rate of 25.56 per cent. Under our Small Enterprise Programme, this year we have disbursed USD2.22 million to 1,226 small entrepreneurs within 20 branches. In our health programme, we trained 660 female Liberians as CHPs in 2011 to provide basic healthcare door to door, and more than 80,000 households have been visited by our dedicated CHPs every month with 106,499 patients receiving treatment of basic palliative care, and 29,981 patients being referred to the nearest health facility for follow-up.

I would like to take this opportunity to commend the team in Liberia who has worked with enduring commitment to take advantage of every opportunity that has come their way. The quality of BRAC Liberia's work can be attributed to the competence and knowledge of the team. On 15 June 2011, the Society for the Promotion of Peace, National Reconciliation and Reunification in Liberia, a pro-democracy peace-building civil society organisation in Monrovia, awarded the team in Liberia with a certificate of appreciation in recognition of BRAC's participation in Liberia's post-conflict national recovery and re-building process.

Finally, I would like to extend my sincere thanks to the governing body members, whose leadership and foresight has steered the organisation to success. I thank the Government of Liberia and our development partners in Liberia, particularly Omidyar Network, the Soros Economic Development Fund, the Foundation Open Society Institute, Humanity United, the United Nations Capital Development Fund's MicroLead Programme and Kiva, for their continued support as we strive to continue to build on these relationships and create greater value in our services to contribute towards the progress and prosperity of Liberia.

A handwritten signature in black ink, appearing to read 'Fazle Hasan Abed'.

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

## Agriculture and Food Security

Operating in eight countries, BRAC's agriculture programmes work with governments to ensure food security. We build systems of production, distribution and marketing of 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. Using environmentally sustainable practices, we are helping these countries become self-sufficient in food production. Agricultural programmes are currently operating in Bangladesh, Uganda, Tanzania, Sierra Leone, Liberia, South Sudan and Haiti.

### Restoring Liberia's economy

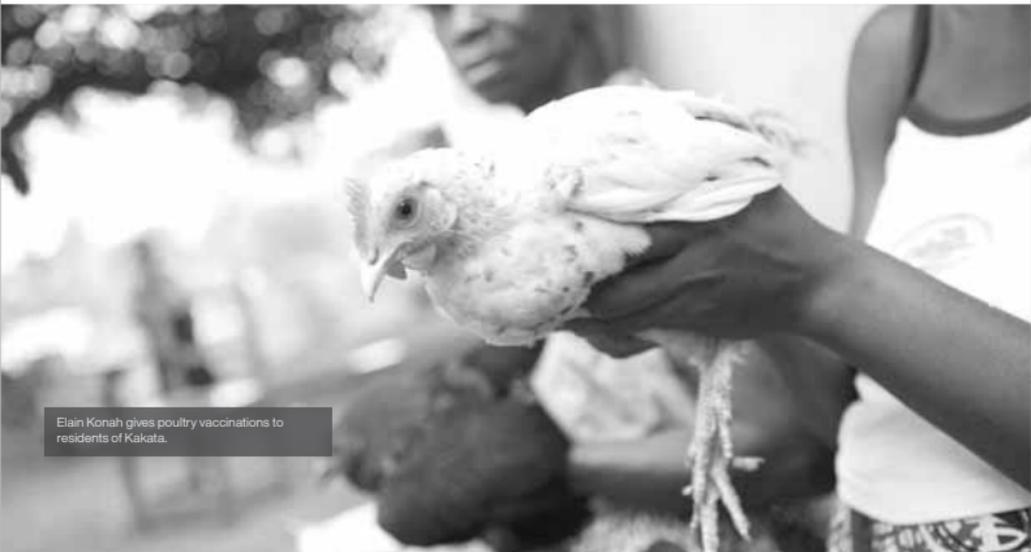
In 2008, BRAC launched its agriculture, poultry and livestock programme in Liberia. Agriculture is the largest sector of the Liberian economy, employing 70 per cent of the total population (2010) and earning 61.5 per cent of the country's GDP. It is also the most important source of income for women in Liberia. Since the sector was largely destroyed by the civil war, its rehabilitation is essential for the economic sustenance of the country.

BRAC's agriculture programme addresses the problem of poor crop and livestock productivity in Liberia. Our aim is to improve the efficiency and management of small to medium farm enterprises. The programme is designed to increase agricultural output, decrease livestock mortality, raise farm income and increase rural employment. Crops grown for domestic consumption include rice, corn, cassava, sweet potato, plantains, yam, bitter ball, cucumber, okra, cabbage, eggplant and ground nuts. Liberian agriculture remains heavily dependent on rainfall, with less than 1 per cent of arable land under irrigation. Traditional livestock farmers breed nearly all of the cattle, goats and sheep using local animals and basic techniques.



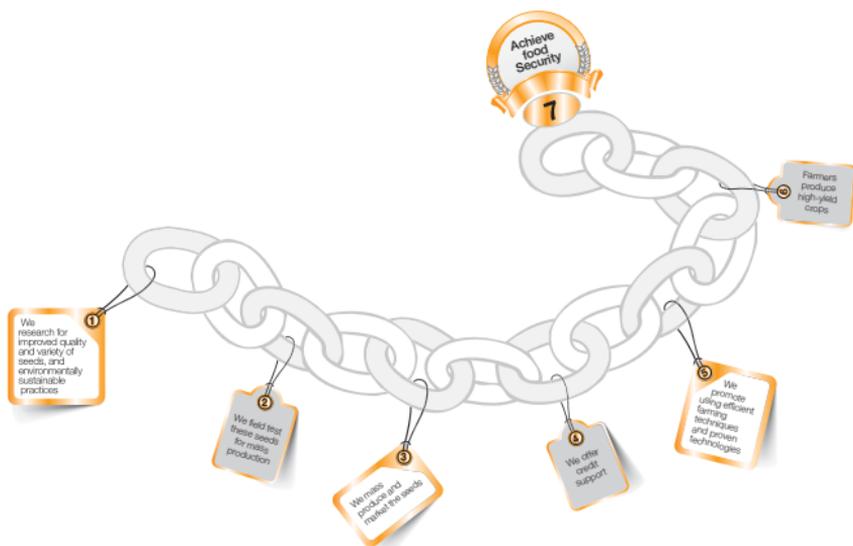
BRAC is dedicated to strengthening agriculture needs of the country since its inception in Liberia in 2008 and has stepped up its activities as well as its outreach to residents in different localities and communities through its microfinance and small enterprise Programme, thus impacting the lives of targeted beneficiaries.

**George Des Kennedy**  
Daily Observer



Elain Konah gives poultry vaccinations to residents of Kakata.

## Our approach: Value chain interventions



The agriculture, poultry and livestock programme operates through community agriculture promoters (CAPs) and community livestock and poultry promoters (CLPPs) with farming experience, who are selected directly from our microfinance groups and non group members. These promoters receive intensive training, microfinance loans, and supplies to inform and assist other farmers, enabling them to substantially improve crop harvests and livestock yields. The promoters benefit from increased yields on their own farms as well as from additional income from selling services and inputs, such as high quality seeds, to their farming neighbours.

At each branch, BRAC recruits one programme assistant (PA) for agriculture, and one for livestock and poultry, who are responsible for training the community agriculture promoters and community livestock and poultry promoters and supervising their activities. The area agriculture coordinator and area livestock coordinator, who are agriculturists recruited for each area office, are responsible for training of the PAs.

### Community agriculture promoters (CAPs)

The primary agents for the agriculture activities are the self-employed community agriculture promoters (CAPs). They are required to have a minimum of two years agricultural experience and have to maintain a farm of at least two acres of land. They must be willing to work with other low income farmers in their community and supply them with quality inputs. CAPs are trained by BRAC area agriculture coordinators to offer technical assistance to general farmers operating on a small scale, i.e. less than one acre of land. Programme assistants at the branch level attend microfinance group meetings to identify CAPs from the members. The local BRAC branch is responsible for screening and short-listing candidates. The final selection is conducted by the area agriculture coordinator at the area office.

CAPs are then provided with six-days training at the branch office. This covers farming techniques for specific crop varieties, focussing on the entire life cycle

of the crop, starting from the preparation of the land to harvesting. When their training is complete, each of the agriculture promoters identifies 250 smallholder farmers living in their communities to be targeted with the support of the branch staff.

Of these farmers, 40 per cent will become model farmers who specialise in crop production and promote good farming practices to others in their communities. CAPs assist the farmers on technical issues such as the choice of varieties to grow, the usage of improved seeds, crop spacing, rotation, intercropping, weeding, planting, fertilisation, pest control, post-harvest management and the utilisation of by-products, as well as the integration of crop and livestock enterprises within the farm. They also sell improved seeds and other agricultural inputs like fertiliser and agro-tools.

## Community livestock and poultry promoters (CLPPs)

The livestock and poultry component also carries out community activities through self-employed community livestock and poultry promoters (CLPPs). These are experienced male or female livestock and poultry farmers who are selected from BRAC microfinance groups. After selection, they receive extensive training in animal husbandry, and information on animal health issues and vaccinations. Training also includes the production and conservation of fodder crops. Once trained, CLPPs generate income by charging fees for their services. With help from BRAC, they offer vaccination services, sell veterinary medicine and provide technical assistance to other microfinance group members and the wider farming community. CLPPs also help to select and assist model poultry and live stock rearers. It is through this pyramid of entrepreneurial extension agents and structured supervision system that we can extend our services to thousands of people in Liberia.

## Improving agriculture in Liberia

Agriculture workers in Liberia are constrained by low yielding inputs, rudimentary farm implements and a lack of education on advanced farming techniques... BRAC's programmes' main objective is to engage and empower female agricultural workers by increasing crop production and the profitability of agriculture and livestock ventures. BRAC believes that this is the most effective way to address the dual need of eradicating female marginalisation and achieving sustainable agriculture development and food security.

In 2010, BRAC's seed testing and multiplication farm in Kingsville began producing high quality rice seed to help improve agricultural yields in Liberia. In a day, an average of 50 workers is engaged in daily activities such as the preparation of land, ploughing, seedling raising, transplanting, maintaining intercultural operations, and harvesting. Some of these workers are specially selected for seed processing. The farm supervisor is essentially a model farmer whose

responsibility is to ensure the workers are being trained on modern and appropriate agricultural practices. In addition to planning and selecting plots for seed production, the farm supervisor oversees the daily activities of the workers and shows them how to efficiently execute production processes. The farm manager, is an agronomist who is responsible for the overall management of the farm. He ensures the inputs of the farm and manages the daily workers. The farm manager also serves as a liaison with the government and research organisations.

## Liberian agriculture Minister visits BRAC activities in Bangladesh

After returning from a visit to Bangladesh in May 2011, Deputy Agriculture Minister James B. Logan said in an interview with the BBC, "We have about 220,000 farming households in Liberia and in order to build capacity of these households we need to work closely with BRAC". During his stay in Bangladesh, Mr. Logan visited BRAC's seed production and processing initiatives and dairy projects.

In the same interview with the BBC, Mr. Logan said, "We consume 400,000 metric tonnes, out of which 185,000 metric tonnes are grown in Liberia. It is just too much money leaving the country and not because we don't have agro-climatic conditions but simply because we have skill and resource constraints in production, processing, pest and disease control, marketing and business management."

## Growth in 2011

In 2011, 11.47 metric tonnes of high quality Nerica (New Rice for Africa, a cross between African and Asian rice) and FKR-19 varieties of seed rice were produced by the BRAC seed testing and multiplication farm in Kingsville. The same year, 337 farmers were trained as model farmers and provided support to other farmers in their respective communities. In addition, 2,095 smallholder farmers were trained on modern agricultural practices.

As part of the income generating activity for the CLPPs, a total of 271,754 poultry birds were vaccinated against Newcastle disease, Gumboro virus and infectious bronchitis. Additionally, 3,000 day-old layers and 31 tonnes of poultry feed were supplied to 28 farmers. In the same period, 44 farmers received a pair of small ruminants and 30 farmers each received a pair of piglets.

## CASE STUDY



Walter working in his vegetable farm.

**WALTER CAMPBELL:** From typical farmer to progressive model farmer

"I am grateful to BRAC for showing me how to successfully implement modern technological inputs in agricultural work. Now, I want to create a big vegetable farm, produce more vegetables and earn more money for the betterment of my family and the future of my children."

Walter Campbell is a 42-year-old model farmer living in Grand Bassa County. He is mainly engaged in vegetable production but also grows a few cereal crops.

Sometimes, he produces ground nuts as well. In the same area, he manages and takes care of eight acres of land. Walter was presented with the opportunity to become a BRAC model farmer when he met with one of BRAC's area agricultural coordinator (AAC) and expressed his wish to produce vegetables using modern agricultural technologies. The AAC then proceeded to visit his farm and suggested that he produce vegetables as a stable source of income.

With the technical support provided by BRAC, Walter proceeded to cultivate watermelon, cabbage, squash, lettuce, okra and other types of vegetables. He also received credit support from BRAC, mainly agricultural inputs such as quality seeds, fertilisers, and agro-tools. The programme assistant and AAC of BRAC regularly visited Walter's vegetable field to provide guidance and support. Walter learned how to properly prepare land and how to conduct all the intercultural operations of the vegetable field.

Compared to previous years, he was able to harvest more vegetables. Due to his continuous efforts, he was able to witness the fruits of his labour, and his vegetable harvest yielded in abundance.

Since Walter is not the official owner of the land, he has to share his crop with the land owner. However, sharing what the land has yielded overall has generated more profit for him when selling the vegetables. From the income he earned through harvesting his crops, he was able to reimburse the funds he borrowed from BRAC on credit, as well as pay for his children's school

fees, and medication. From his earnings, he is constructing his own house so that his family can have a permanent roof and shelter over their head. Currently, he is preparing the entire eight acres of land area for vegetable cultivation with the technical support from BRAC and with the help of his family members. Now people in his area respect him as a progressive model farmer and seek his advice to gather knowledge on vegetable production.

In Liberia, the majority of people are involved in small scale farming activities, such as raising chickens, sheep, goats or pigs and cultivating small plots of land of less than three acres. In addition to providing poor women with the investment capital for their activities, BRAC offers training and support on modern farming techniques which can greatly increase these women's profits.

## Microfinance

Innovative, client-focused and self-sustainable, BRAC 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.

### Improving socio-economic positions

BRAC is a global development organisation that believes in scaling up. BRAC has been working in Liberia to lift people out of poverty by fostering entrepreneurship and helping Liberians realise their potential since 2008. BRAC has successfully launched programmes in microfinance, health, agriculture and poultry and livestock, reaching 170,100 of the poorest Liberians. In 2009, BRAC established a microfinance company in Liberia to commence their operations in this sector. The microfinance initiative by BRAC through this company offers an opportunity for the poor to have access to financial services, better manage their households and utilise their resources more efficiently; the initiative provides protection against risks and enables them to become economically active. BRAC Liberia is working with the same vision as in Bangladesh: to fight poverty, hunger and environmental degradation and create a society free from these issues.

The immediate objectives of the BRAC microfinance programmes are to increase access to microfinance services for marginalised families, to initiate sustainable micro-enterprises and to strengthen the institutional structures for efficient and effective management of the micro-credit systems. The main impact of the microfinance services is that they directly provide additional sources of employment for the rural poor, which has a significant impact on the family income of the borrowers.

BRAC's microfinance programme has been designed to provide poor and marginalised women with reliable access to cost-effective financial services. As of December 2011, BRAC Liberia currently provides micro-loans to assist poor women in carrying out income generating activities through its 30 branch offices in seven counties out of 15, serving 24,751 women who are the members of 1,514

group organisations. The cumulative disbursement is USD 8.92 million. In the microfinance programme, 24 expatriate staff work together with 313 national staff to develop the capacity of the clients. The programme also provides loans to 1,063 small entrepreneurs through its small enterprise programme (SEP), which consists of USD 3.14 million to allow entrepreneurs the opportunity to start or restart their businesses.

BRAC also plays an important role in developing the capacity of its local employees by providing practical, specialised capacity building. Through the awareness and capacity building of its members, as well as that of the greater community, BRAC is helping Liberia's government achieve its goal of developing a well-founded and functioning microfinance sector.



Microfinance meeting in Kakata

Community partnerships and institution-building are essential for poor people if they are to change their economic, social and political conditions. We deliver our micro-loans, along with other services, through organising groups of women into village organisations (VO) that come together to improve their socio-economic position.

BRAC's microfinance branch offices conduct area surveys and consult with community leaders and local elders to select 25-40 members for each group.

The group is then sub-divided into smaller groups of five, each with their own elected leader. The members of the small groups take responsibility to solve any peer repayment problems. New borrower groups meet four times prior to loan disbursement. After these initial set-up meetings, they meet weekly to make their loan repayments and to discuss the credit decisions with their dedicated BRAC credit officer.

BRAC provides training and technical assistance to its members and others in the community, enabling them to earn more income from existing activities and to start new income generating activities.

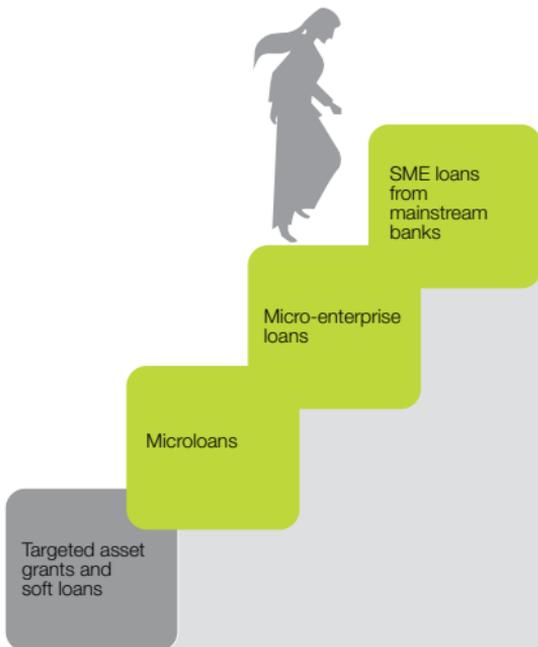
## Our approach: Step-by-step economic development



BRAC recognises that women are the primary caregivers who know that the education of their children will mean the sustainability of their families and households through subsequent generations. BRAC shows how micro-credit schemes are a very important means of delivering self-sustainability in the poorest communities and how women are proving to be the most responsible and successful beneficiaries.

**Cherie Blair**

Human Rights Activist  
Cherie Blair Foundation for Women



BRAC borrowers are usually poor women between the ages of 18 and 60 who typically have an existing business that was established prior to receiving their micro-loan. The loans represent a substantial investment in these businesses and allow them to expand and diversify, sell a greater variety of products and move into more profitable ventures. Loans also play a crucial role in helping households manage crises. Borrowers usually have previously led a precarious financial existence; microfinance plays a key role in helping them cope with external events that might otherwise force them to sell off their businesses and assets. Twenty-one different business sectors are supported by the microfinance programme.

The key features of a micro-loan consists of loan repayments in small weekly installments, no required physical collateral, loans ranging from USD 100 to 500, competitive interest rates, life insurance, service delivery to village members, and availability in both rural and urban areas.

The most popular uses for microfinance loans are: selling second-hand clothes or shoes, soft drinks/ water, bush meat and dried fish, rice, CDs or charcoal; retailing groceries, running hairdressers or beauty parlours, a restaurant or a bar; tailoring, and food cooking or vending.

Small entrepreneurs run businesses that, while too large to qualify for traditional microfinance loans, are still too small for accessing credit through the formal financial system. Unlike micro-loans, the small enterprise programme (SEP) loans are directly given to individual entrepreneurs, both male and female, rather than in group settings. In addition to targeting entrepreneurs with existing businesses, the programme is intended to act as the next step for regular microfinance borrowers as their businesses grow beyond the scope of micro-loans. These loans also enable small enterprise owners to create new employment opportunities in their communities.

Small enterprise loans are made available with loans ranging from USD 1,000 to 3,000. They are set at competitively low interest rates with repayment modes at equal monthly installments. Twenty-one different business sectors are supported through this programme.

## Growth in 2011

In 2011, the microfinance programme was operating in 30 branches. The number of total borrowers increased from 20,569 in 2010 to 25,814 in December 2011, with a net increase of 5,255 borrowers and a growth rate of 25.56 per cent.

The loan disbursements increased to USD 6.64 million, with a net loan disbursement increase of USD 2.31 million, and a growth rate of 53 per cent. Since its inception in Liberia, BRAC Liberia disbursed USD 12.06 million through its microfinance and SEP programmes; loans were disbursed to clients across seven counties (Bong, Grand Bassa, Grand Cape Mount, Lofa, Margibi, Montserrado and Nimba, and) within 30 branches. The average loan size was USD 170 in microfinance and USD 2.22 million was disbursed to small entrepreneurs through the small enterprise programme within 20 branches in 2011. The average loan size is USD 1,812. The cumulative loan disbursement in the small enterprise programme is USD 3.14 million, with 1,826 loans disbursed.

There were USD 2.52 million loans outstanding in 2010 and it has increased up to USD 3.73 million in December 2011, with a growth rate of 48 per cent.

## Scaling up and adaptation

We have taken steps to overcome challenges and to improve our approach by providing appropriate training and motivation for staff and group members. We follow a system to methodologically select loans and have a method of verifying them. We will take the necessary steps to improve the implementation of monitoring and follow-up processes, and will continue to collaborate with different stakeholders to continually improve our current situation.

## Future plan

For 2012, BRAC has planned to achieve 37,040 members, 31,440 borrowers, USD 8.93 million loan disbursements and 5.41 loan portfolios by forming 151 new group organisations. We aim to increase our reach by 2,355 new members and 5,626 borrowers. BRAC Liberia Microfinance Company Limited is presently covering seven counties out of 15, and 20 districts out of 64.

The government of Liberia is expecting development agencies to work in South-Eastern Liberia, where there is an opportunity to expand our branches by covering more counties, districts and communities. This will result in more loan disbursements. BRAC Microfinance Company Limited has applied to get a loan fund from Central Bank of Liberia, at an amount of LRD 144 million (USD 1,959,183). We hope to start a new skills, awareness and motivational training facility for group members and staff. There are plans for mobile money transfer (e.g. installment collection and loan disbursement through Lonestar MTN and Ecobank). We plan to address a variety of issues such as: difficult communication/ transportation links and a lack of banking facilities.

## CASE STUDY



Kemah in front of her store.

### KEMAH FAHNBULLEH: Starting from scratch

"BRAC has changed my life by giving me money for my business. I can send my kids to school, give them a home to live in, and take them to the hospital when they are sick."

Kemah Fahnbulleh has overcome adversity and has developed a thriving business as a shopkeeper in Kabbeh Market in Barmersville, Liberia. In 1992, Kemah was displaced from Grand Cape Mount due to the civil war in Liberia. She had to leave everything behind and walk for days to find a refugee camp. She was alone on this difficult journey as she walked barefoot carrying her smallest child. Kemah's will to survive and determination to provide for her children can be seen in the pride she takes in her store.

After settling in Barmersville, she built a mud hut for shelter. There was no opportunity to work, so she started selling

goods from a small table alongside the road. After many years of slowly building her business, she was introduced to BRAC Liberia Microfinance Company Limited. After becoming a member in 2009, she took her first loan of LRD 17,000 (USD 231).

She used the loan to increase the inventory in her store. Kemah is now on her fourth loan of LRD 25,000 (USD 340), nearly doubling her previous loan size, and she has established a strong borrower history by never missing a payment. The infusion of capital into her business has had a dramatic impact. What originally started out as a small table outside her mud hut has now become a permanent store in a good location.

She has expanded her business as well; she now sells food, clothes, durable goods, candy and drinks. Her new products have increased her customer base and made her a one-stop shop in the market. Through the help of microfinance, Kemah's business has seen significant

growth and went from being of a worth of LRD 700 (USD 9.52) to LRD 35,000 (USD 476). With the increased income from her business, Kemah has been able to provide a better life for her family. Kemah has five children ranging in ages two to 22. With the increased income from her shop, she has been able to send four of her children to school.

Without BRAC, Kemah's only other option for financing would be through a local money club. Typically, the money club does not provide enough capital, charges a high interest, and has a short three-week loan term. Kemah says, "Financing from the money club does not cover the needs of my business." With financing from BRAC, Kemah's shop has grown to be one of the most profitable businesses in the market. In fact, Kemah is such a supporter of BRAC that she became secretary for her lending group to help others apply for loans. Her dreams for the future of her business are to see even more increased sales so she can send one of her children to college one day.

## Health

Working in eight countries, BRAC's health programmes promote sustainable and accessible healthcare for the poor in collaboration with both the state and private healthcare sectors. Working in their own slums and villages, BRAC's 'army' of self-employed community health promoters helps whole communities stay healthy, with a groundbreaking door-to-door approach. These workers create a cost-effective bridge between underserved poor communities and formal healthcare systems. BRAC also organises health meetings to encourage an exchange of knowledge, thus empowering people to take care of themselves, their families and neighbours.

### A picture of progress

The war greatly weakened Liberia's healthcare system, destroying about 95 per cent of the country's previous 325 health facilities. There are fewer than 200 physicians serving the Liberian population of nearly 3.5 million, and the life expectancy at birth is among the lowest in West Africa. To address the lack of access to health services, BRAC began community health activities in Liberia in 2008, following a proven model of community healthcare developed in Bangladesh, which has been successfully

implemented in BRAC programmes across Asia and Africa. The health programme takes a multi-pronged approach to reduce the health risks for poor communities in Liberia. We focus on the prevention and control of malaria, tuberculosis (TB) and HIV/AIDS, the reduction of infant and under-five mortality, and increasing accessibility to health by taking healthcare to the doorstep of the people in the microfinance communities we work with.



A woman selling deworming tablets at a health forum in Matadi, Monrovia

## Our approach:



BRAC's global contribution to utilising health workers and using mobile technology has proven itself area after area.

**Jeffrey Sachs**  
Director, Earth Institute  
Columbia University

BRAC identifies and trains women from our microfinance groups to become Community Health Promoters (CHPs), and employs Female Programme Assistants (FA) to supervise them. The women we select for the CHP training have been recommended by their microfinance officers and have a business that gives them time to conduct daily household visits. They are the central point of contact for health concerns in their communities. Each CHP has an overall responsibility for 150-200 households in her area that she will visit every month – all within one kilometre of her home. CHPs earn a small income from selling healthcare products such as condoms, oral rehydration solution, sanitary napkins, hygienic soap, water purification tablets, insecticide treated mosquito nets and some over-the-counter drugs, such as paracetamol, antihistamines and antacids.

### Community health and nutrition education

BRAC takes a multi-pronged approach to community health education and to sensitise women about basic healthcare needs and practices. We offer community health meetings on issues such as malaria, immunisation, TB and HIV prevention, maternal health, family planning, and water, sanitation and hygiene.

### Immunisation

BRAC works closely with County Health Teams through their participation in the Ministry of Health and Social Welfare's (MoHSW) national immunisation campaigns. In a period of six months, 50,295 children had been immunised by December 2011.

### Family planning

During regular household visits, the CHP encourages women to use modern methods of contraceptives where there is a demand. CHPs also refer eligible couples to the nearest healthcare facilities. In addition to providing referral services,

CHPs sell condoms within the community. BRAC is a member of the Reproductive Health Technical Committee of the MoHSW, and also a core member of the Service Delivery Sub-Committee, which concerns itself with policy issues and quality improvement of reproductive health services in the country.

### Reproductive healthcare

One of BRAC's primary concerns is to improve maternal healthcare awareness and service utilisation. To fulfil this objective, CHPs identify pregnant women during their household visits and refer them to nearby government- or non-government-operated health facilities. The CHPs raise awareness of pregnancy care and prenatal danger signs and follow up to ensure that antenatal care (ANC) and postnatal care (PNC) visits to health facilities are made. The CHP keeps a check on whether her clients have taken their Tetanus Toxoid (TT) doses and completed the intermittent presumptive therapy (IPT) course, which is a preventive measure against malaria commonly prescribed throughout Africa for women during pregnancy. She also raises awareness on the importance of voluntary counselling and testing (VCT) for HIV/AIDS. BRAC is providing ANC services in three counties and so far, 897 pregnant women in 47 communities have received ANC services from our programme assistants.

## Malaria prevention and control

During household visits, the CHP identifies suspected cases of malaria and refers patients to the nearest health facility. She follows up to determine test results and then to see if the patient is taking their anti-malarial medication. A relative of the patient is put in charge of supervising the medication intake according to their prescription. The CHP then conducts a follow-up visit to ensure the patient's recovery and to make sure that he or she has not developed further complications. The CHP keeps records of this information in her household visit register.

BRAC observed World Malaria Day was observed on 25 April 2011 at Monrovia and Gbarnga City of Bong County.

## Tuberculosis prevention and control

CHPs implement a well-tested community-based approach for increasing and sustaining tuberculosis case detection and treatment. During household visits, CHPs look for simple symptoms. When a suspected tuberculosis victim is identified, the CHP encourages that person to be tested at a nearby health facility. She explains the dangers that tuberculosis can pose to the sick person as well as the rest of the family and then follows up on the patient to determine the test results. If the patient tests positive, the CHP can also act as a direct observation treatment short-course (DOTS, strategy recommended by WHO for controlling TB), involving a second party observation of a tuberculosis-infected person taking a prescribed course of medication, so that the patient does not default on taking medication, which over time results in drug resistance. BRAC is working closely with county health teams. In Bong and Lofa counties, BRAC is providing community-based DOTS services where currently 59 tuberculosis patients are being observed. One tuberculosis microscopic centre at the Barmersville government clinic is run by BRAC, and BRAC is also a member of the group on Public-Private Mix PPM for TB control programme.

BRAC observed World Tuberculosis Day was observed on 24 March 2011 at Monrovia and Gbarnga City of Bong County.

## Basic curative services

CHPs are trained to diagnose and treat some common ailments such as diarrhoea, dysentery, common cold and fever, helminthiasis, anaemia, ringworm, scabies, hyperacidity, angular stomatitis and iodine deficiency syndrome. They refer individuals with more complicated conditions to local public and private health facilities.

## Affordable diagnostic services

In October 2010, BRAC established a diagnostic laboratory to help meet the demand for affordable medical laboratory facilities. The lab provides affordable diagnostic services, focusing on marginalised and vulnerable groups. It is also helping reduce transmission of infections and supporting appropriate treatment of diseases through early case detection.

Upon arrival, all patients are registered and, following an initial consultation, are provided with recommendations on appropriate lab diagnostics. They are then offered medical advice and treatment by the medical practitioner on duty. An adjacent drug dispensary sells prescription drugs at affordable prices. While basic diagnostic services are provided to patients for an affordable service charge, subsidies are given to those who are unable to afford the basic fees.

BRAC recruited two local staff as lab aids, who were given a one month hands-on training in laboratory testing techniques. Additionally, CHPs and programme assistants were given a 5-day training course on rapid diagnostic tests for influenza, sputum collection and proper processing, preservation, and transport of lab samples. The lab puts particular focus on tuberculosis and malaria diagnoses.

## Growth in 2011

More than 80,000 households were visited by 552 CHPs every month, with 48,485 patients receiving treatment of basic palliative care, and 14,550 patients being referred to the nearest health facility for follow-up treatment and testing. A total of 128,360 participants attended 12,265 community health forums organised by BRAC health staff, while 4,694 consultations and 6,768 lab tests were performed at the diagnostic laboratory since its launch. In the reporting period, 302 patients were served free of cost at the health and diagnostic centre.

## CASE STUDY



Oldpa is now fully recovered from tuberculosis.

**OLDPA FLOMO:** A man motivated by BRAC to overcome tuberculosis

"If BRAC was not around, I would have probably gone to the nearest clinic or hospital to receive medicine and a follow-up. I would have had to spend money for transportation and be at-risk for discontinuation of treatment because going to the clinics is costly. So, the service provided by BRAC's health programme was economical for me, and ensured regularity for my visits, which is crucial for TB treatment. I admire BRAC's community-based work and request them to continue."

Oldpa Flomo is a 35-year old man living in Gbarnga City in Bong County. He was diagnosed as a tuberculosis patient by one of BRAC's visiting community health promoters. He received the community-based DOTS service whereby the CHP administered treatment every day for five months. He was very impressed by the activities of the community health promoter, as she provided him with medicine every day and motivated him to continue the treatment. In just a few short months, Oldpa fully recovered from his illness.

Tuberculosis is a leading cause of deaths from infectious diseases worldwide. Of the 22 countries battling with 80% of the world's tuberculosis cases, health officials say nine of them are in Africa. In Liberia, an estimated five out of every 1,000 persons in the country has tuberculosis, and treatment is limited by a shortage of

funds. The disease is particularly hard to fight because of the emergence of multi-drug-resistant and extensively-drug-resistant strains that are more expensive to treat, further worsened by the generally lower level of primary healthcare and less access to that care in rural areas.

## Inside BRAC

### Recruitment

BRAC has many committed staff members helping to implement our work in the heart of local communities across Liberia. Career opportunities include positions as microfinance branch managers, credit officers, public relation assistants and accounts assistants, as well as health, agriculture and livestock area coordinators and programme assistants. Community promoters for agriculture, poultry and livestock, and health programmes are recruited through BRAC group members and individual contacts.

By the end of 2011, we employed 388 Liberians, 70 per cent of whom are women in their twenties or thirties looking for the kind of fast career trajectory that BRAC offers to its employees. We also brought in 38 experienced sector specialists from our head office in Bangladesh to oversee management and ensure that extensive operational expertise is available across all our programmes.

### Training and capacity Building

BRAC believes in continually investing in capacity development of its staff to help them develop within the organisation. Most of new staff are working as credit officers and accounts assistants, spending almost 80% of their time running microfinance meetings, awareness-raising activities and undertaking survey work and monitoring. In 2011, 152 staff members of BRAC Liberia Microfinance Company Limited attended various programme-based training courses.

To ensure our workforce is always kept up to date on the latest developments in the respective fields, BRAC organises refresher trainings for all its community health promoters, livestock and poultry volunteers and agriculture extension workers. In 2011, we trained 121 agriculture community promoters, 337 model farmers, 125 horticulturists, 21 broiler and layer rearers, 88 small ruminant rearers and 74 pig rearers.

Our staff also received a range of training relevant to seed enterprise, including quality assurance, processing, production, storage, marketing and business management at the Seed Enterprise Management Institute at the University Of Nairobi, Kenya as well as at ILITA-AGRA, Nigeria, in the year concluded.

Some of Liberia's major development organisations have been holding their training programmes at BRAC's Learning Centre since July 13, 2011. The training programmes include OXFAM GB's 'Modern Agricultural Practices' for the Amenu Farmers Cooperative from Nimba County, AGRA's workshop on seed production and processing for BRAC, Arjay Farms and Green Star Inc., ODAFARA's training on food security and agricultural productivity for the Ministry of Agriculture and local farmers' organisations.

### Monitoring

2011 marks the second year of the operation of our monitoring department which provides BRAC's management teams with feedback on the operational performance of the development programmes. The department runs monitoring activities in both Liberia and Sierra Leone independently from the country programmes to ensure that feedbacks are unbiased. In addition to monitoring day-to-day operational activities, the department reviews operations of the microfinance branches and suggests methods for quality improvement.

## Development Partners

BRAC's programmes in Liberia were launched through a unique partnership with the Soros Economic Development Fund (SEDF), the Foundation Open Society Institute, Omidyar Network and Humanity United.

In addition to supporting BRAC in Liberia through grant funds, Omidyar Network and SEDF are active investors in BRAC Liberia Microfinance Company Limited, with a 49 per cent equity stake and representation on its governing board. Of the nine members in the finance company board, five are BRAC representatives, two are from the Foundation Open Society Institute, one is from SEDF and another member is from Omidyar Network. This partnership signifies joint ownership, commitment and a vote of confidence in BRAC's approach towards development as it expands into poor and conflict-ridden countries in West Africa. As co-owners of the company and investors in economic development and social change in Liberia, Omidyar Network and SEDF provide solid support to BRAC's nascent operations, thereby creating leverage and attracting additional investment. BRAC expects to continue receiving support from these investors through 2012.

In 2010, the United Nations Capital Development Fund (UNCDF) MicroLead Programme provided a one million USD grant support to the BRAC Liberia Microfinance Company Limited. A partnership with Kiva started in April 2011, through which BRAC receives an average of USD 25,000 per month as refundable interest-free loans that will increase up to USD 1,000,000 per month for the next year.

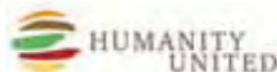
BRAC Liberia started working with the Alliance for Green Revolution in Africa (AGRA) in June 2011 in 20 communities where BRAC is operating for two years, for a project titled 'Increasing Knowledge, Production and Access to Improved Seed Varieties'. The main objectives of the project are to create farmers' awareness on the use of improved variety seeds for greater productivity, to increase production of seeds of improved varieties, to disseminate seed packages to smallholder farmers at affordable prices, and to ensure quality seeds for livelihoods and food security. By December 2011, BRAC Liberia had received payment for two-quarters of a total of USD 15,000 from AGRA for the project. The total expenditure of the two-year project is USD 79,475.

BRAC has also maintained its Observer status in the monthly meeting of the Liberia Coordination Mechanism of the Global Fund to Fight AIDS, Tuberculosis and Malaria.

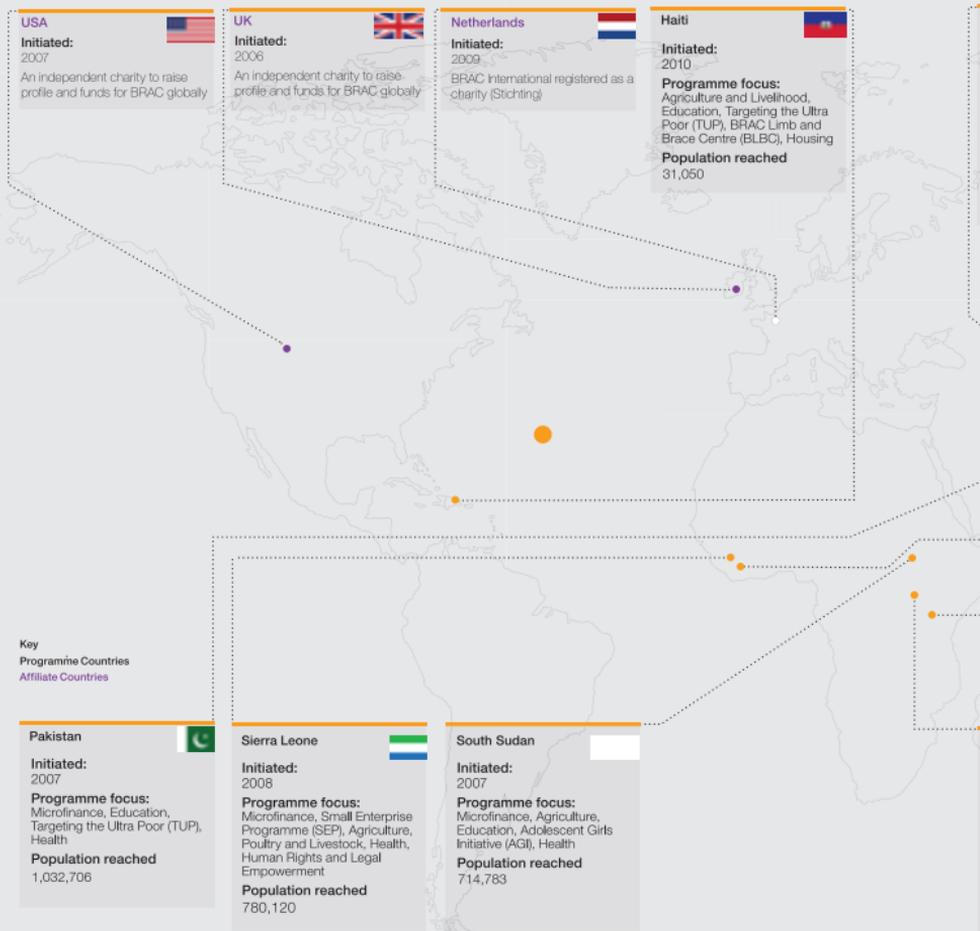
### Coordination and collaboration

BRAC has built strong relations with the Ministry of Health and Social Welfare (MoHSW) through collaboration and coordination processes. BRAC still continues its support to the government-run tuberculosis treatment centre in Barbersville by providing diagnostic services, lab equipment and human resources.

BRAC regularly takes part in government-led health coordination meetings at the county and national levels, and actively participates in the tuberculosis and malaria partner institutions' meetings conducted by the tuberculosis and malaria control programmes of the MoHSW. BRAC has also been enthusiastically taking part in the National Tuberculosis, Malaria, World Breast Feeding, World Contraceptive and National Immunisation Days.



# BRAC across the world



## Afghanistan



**Initiated:**  
2002

**Programme focus:**  
Microfinance, Small Enterprise Programme (SEP), Education, Adolescent Reading Centers (ARCs), Health, National Solidarity Programmes

**Population reached**  
4,739,877

## Bangladesh



**Initiated:**  
1972

**Programme focus:**  
Microfinance, Education, Health, Ultra Poor, Community Empowerment, Human Rights, Advocacy, Agriculture, Disaster Management, WASH, Gender Equality

**Population reached**  
Over 113 million

## Sri Lanka

**Initiated:**  
2005

**Programme focus:**  
Microfinance  
**Population reached**  
527,948

## Uganda



**Initiated:**  
2006

**Programme focus:**  
Microfinance, Small Enterprise Programme (SEP), Agriculture, Poultry and Livestock, Education, Empowerment and Livelihood for Adolescents (ELA), Health, Karamoja Initiative

**Population reached**  
2,827,392

## Tanzania



**Initiated:**  
2006

**Programme focus:**  
Microfinance, Small Enterprise Programme (SEP), Agriculture, Poultry and Livestock, Empowerment and Livelihood for Adolescents (ELA)

**Population reached**  
1,332,187

## Philippines



**Initiated:**  
2012

**Programme focus:**  
Education

## Liberia



**Initiated:**  
2008

**Programme focus:**  
Agriculture, Microfinance, Health

**Population reached:**  
562,772

**25,795**

Microloan borrowers

**8.92 million**

Loan disbursed (cumulative) USD

**1,063**

Micro-enterprise loan borrowers

**3.14 million**

Loan disbursed (cumulative) USD

**9,928**

Farmers trained

**362,692**

Poultry vaccination doses provided

**552**

Health volunteers

**3,220**

Malaria patient cured

# Harnessing the Past:

Our innovations in the last four decades

## 1970s

### Functional education



Life skills development education for adults that helps to build solidarity, create a savings mentality and prepare people for new income generation

### Village organisations (VOs)



The most effective medium for catalysing change in disadvantaged communities

### Para-professionals



Pioneering models for vaccinators, community health workers and 'barefoot lawyers' that provide incentive based jobs for those ready to serve their own communities

## 1980s

### Homemade oral rehydration solution campaign



A groundbreaking campaign in which 13 million households in Bangladesh learned how to make oral saline at home – a lesson that continues to save millions of lives from diarrhoea

### Incentive salary system



A result oriented incentive package that measures effectiveness of and compensates our community workers and volunteers accordingly

### Education for dropouts and non entrants



Our own primary schools that help disadvantaged children make successful transitions to formal schools

### Enterprises for value chain support



An integrated network of our development programmes, enterprises and investments that result in a unique synergy that supports our holistic approach for alleviating poverty

### Directly observed treatment (DOT) for TB control



An effective treatment method for tuberculosis, a result of our incentive based salary system for community health workers, ensuring patients' daily intake of medicine for six months or more

### Credit ++ approach



An integrated set of services for the landless poor, marginal farmers and small entrepreneurs working together to strengthen the supply chain of the enterprises in which our microfinance borrowers invest

# 1990s

## Empowerment and livelihood for adolescents



A range of initiatives to empower adolescents including skills training, social development and micro-loans for their future businesses.

## Adolescent clubs



Safe spaces where peer driven intervention for adolescents enhance their personal growth and social skills

## Pre primary schools



Our own pre primary schools where we prepare underprivileged children to enter mainstream primary schools

## Hybrid maize



A pioneer venture to commercialise corn harvesting, which plays a key role in making farmers shift from traditional single cropping to multiple cropping to maximise land usage during idle seasons

## Popular theatre



A traditional platform became an effective communication medium to advocate for social changes in rural communities, particularly to the illiterate

## Artificial inseminators



We transformed over 2,000 rural poor into entrepreneurs with an innovative livelihood opportunity: providing fee based 'door to door' artificial insemination and education services for livestock farmers

# 2000s

## Sharecroppers scheme



A phenomenal initiative to offer soft loans for tenant farmers (sharecroppers) with a specially tailored recovery plan

## Challenging the frontiers of poverty reduction



A unique model focusing on extremely deprived women to improve their economic and social situations, allowing ultra poor households to graduate from extreme poverty and enter mainstream development programmes

## Birthing huts



Safe and culturally accepted childbirth places with appropriate services for mothers in urban slums

## M-health services



A mobile based platform that community health workers use to collect data and provide a range of real time automated services such as storing patient records, categorising and assessing medical risks, prioritising medical responses and monitoring referrals

## Unique management model



A unique management model that focuses on internal control without sacrificing creativity, runs our large scale interventions cost effectively, and enables us to constantly learn from the communities we serve across the world

# Governance

## BRAC Liberia (NGO)



**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 world's largest humanitarian prize, the Inaugural Clinton Global Citizen Award (2007), the Henry R. Kravis Prize in Leadership (2007)



**Dr. Mahabub Hossain**  
Executive Director, BRAC  
and BRAC International  
(Ex-officio)

A renowned agricultural economist, Dr. Hossain is former head of Social Sciences Division of the International Rice Research Institute (IRRI), Philippines and former director General of the 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.



**Muhammad A. (Rumee) Ali**  
Managing Director, BRAC  
(Ex-officio)

Mr. Rumee is the vice chairman of Bangladesh Association of Banks and a member of the Global Steering Committee of the 'Performance Based Grants Initiative' of the International Finance Corporation and the Technical Advisory Committee of Bangladesh Investment Climate Fund. He served as the deputy governor of Bangladesh Bank, and country head and general manager of Grindlays Bangladesh. He was appointed the CEO of the Standard Chartered Group in Bangladesh, heading both Standard Chartered Bank and Standard Chartered Grindlays Bank. He also served as a member of the Governing Body of PKSF.



**Faruque Ahmed**  
Senior Director  
BRAC International

Prior to joining BRAC, Mr. Ahmed worked for the World Bank. He is a member of the working group of Bangladesh Health Watch, a civil society initiative, vice chair of Bangladesh Country Coordination Mechanism for Global Funds for AIDS Tuberculosis and Malaria and a member of World Bank Civil Society Consultative Group on Health, Nutrition and Population. He also represented civil society on the GAVI Alliance Board.



**Tanwir Rahman**  
Director, Finance,  
BRAC and BRAC  
International

Previously, Mr. Rahman was the Divisional Controller for HBG (Hollandsche Beton Groep) Royal BAM, Assistant Controller for Mitchell engineering, Senior Project Accounting Manager for Bovis Lend Lease. Before joining BRAC he worked as Controller for Allied Container System.

## Governance

### BRAC Liberia Microfinance Company Ltd

**Susan Davis**  
President and CEO  
BRAC USA

**S.N. Kairy**  
CFO  
BRAC Group

**Faruque Ahmed**  
Senior Director  
BRAC International

**Tanwir Rahman**  
Director, Finance  
BRAC and BRAC International

**Neal Delaurentis**  
Soros Economic  
Development Fund  
(SEDF)

**Arjuna Costa**  
Omidyar Network  
(ON)

**Tennyson Williams**  
Open Society Initiative West  
Africa (OSIWA)

**T.Negbalee Warner**  
Open Society Initiative West  
Africa (OSIWA)

### Shareholders

BRAC (51%)  
Soros Economic Development Fund (SEDF) (24.5%)  
Omidyar Network (ON) (24.5%)

## Management



**Mohammed Abdul Salam**  
Country Representative,  
BRAC in Liberia

Born in Bangladesh, Mr. Salam has over 24 years of experience working at BRAC Bangladesh and BRAC International in areas including public health, social and organisational capacity building, and programme coordination and management. He has been a key liaison between BRAC and its stakeholders, government representatives, donor agencies and partner organisations. Prior to working for BRAC in Liberia from 2008 as Senior Representative, he served as Senior Programme Coordinator and Programme Manager for BRAC's health programmes in Bangladesh and Tanzania, respectively.

Mr. Salam completed both his B.A. and M.A. in Economics at Chittagong University in Bangladesh. He also completed a Master's degree in Primary Health Care Management at Mahidol University in Thailand. His educational background has been complemented by several trainings including on monitoring and evaluation of social development projects at the University of Wales Swansea in the UK; a programme for development managers at the Asian Institute of Management in the Philippines; and training on epidemiology and biostatistics from BRAC's International Centre for Diarrhoea, Disease Research in Bangladesh. In addition to undertaking extensive travels across many countries in Asia and Africa, Mr. Salam is a frequent writer of articles on health issues. .



**Md. Billal Hossain**  
Managing Director of  
Microfinance, BRAC in  
Liberia

Mr. Hossain, born in Bangladesh, obtained his Bachelor of Commerce degree from Dhaka University and a Master's Degree in Commerce (Management) from the National University in Bangladesh. He has 16 years of experience working for BRAC in Bangladesh, Tanzania and South Sudan in several positions, ranging from Branch to Regional Accountant and from Branch to Regional Manager for BRAC's microfinance programmes. Mr. Hossain started to head BRAC's microfinance programmes in Liberia in January 2012.

## Notes

VOSCON INC.  
Certified Public Accountants

BRAC Liberia

Independent auditors' report and financial statements  
For the year ended December 31, 2011

## **MANAGEMENT REPORT**

The Organisation's Management presents their reports and the audited financial statements of BRAC Liberia for the period ended 31st December 2011.

### **Management's Responsibility Statement**

Management is responsible for the preparation and fair presentation of the financial statements comprising, the Statement of financial position as at 31st December, 2011, the statements of receipts and expenditure the cash flow statement for the period then ended, and the notes to the financial statements. The notes to the financial statements include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the provisions of the grant agreement.

The Management's responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Management's responsibility also includes maintaining adequate accounting records and an effective system of risk management.

### **Going Concern**

The Management has made an assessment of the Organization's ability to continue as a going concern and have no reason to believe the project will not be a going concern in the years ahead.

### **Results**

The result for the period and the state of the project affairs are set out in the attached financial statements.

**VOSCON INC.**

AUDITORS' REPORT



**To: The Board of Directors  
BRAC Liberia**

We have audited the accompanying Financial Statements of BRAC Liberia, which comprise the Statement of Financial Position as at December 31, 2011, the related statements of receipts and expenditure and the cash flow statements for the period then ended. These financial statements are prepared in accordance with the accounting policies and other explanatory notes as set out on pages 8 to 13.

**Management Responsibility**

The Organization's managements are responsible for the preparation and the fair presentation of these Financial Statements in accordance with International Financial Reporting Standards and the manner required by the Project Grant Agreement. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRAC Liberia as at December 31, 2011, and the results of its operations and its cash flows for the year ended December 31, 2011 in accordance with International Financial Reporting Standards (IFRS).

*Vollen*

(Certified Public Accountants)  
May 8, 2012  
Monrovia

**BRAC LIBERIA**  
**Independent Auditors' Report and Financial Statement**  
**For the year ended December 31, 2011**  
**Statement of financial position**

		2011	2010	2011	2010
	Notes	LRD	LRD	USD	USD
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property and Equipment	10	21,959,020	3,608,264	302,883	57,274
<b>Current Assets</b>					
Cash and Bank	11	90,299,043	144,569,103	1,245,504	2,294,748
Other Receivables	12	2,619,469	3,587,919	36,131	56,951
Related Party Receivables					
		<u>92,918,512</u>	<u>148,157,022</u>	<u>1,281,635</u>	<u>2,351,699</u>
<b>Total assets</b>		<b><u>114,877,532</u></b>	<b><u>151,765,286</u></b>	<b><u>1,584,518</u></b>	<b><u>2,408,97</u></b>
<b>LIABILITIES AND CAPITAL FUND</b>					
<b>Liabilities</b>					
Other Payables	13	19,495,666	12,115,080	268,906	192,303
Due to related parties	13.1	10,386,527		143,262	
<b>Total liabilities</b>		<b><u>29,882,193</u></b>	<b><u>12,115,080</u></b>	<b><u>412,168</u></b>	<b><u>192,303</u></b>
<b>Capital fund</b>					
Donor funds	14	69,106,937	139,650,206	953,199	2,216,670
Retained Surplus		15,888,402		219,150	
<b>Total capital fund</b>		<b><u>84,995,339</u></b>	<b><u>139,650,206</u></b>	<b><u>1,172,350</u></b>	<b><u>2,216,670</u></b>
<b>Total liabilities and Capital fund</b>		<b><u>114,877,532</u></b>	<b><u>151,765,286</u></b>	<b><u>1,584,518</u></b>	<b><u>2,408,973</u></b>

These financial statement were approved by the board of directors on 24/5 2012 and were signed on its behalf by:



Dr. Imran Matin  
Deputy Executive Director



Tarwir Rahman CPA  
Director of Finance

**BRAC LIBERIA**  
**Independent Auditors' Report and Financial Statement**  
**For the year ended December 31, 2011**  
**Statement of Receipts and Payments**

	Notes	2011	2010	2011	2010
		LRD	LRD	USD	USD
Grant Income	4	73,259,617	75,237,020	1,010,477	1,194,238
Other Income	5	5,478,754	2,654,793	75,569	42,140
<b>Total Income</b>		<b>78,738,371</b>	<b>77,891,813</b>	<b>1,086,046</b>	<b>1,236,378</b>
Staff costs and other benefits	6	32,190,374	17,395,807	444,005	276,124
Training, Workshops & Seminars	7	1,705,445	6,294,982	23,523	99,920
Occupancy expenses	8	6,345,036	5,369,044	87,518	85,223
Other general & administrative expenses	9	37,335,810	48,195,487	514,977	765,008
Depreciation	10	1,161,706	636,493	16,024	10,103
<b>Total Expenditure</b>		<b>78,738,371</b>	<b>77,891,813</b>	<b>1,086,046</b>	<b>1,236,378</b>
<b>Operating Surplus</b>		-	-	-	-
Other Comprehensive Income		15,888,402	-	219,150	-
<b>Surplus Reserve</b>		<b>15,888,402</b>	-	<b>219,150</b>	-

**BRAC LIBERIA**  
**Independent Auditors' Report and Financial Statement**  
**For the year ended December 31, 2011**  
**Statement of Cash Flow**

	Notes	2011 LRD	2010 LRD	2011 USD	2010 USD
<b>Net cash provided by/(used in) Operating Activities</b>	<b>15</b>	<b>35,785,673</b>	<b>6,205,218</b>	<b>493,595</b>	<b>98,496</b>
<b>Cash flow from Investing Activities</b>					
Acquisition of fixed assets		(19,512,462)	(1,940,194)	(269,137)	(30,797)
<b>Net cash provided by/(used in) Investing Activities</b>		<b>(19,512,462)</b>	<b>(1,940,194)</b>	<b>(269,137)</b>	<b>(30,797)</b>
<b>Cash flow from Financing Activities</b>					
Increase/(decrease) in deferred income		18,268,531	1,303,698	251,980	20,694
Increase/(decrease) in grants received in advance		(88,811,800)	(44,496,442)	(1,224,990)	(706,293)
<b>Net cash provided by/(used in) Financing Activities</b>		<b>(70,543,269)</b>	<b>(43,192,744)</b>	<b>(973,011)</b>	<b>(685,599)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(54,270,058)</b>	<b>(38,927,720)</b>	<b>(748,553)</b>	<b>(617,900)</b>
Cash in hand and at banks, beginning of the year		144,569,101	183,496,821	1,994,057	2,912,648
<b>Cash and cash equivalents at end of the year</b>	<b>11</b>	<b>90,299,043</b>	<b>144,569,101</b>	<b>1,245,504</b>	<b>2,294,748</b>

**BRAC LIBERIA**  
**Independent Auditors' Report and Financial Statement**  
**For the year ended December 31, 2011**  
**Notes to the financial statements**

**1. Reporting entity**

BRAC Liberia, which was incorporated in March of 2008, is a not-for-profit development organization. At present, BRAC has a number of development programs that cover the areas of health, agriculture, poultry & livestock's and training for the people of Liberia.

**2. Basis of preparation**

**(a) Basis of presentation of the financial statement**

BRAC Liberia prepares its financial statements on a going concern basis, under the historical cost convention, which are in accordance with generally accepted accounting principles. BRAC Liberia generally follows the accrual basis of accounting or a modified form thereof for key income and expenditure items, as disclosed in the Summary of Significant Accounting Policies. The financial statements are expressed in Liberian Dollars with United States Dollars equivalent translation.

**(c) Functional and reporting currency**

These financial statements are presented in Liberian Dollar, which is the entity's functional currency. The financial statements include figures, which have been translated from Liberian Dollar (LRD) to United States Dollars (US \$) at the year end rate of US\$ 1: 72.5 LRD in 2011 and US\$ 1: 63 LRD in 2010. These figures are for memorandum purposes only and do not form part of the audited financial statements.

**(d) Use of estimates and judgments**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

**3. Summary of significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**(a) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currency of the entity at exchange rates at the dates of the transactions; BRAC Liberia uses an exchange rate of 72.5 for the period under review that is 2011 and exchange rate of 63 for the year 2010. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

**(b) Donor grant**

Income from donor grants is recognized when conditions on which they depend have been met. Substantially, BRAC Liberia's donor grants are for the funding of projects and programs, and for these grants, income is recognized to equate to expenditure incurred on projects and programs. 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 of motorcycles for specific projects, income is recognized over the estimated useful life of the motorcycles.

All donor grants received are initially recorded at fair value as liabilities in Grants Received in Advance Account. For grants utilized to purchase fixed assets and motorcycles, the donor grants are transferred to deferred income accounts whilst for grants utilized to reimburse program-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 Liberia 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 program-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 programs, any unutilized amounts are dealt with in accordance with consequent donor and management agreements. For ongoing projects and programs, 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

**Notes to the financial statements (continued)**  
**Significant accounting policies (continued)**

**(c) Expenses**

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

**(d) Property, plant & equipment**

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

**(ii) Depreciation**

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of each part of an item of fixed assets. Leasehold improvements are amortized over the life of the improvement or the life of the lease, whichever is shorter. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Vehicle / Cycles- 5years

Furniture – 10 years

Equipment- 6.67 years

Generator – 5 years

Notes to the financial statements (continued)

	2011 LRD	2010 LRD	2011 USD	2010 USD
<b>4. GRANT INCOME</b>				
Grant received in advance				
Account	72,097,911	74,600,527	994,454	1,184,135
Deferred Income	1,161,706	636,493	16,024	10,103
	<b>73,259,617</b>	<b>75,237,020</b>	<b>1,010,477</b>	<b>1,194,238</b>
<b>5. OTHER INCOME</b>				
Other Project Income	1,331,162	143,131	18,361	2,272
Bank Interest Income	981,764		13,542	
Exchange gain- realised	3,165,828	2,511,662	43,667	39,868
	<b>5,478,754</b>	<b>2,654,793</b>	<b>75,569</b>	<b>42,140</b>
<b>6. STAFF COSTS AND OTHER BENEFITS</b>				
Salary and benefits	32,190,374	17,395,807	444,005	276,124
	<b>32,190,374</b>	<b>17,395,807</b>	<b>444,005</b>	<b>276,124</b>
<b>7. TRAINING, WORKSHOPS AND SEMINARS</b>				
External member trainings	1,705,445	6,294,982	23,523	99,920
	<b>1,705,445</b>	<b>6,294,982</b>	<b>23,523</b>	<b>99,920</b>

Notes to the financial statements (continued)

	2011 LRD	2010 LRD	2011 USD	2010 USD
<b>8. OCCUPANCY EXPENSES</b>				
Rent and utilities	6,345,036	5,369,044	87,518	85,223
	<b>6,345,036</b>	<b>5,369,044</b>	<b>87,518</b>	<b>85,223</b>
<b>9. OTHER GENERAL &amp; ADMINISTRATIVE EXPENSES</b>				
Stationery & Supplies	805,519	84,205	11,111	1,337
Maintenance and general expenses	17,920,733	18,449,956	247,183	292,856
Program supplies	4,668,877	13,550,107	64,398	215,081
HO logistic expenses	5,290,436	11,326,987	72,972	179,793
Travel and transportation	8,650,245	4,784,232	119,314	75,940
	<b>37,335,810</b>	<b>48,195,487</b>	<b>514,977</b>	<b>765,008</b>

Notes to the financial statements (continued)

10. PROPERTY AND EQUIPMENT

	Furniture LRD	Building LRD	Land LRD	Equipments LRD	Motor Vehicles LRD	Total LRD	Total USD
<b>Cost</b>							
At January 2010	839,233			447,357	1,443,790	2,730,380	43,239
Additions	1,072,969			371,070	486,125	1,940,194	30,797
<b>At 31 December 2010</b>	1,912,232		1,197,000	818,427	1,939,915	4,670,574	74,136
Additions	941,800	14,591,300		2,859,222		19,589,322	270,198
Writeoff					(76,863)	(76,863)	(1,000)
<b>At 31 December 2011</b>	<b>2,854,032</b>	<b>14,591,300</b>	<b>1,197,000</b>	<b>3,677,649</b>	<b>1,863,055</b>	<b>24,183,036</b>	<b>333,559</b>
<b>Depreciation</b>							
At January 2010	98,519			71,738	260,560	426,817	6,759
Charge for the year	169,687			123,729	344,104	637,520	10,103
<b>At 31 December 2010</b>	<b>268,186</b>			<b>195,460</b>	<b>604,664</b>	<b>1,068,310</b>	<b>16,862</b>
Charge for the year	352,445			441,773	357,458	1,151,706	16,024
<b>At 31 December 2011</b>	<b>614,631</b>			<b>637,233</b>	<b>972,152</b>	<b>2,224,016</b>	<b>30,676</b>
<b>At 31 December 2010</b>	<b>1,650,046</b>			<b>622,967</b>	<b>1,335,251</b>	<b>3,608,264</b>	<b>57,474</b>
<b>At 31 December 2011</b>	<b>2,239,401</b>	<b>14,591,300</b>	<b>1,197,000</b>	<b>3,040,416</b>	<b>890,903</b>	<b>21,959,020</b>	<b>302,883</b>

Notes to the financial statements (continued)

	2011 LRD	2010 LRD	2011 USD	2010 USD
<b>11. CASH AND BANK</b>				
Cash in hand	152,993	95,082	2,110	1,509
Cash at Bank	90,146,050	144,474,021	1,243,394	2,293,238
	<b>90,299,043</b>	<b>144,569,103</b>	<b>1,245,504</b>	<b>2,294,748</b>
<b>12. OTHER RECEIVABLES</b>				
Advance to 3rd party	2,272,141	2,784,625	31,340	44,200
Stock and consumables(Medicine & Reagent)	347,328	-	4,791	-
Other Assets		803,294	-	12,75
	<b>12,619,469</b>	<b>3,587,919</b>	<b>36,131</b>	<b>56,951</b>
<b>13. OTHER PAYABLES</b>				
Bonus/Gratuity provision	855,261	-	11,797	-
Provision for NSSF	385,870	-	5,322	-
Withholding tax payable	213,583	-	2,946	-
Current account in transit		6,851,653	108,756	
Accounts Payable(MF)	12,265,618	-	169,181	-
Outstanding Liabilities	1,511,804	3,276,006	20,852	52,000
Current Account With Group	4,263,530	1,987,421	58,807	31,546
	<b>19,495,666</b>	<b>12,115,080</b>	<b>268,906</b>	<b>192,303</b>

Notes to the financial statements (continued)

		2011 LRD	2010 LRD	2011 USD	2010 USD
<b>13.1 RELATED PARTY PAYABLES</b>					
Payable to Stichting BRAC International		1,404,699	-	19,375	-
Payable to BRAC Bangladesh		8,981,828	-	123,887	-
		<u>10,386,527</u>		<u>143,262</u>	
<p>Related party payables relate to amounts owing to BRAC Bangladesh for the settlements of staff costs and operating expenditures on behalf of Liberia.</p>					
<b>14. DONOR FUNDS</b>					
Donor funds received in advance	<b>14.1</b>	47,230,228	136,042,028	651,451	2,159,397
Donor funds investment in fixed ass	<b>14.2</b>	21,876,709	3,608,178	301,748	57,273
		<u>69,106,937</u>	<u>139,650,206</u>	<u>953,199</u>	<u>2,216,670</u>
<b>14.1 Donor funds received in advance</b>					
Opening balance		136,042,028	180,538,470	1,876,442	2,865,690
Donations received during the year	<b>14.1a</b>	1,519,348	32,044,279	20,957	508,639
Transferred to deferred income - investment in fixed assets		(18,233,237)	(1,940,194)	(251,493)	(30,797)
Transferred to statement of income and expenses		(72,097,911)	(74,600,527)	(994,454)	(1,184,135)
<b>Closing balance</b>		<u>47,230,228</u>	<u>136,042,028</u>	<u>651,451</u>	<u>2,159,397</u>

Notes to the financial statements (continued)

14.01a Donations received during the year	2011 LRD	2010 LRD	2011 USD	2010 USD
<b>Name of donor</b>				
FCSI	-	32,044,279	-	508,639
AGRA	1,077,678	-	14,865	-
UNFFPA	441,670	-	6,092	-
	<b>1,519,348</b>	<b>32,044,279</b>	<b>20,957</b>	<b>508,639</b>
<b>14.02 Donations - investments in fixed assets</b>				
Opening balance	3,608,178	2,304,477	49,768	36,579
Transferred from donor funds received in Advance	18,233,237	1,940,194	251,493	30,797
Prior year adjustments	1,197,000	-	16,510	-
Depreciation charged during the year	(1,161,706)	(636,493)	(16,024)	(10,103)
	<b>21,876,709</b>	<b>3,608,178</b>	<b>301,748</b>	<b>57,273</b>
<b>15. CASHFLOW FROM OPERATING EXPENSES</b>				
Excess of income over expenditure	15,888,404	-	219,150	-
Depreciation	1,161,706	636,493	16,024	10,103
<b>Cash flow before changes in working capital</b>	<b>17,050,110</b>	<b>636,493</b>	<b>235,174</b>	<b>10,103</b>
<b>Changes in working capital</b>				
(Increase)/decrease in inventory			-	-
(Decrease)/increase in receivables	968,450	(1,571,869)	13,358	(24,950)
Decrease(increase)/decrease in related party receivables	10,386,527	7,140,594	143,262	113,343
Increase of other payables	7,380,586	-	101,801	-
<b>Net cash from operations</b>	<b>35,785,673</b>	<b>6,205,218</b>	<b>493,595</b>	<b>98,496</b>

VOSCON INC.  
Certified Public Accountants

BRAC Liberia Micro-Finance Company Limited

Independent Auditors' Report and Financial Statements  
For the year ended December 31, 2011

A MEMBER FIRM OF VOSCON INTERNATIONAL SERVICES

## **Report of the Board of Directors**

The Board of Directors presents their report and audited financial statements for the year ended December 31, 2011.

### **The Board's Responsibility Statement**

The entity's directors are responsible for the preparation and fair presentation of the financial statements, comprising the balance sheet as at December 31, 2011, the statements of income and expenses, the statement of changes in equity and statements of cash flows for the period then ended, and the notes to the financial statements. The notes to the financial statements include a summary of significant accounting policies and other explanatory notes, and the report of the directors in accordance with International Financial Reporting Standards (IFRS), the Disclosure Guidelines for Financial Reporting by Microfinance Institution which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor (CGAP) and the member of the Small Enterprise Education and Promotion Network (SEEP), the Prudential Regulations for Micro-finance Institutions issued by the Central Bank of Liberia and in the manner required by the provisions of the Articles of Incorporation.

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the entity's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the years ahead.

### **Principal Activities**

The principal activities of the entity continue to be the providing of micro-finance to low income and economically active members of the Liberian community who manage small and micro businesses and would like credit financing to expand and improve on their activities.

### **Results**

The results for the periods and the state of the entity's affairs are shown in the attached financial statements.

### **Approval of the financial statements**

The financial statements were approved by the Board of Directors on 24 May 2012.

**Going concern**

The financial statements have been prepared on the going concern basis of accounting which assumes that the entity will and can continue to exist as a going concern and that the assets will be realized in the normal course of the entity's business for at least the values contained in the financial statements. The entity will continue to meet its obligations for its liabilities in the normal conduct of its business.

**Board of Director's members**

The following members served during the period:

Ms. Susan Davis  
Dr. Imran Matin  
Mr. S. N. Kairy  
Mr. Tanwir Rahman  
Mr. Neal Delaurentis  
Mr. Arjuna Costa  
Mr. Tennyson Williams  
Mr. T. Negbalee Warner

**Auditors**

VOSCON Inc, the auditors, has expressed their desire to continue as auditors of the entity.

By order of the Board of Directors



.....  
Susan Davis  
(Chairperson)



.....  
Dr. Imran Matin  
(Deputy Executive Director)



.....  
Tanwir Rahman, CPA Director Finance

Certified Public Accountants  
Business Solutions Consultants

Voscon Plaza  
88 Broad Street  
Monrovia

Box 40 - 0011  
1900 Monrovia 10, Liberia  
Fakel: (231) 226 307  
Cell: +231 6 514 965  
Email: [voscon@brma@vosconafrika.com](mailto:voscon@brma@vosconafrika.com)  
Website: [vosconafrika.com](http://vosconafrika.com)

**VOSCON INC.**



## INDEPENDENT AUDITORS' REPORT

**To: The Board of Directors  
BRAC Liberia Microfinance Company Limited**

We have audited the financial statements of BRAC Liberia Microfinance Company Limited which comprise the statement of financial position as at December 31, 2011, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the summary of significant accounting policies and other explanatory notes.

### Managements' responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the Disclosure Guidelines for Financial Reporting by Microfinance Institution which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor (CGAP) and the member of the Small Enterprise Education and Promotion Network (SEP), the Prudential Regulations for Micro-finance Institutions issued by the Central Bank of Liberia and in the manner required by the Association's Law Title 5 of the Liberian Code of Laws Revised.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Liberia Microfinance Company Limited as at December 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the Disclosure Guidelines for Financial Reporting by Microfinance Institution which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor (CGAP) and the member of the Small Enterprise Education and Promotion Network (SEP), the Prudential Regulations for Micro-finance Institutions issued by the Central Bank of Liberia and in the manner required by the Association's Law Title 5 of the Liberian Code of Laws Revised.

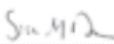
*Voscon*

(Certified Public Accountants)  
Monrovia  
May 8, 2012

**BRAC LIBERIA MICROFINANCE COMPANY LIMITED**  
As at December 31, 2011  
**Statement of Financial Position**

	Notes	2011	2010	2011	2010
		LRD	LRD	USD	USD
<b>ASSETS</b>					
Cash and Bank	12	96,590,158	183,307,188	1,318,485	2,563,737
Short term deposits	13	-	-	-	-
Loans and advances to customers	14	245,457,894	148,921,041	3,385,626	2,082,812
Other assets	15	17,437,819	16,507,782	240,519	230,878
Deferred tax asset	11(b)	1,801,864	-	24,853	-
Property and equipment	16	6,856,228	6,849,885	94,569	95,803
<b>Total assets</b>		<b>367,143,763</b>	<b>355,585,896</b>	<b>5,064,052</b>	<b>4,973,229</b>
<b>LIABILITIES AND CAPITAL FUND</b>					
<b>Liabilities</b>					
Loan security fund	17	55,306,824	37,414,100	762,853	523,274
Related party payables	18	2,649,754	-	36,548	-
Borrowings	19	6,809,028	-	93,918	-
Other liabilities	20	11,495,338	4,044,081	158,556	56,561
Tax payable	11(c)	1,102,645	1,102,645	15,209	15,422
<b>Total liabilities</b>		<b>77,363,589</b>	<b>42,560,826</b>	<b>1,067,084</b>	<b>595,256</b>
<b>Capital fund</b>					
Donor funds	21.10	-	71,500,000	-	1,000,000
Donated equity	23	71,500,000	-	986,207	-
Retained earnings		(73,164,285)	(49,919,369)	(1,009,162)	(698,173)
Share Capital	24	291,444,439	291,444,439	4,019,923	4,076,146
<b>Total capital fund</b>		<b>289,780,174</b>	<b>313,025,070</b>	<b>3,996,968</b>	<b>4,377,973</b>
<b>Total liabilities and Capital fund</b>		<b>367,143,763</b>	<b>355,585,896</b>	<b>5,064,052</b>	<b>4,973,229</b>

The financial statements on pages 6 to 9 were approved by the Board of Directors on 24.05.2012 and signed on their behalf by:

  
.....  
Susan Davis  
(Chairperson)

  
.....  
Dr. Imran Matin  
(Deputy Executive Director)

  
.....  
Tanwir Rahman, CPA  
Director of Finance

The notes on pages 10 to 27 are an integral part of these financial statements

**BRAC LIBERIA MICROFINANCE COMPANY LIMITED**  
For the year ended December 31, 2011  
**Statement of Comprehensive Income**

	Notes	2011	2010	2011	2010
		LRD	LRD	USD	USD
Service charge on loans	5	100,989,978	55,132,247	1,392,965	772,160
Interest expense		-	-	-	-
<b>Net income from service charge</b>		<b>100,989,978</b>	<b>55,132,247</b>	<b>1,392,965</b>	<b>772,160</b>
Membership fees and other charges	6	6,948,090	4,615,210	95,836	64,639
Other Income	7	2,731,594	(13,598,064)	37,677	(178,446)
Grant Income	22.1				
		9,679,684	(8,982,854)	133,513	(113,807)
<b>Total operating income</b>		<b>110,669,662</b>	<b>46,149,393</b>	<b>1,526,478</b>	<b>658,353</b>
Impairment losses on loans and advances to customers	8	15,304,783	15,450,603	211,100	216,395
<b>Operating income after impairment charges</b>		<b>95,364,879</b>	<b>30,698,790</b>	<b>1,315,378</b>	<b>441,958</b>
Staff costs	9	67,233,923	39,078,571	927,364	547,319
Other operating expenses	10	49,872,883	32,799,506	687,902	459,377
Depreciation	16	1,502,969	1,132,856	20,731	17,296
		118,609,775	73,010,933	1,635,997	1,023,992
<b>Profit before tax</b>		<b>(23,244,896)</b>	<b>(42,312,143)</b>	<b>(320,619)</b>	<b>(582,033)</b>
Income tax expense	II(a)	-	-	-	-
<b>Net profit for the year</b>		<b>(23,244,896)</b>	<b>(42,312,143)</b>	<b>(320,619)</b>	<b>(582,033)</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>(23,244,896)</b>	<b>(42,312,143)</b>	<b>(320,619)</b>	<b>(582,033)</b>

The notes on pages 10 to 27 are an integral part of these financial statements.

**BRAC LIBERIA MICROFINANCE COMPANY LIMITED**  
For the year ended December 31, 2011  
**Statement of changes in equity**

	Donor Fund LRD	Retained Earnings LRD	Donated Equity LRD	Total Capital Fund LRD	Total Capital Fund USD
At 1 January 2010		(7,607,226)		(7,607,226)	(116,141)
Donations received during the year	71,500,000			71,500,000	1,000,000
Transferred to -					
Currency Revaluation	-			-	9,746
Profit for the year		(42,312,143)		(42,312,143)	(591,778)
<b>At 31 December 2010</b>	<b>71,500,000</b>	<b>(49,919,369)</b>	<b>-</b>	<b>21,580,631</b>	<b>301,827</b>
At 1 January 2011	71,500,000	(49,919,369)		21,580,631	301,827
Donations received during the year				-	-
Transferred from Grant received in advance	(71,500,000)		71,500,000	-	-
Currency Revaluation	-				(4,163)
Profit for the year		(23,244,896)		(23,244,896)	(320,619)
<b>At 31 December 2011</b>	<b>-</b>	<b>(73,164,265)</b>	<b>71,500,000</b>	<b>(1,664,265)</b>	<b>(22,955)</b>

The notes on pages 10 to 27 are an integral part of these financial statements.

**BRAC LIBERIA MICROFINANCE COMPANY LIMITED**

For the year ended December 31, 2011

**Statement of Cash flows**

	Notes	2011 LRD	2010 LRD	2011 USD	2010 USD
<b>Cash flow from Operating Activities</b>	<b>26</b>				
Loan disbursements		(2,033,738)	(37,123,666)	(28,052)	(519,212)
Loan disbursements relating to managed funds		(481,627,000)	(283,944,000)	(6,643,131)	(3,971,245)
Loan collection		371,580,218	195,191,348	5,125,244	2,729,949
Loan collection relating to managed funds					
Loan write off					
Interest receivable write-off		(1,089,513)	(15,028)		
<b>Net cash flow from Operating Activities</b>		<b>(113,170,033)</b>	<b>(125,876,318)</b>	<b>(1,560,966)</b>	<b>(1,760,508)</b>
<b>Cash flow from Investing Activities</b>					
Acquisition of fixed assets					
Short term deposits		(1,509,312)	(2,611,058)	(20,818)	(36,518)
<b>Net cash flow from Investing Activities</b>		<b>(1,509,312)</b>	<b>(2,611,058)</b>	<b>(20,818)</b>	<b>(36,518)</b>
<b>Cash flow from Financing Activities</b>					
Term loans		6,809,028		93,918	
Loan security fund		17,892,724	26,492,700	246,796	370,527
Loan security fund written off		2,260,580		31,180	
Donor fund increase/(decrease)		(71,500,000)		(986,207)	
Donated equity		71,500,000		986,207	
Donor fund relating to managed funds increase/(decrease)					
Share capital			30,456,876		425,970
<b>Net cash flow from financing activities</b>		<b>26,962,332</b>	<b>56,949,576</b>	<b>371,894</b>	<b>796,498</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>					
<b>Cash and cash equivalents at beginning of the year</b>		<b>(87,717,013)</b>	<b>(71,537,800)</b>	<b>(1,209,890)</b>	<b>(1,000,529)</b>
<b>Cash and cash equivalents at end of the year</b>	<b>12</b>	<b>95,590,158</b>	<b>183,307,171</b>	<b>1,318,485</b>	<b>2,563,737</b>

The notes on pages 10 to 27 are an integral part of these financial statements

**BRAC LIBERIA MICROFINANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**

**1. Reporting entity**

**BRAC Liberia Microfinance Company Limited**, which was established in February of 2009, is a microfinance institution of BRAC Liberia. It was established to contribute to the economic rebuilding of Liberia by providing financial services to low-income entrepreneurs, mostly women, while serving as a means to improve the agriculture sector and micro businesses. BRAC Liberia Microfinance Company Limited began operations with five (5) branches in Monrovia - Sinkor, Paynesville, Barnesville, Caldwell, and New Kru Town - in April 2009, and has increase it branches to thirty in seven counties in Liberia. The financial statement of BRAC Liberia Microfinance Company Limited comprises the Head Office and all of its branches.

**2. Basis of preparation**

**(a) Basis of presentation of the financial statement**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Disclosure Guidelines for Financial Reporting by Microfinance Institution which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor (CGAP) and the member of the Small Enterprise Education and Promotion Network (SEEP).

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value;

**(c) Functional and reporting currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (United States Dollars). Major activities were measured in Liberian dollars and translated in USD. The exchange rates used in the financial statements are as follows: 2011 (**1USD : 72.5 LRD**) and 2010 (**1USD : 71.5 LRD**)

**Use of estimates and judgments**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

Notes 3(c) (ii)	Depreciation
Notes 3(g)	Provisions

**Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**(a) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currency of the entity at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

## Notes to the financial statements (continued)

### Financial Revenue

#### Interest income

Interest income is recognized in the income statement on all operational loans on an accrual basis. The recognition of interest ceases when the payment of interest on principal is in doubt. Interest is included in income thereafter, only when it is received.

#### Loan administration fees

This is a fee paid by each respective group/client on approval of their loan application. It is charged by BRAC Liberia Microfinance Company Limited to cover loan processing costs. The amount is usually paid before the loans are disbursed.

#### Fixed assets (operating assets)

##### (i) Recognition and measurement

Items of operating assets are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

#### Subsequent costs

The cost of replacing part of an item of fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The cost of the day-to-day servicing of fixed assets is recognized in profit or loss as incurred.

#### Depreciation

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of each part of an item of fixed assets. Leasehold improvements are amortized over the life of the improvement or the life of the lease, whichever is shorter. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• Vehicles/Cycles	5 years
• Furniture	10 years
• Equipment	6.67 years
• Generator	5 years

Assets residual value and useful lives are reviewed and adjusted, if appropriate at each balances sheet date.

#### Disposals

Gains or losses on the disposal or scrapping of fixed assets are determined as the difference between the sales price less the cost of dismantling selling and re-establishing the assets and the carrying amount. Any gains or losses are recognized in the income statement as other operating income or external expenses respectively.

#### (a) Financial assets

The entity classifies its financial assets in the following categories: loans and held-to-maturity investments. Management determines the classification of its investments at initial recognition.

#### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the entity provides money, goods or services directly to a debtor with no intention of trading the receivable.

## Notes to the financial statements (continued)

### Significant accounting policies (continued)

#### *(c) Held-to-maturity*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the entity's management has the positive intention and ability to hold to maturity.

#### *(d) Provisions*

Provisions for legal claims are recognized when the entity has a present legal or constructive obligation as a result of past events; and it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

#### *(e) Employee benefit*

##### **Pension obligations**

The entity operates a defined contribution scheme. A defined contribution plan is a pension plan under which the entity pays fixed contributions into a separate entity. The scheme is generally funded through payments to the National Social Security and Welfare Corporation (NASSCORP) on a mandatory basis.

The entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### *End of service benefit*

The entity provides end of service benefits to their retirees. The entitlement to these benefits is usually conditional on the completion of a minimum service period.

#### *(f) Stocks*

Inventory items are stated at the lower of cost and net realizable value.

#### *(g) Finance income and expenses*

Finance income comprises gains on disposal of available-for-sale finance assets and foreign currency gains.

Finance expenses comprise foreign currency losses. All foreign exchange losses and gains are recognized in profit or loss.

#### *(h) Administrative expenses*

Administrative expenses comprise expenses relating to administrative staff and management, including office expenses, salaries and depreciation as well as other indirect costs.

#### *(i) Borrowings*

Borrowings are recognized initially at fair value, being the proceeds net of transaction costs incurred. If the amount borrowed is denominated in United States Dollars which is the entity's functional and reporting currency, it is maintained at the initial amount recorded, less any repayments made as at the reporting date. If the amount is denominated in a currency other than the reporting currency of the entity, it is revaluated and adjusted through the income statement at each reporting date.

## Notes to the financial statements (continued)

### Significant accounting policies (continued)

Borrowings are classified as current liabilities unless when the entity has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

#### *(m) Impairment of financial assets*

The entity assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the entity about the following loss events:

- (i) Significant financial difficulty of the issuer or obligor;
- (ii) a breach of contract, such as a default or delinquency in interest or principal payments.

The entity first assesses whether objective evidence of impairment exists individually and collectively. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

When a loan is uncollectable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are treated as debt recoveries in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

#### 4. Financial risk factors

The entity's activities expose it to a variety of financial risks, including:

##### *(a) Credit risk*

The entity takes on exposures to credit risk which is the risk that a client will be unable to pay amounts in full when due. Credit risk is managed by obtaining collateral in the form of mortgage, personal guarantees, shareholder guarantees, lien on inventories and/or receivables, and assignment of contracts and/or insurance. Impairment provisions are provided for losses that may have been incurred at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

##### *(b) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The entity manages this risk by maintaining sufficient cash, and investing any excess cash over its anticipated requirements.

Notes to the financial statements (continued)

	2011 LRD	2010 LRD	2011 USD	2010 USD
<b>5. SERVICE CHARGE ON LOANS</b>				
Group Loans ( Microfinance)	75,728,589	48,488,700	1,044,532	679,113
Small Enterprises program	25,261,389	6,643,547	348,433	93,047
ELA				
	<u>100,989,978</u>	<u>55,132,247</u>	<u>1,392,965</u>	<u>772,160</u>
<b>6. MEMBERSHIP FEES AND OTHER CHARGES</b>				
Membership fee	2,025,920	1,714,670	27,944	24,015
Loan appraisal fee	4,816,670	2,839,440	66,437	39,768
Loan application fee				
Others	105,500	61,100	1,455	856
<b>Total</b>	<u>6,948,090</u>	<u>4,615 10</u>	<u>95 836</u>	<u>64 639</u>
<b>7. Other Income</b>				
Unrealised exchange gains	1,475,138	(15,557,154)	20,347	(205,884)
Realised exchange gains	(1,382,148)	1,401,670	(19,064)	19,631
Short term deposits				
Profit on sale of assets				
Gain due to early repayment				
Bank interest	2,638,604	557,420	36,395	7,807
<b>Total</b>	<u>2,731,594</u>	<u>(13,598,064)</u>	<u>37 677</u>	<u>(178,446)</u>

The exchange gains arise from translation of foreign currency transactions and revaluations of foreign currency denominated assets and liabilities to LRD. Financial assets and Liabilities denominated in foreign currencies are translated to LRD at rate

Notes to the financial statements (continued)

	2011 LRD	2010 LRD	2011 USD	2010 USD
<b>8. IMPAIRMENT LOSSES ON LOANS AND ADVANCES</b>				
General Provision	9,632,540	5,678,880	132,863	79,536
Specific Provision	<u>5,672,243</u>	<u>9,771,723</u>	<u>78,238</u>	<u>136,859</u>
<b>Total</b>	<b><u>15,304,783</u></b>	<b><u>15,450,603</u></b>	<b><u>211,100</u></b>	<b><u>216,395</u></b>
<b>9. STAFF COSTS</b>				
Salaries & benefits	<u>67,233,923</u>	<u>39,078,571</u>	<u>927,364</u>	<u>547,319</u>
<b>Total</b>	<b><u>67,233,923</u></b>	<b><u>39,078,571</u></b>	<b><u>927,364</u></b>	<b><u>547,319</u></b>
<b>10. OTHER OPERATING EXPENSES</b>				
Occupancy expenses (see below)	9,266,465	5,023,465	127,813	70,357
Staff training and development	450,123	3,352,265	6,209	46,950
Travel and transportation	12,837,245	5,303,842	177,065	74,284
Maintenance and general expenses	14,126,930	10,653,716	194,854	149,212
Printing and office stationery	1,728,956	604,529	23,848	8,467
Internet cost	-	-	-	-
Estimated audit/ legal & other services	1,699,125	-	23,436	-
Insurance Claim	116,600	-	1,608	-
Program supplies	13,080	419,946	180	5,882
Provision for audit fees	594,500	795,300	8,200	11,139
Provision for stolen cash	-	-	-	-
Impairment of trade and other receivables	-	-	-	-
HO logistics and management expenses	<u>9,039,859</u>	<u>6,646,443</u>	<u>124,688</u>	<u>93,087</u>
<b>Total</b>	<b><u>49,872,883</u></b>	<b><u>32,799,506</u></b>	<b><u>687,902</u></b>	<b><u>459,377</u></b>
<b>10. Occupancy expenses are analysed as follows;</b>				
Rent	6,477,543	3,315,816	89,345	46,440
Utilities	<u>2,788,922</u>	<u>1,707,649</u>	<u>38,468</u>	<u>23,917</u>
<b>Total</b>	<b><u>9,266,465</u></b>	<b><u>5,023,465</u></b>	<b><u>127,813</u></b>	<b><u>70,357</u></b>

Notes to the financial statements (continued)

	2011 LRD	2010 LRD	2011 USD	2010 USD
<b>11. TAXATION</b>				
<b>a) Income tax expense</b>	-	-	-	-
Corporation tax -charge for the year	-	-	-	-
Deferred tax				
<b>Tax (Credit)/ expense</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**b) Deferred tax**

Deferred tax is calculated on all temporary differences under the balance sheet liability method using the principal tax rate of 25%. However, Quarterly Advance Corporate Taxes paid as per the Revenue Code of Liberia are recorded as Tax assets and are creditable against Annual Tax Liabilities.

Property and equipment	-	-	-	-
Advance Corporate	1,801,864	-	24,853	-
Unrealized gains				
	<u>1,801,864</u>	<u>-</u>	<u>24,853</u>	<u>-</u>
<b>Deferred tax asset</b>	<u>1,801,864</u>	<u>-</u>	<u>24,853</u>	<u>-</u>

**c) Tax payable**

Balance b/f	1,102,645	-	15,209	-
Charge for the period	-	1,102,645	-	15,422
Paid during the year	-	-	-	-
	<u>1,102,645</u>	<u>1,102,645</u>	<u>15,209</u>	<u>15,422</u>
<b>Tax payable</b>	<u>1,102,645</u>	<u>1,102,645</u>	<u>15,209</u>	<u>15,422</u>

**11.1** The tax charge on the company's profit before tax differs from the theoretical amount using the basic tax rate as follows.

Operating profit/surplus before taxation				
Tax calculated at .....	-	-	-	-
Tax effect of non deductible expense and non taxable income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Tax charge for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

	2011 LRD	2010 LRD	2011 USD	2010 USD
<b>12. CASH AND BANK</b>				
Cash in hand	6,071,695	1,993,679	83,748	27,884
Cash at bank	89,518,463	181,313,509	1,234,737	2,535,853
	<b>95,590,158</b>	<b>183,307,188</b>	<b>1,318,485</b>	<b>2,563,737</b>
<b>13. SHORT TERM DEPOSITS AT AMORTISED COST</b>				
Members				
<b>Total</b>				
<b>The maturity of the short term deposits is analyzed as follows;</b>				
Within 3 months				
After 3 months				
<b>Total</b>				
<b>14. LOANS AND ADVANCES TO CUSTOMERS</b>				
Group loans	180,637,904	128,937,264	2,491,557	1,803,318
Small Enterprises Program	94,949,291	36,827,726	1,309,645	515,073
ELA loans				
Loan Write Off	(8,347,903)	(224,577)	(115,143)	(3,141)
Interest receivable	3,757,601	791,680	51,829	11,072
Impairment loss on loans advance	25,538,999	17,411,062	352,262	243,511
	<b>245,457,894</b>	<b>148,921,041</b>	<b>3,385,626</b>	<b>2,082,812</b>

Advances to customers are carried at amortized cost. It is estimated that the fair values of advances to customers are approximately the same as the carrying values. All advances to customers are unsecured.

Loan Write Off: All loans in the category of Non Interest Bearing Loans NIBL are referred to the Board for approval to write off. Loans can also be written off subject to the Board's approval where the Board is convinced that the loans are not realizable due to death, dislocation of the borrower or any other natural or humanitarian disaster that affects the livelihood of the borrower.

Notes to the financial statements (continued)

	2011 LRD	2010 LRD	2011 USD	2010 USD
<b>14.1</b> The movement on the loan amounts is analyzed as shown below;				
At 1 January	165,540,413	77,012,338	2,283,316	1,077,096
Loans disbursed	481,627,000	283,944,000	6,643,131	3,971,245
Less: Loans repayments	(371,580,218)	(195,191,348)	(5,125,244)	(2,729,949)
<b>Gross advances to customers</b>	<b>275,587,195</b>	<b>165,764,990</b>	<b>3,801,203</b>	<b>2,318,391</b>
Less: Write Off	8,347,903	224,577	115,143	3,141
	267,239,292	165,540,413	3,686,059	2,315,251
Interest receivable	3,757,601	791,680	51,829	11,072
Impairment loss on loans advance (Note -14.02)	25,538,999	17,411,052	352,262	243,511
<b>Net advances to customers</b>	<b>245,457,894</b>	<b>148,921,041</b>	<b>3,385,626</b>	<b>2,082,812</b>

**14.2** The movement on the impairment on loans account is shown below;

At 1 January	17,411,052	2,185,026	240,152	30,560
Charge for the year	15,304,783	15,450,603	211,100	216,092
Loan write-off	7,176,836	224,577	98,991	3,141
Interest receivable -write-off				
At 31 December	<b>25,538,999</b>	<b>17,411,052</b>	<b>352,262</b>	<b>243,511</b>

**14.3** Analysis of Impairment of loans

	Principal Outstanding	Provision rate	Provision required
<b>For general Provision</b>	Local		Local
No past due	206,923,879	2%	4,138,478
<b>For specific provision</b>			
1-30 days	28,297,838	5%	1,414,892
31-180 days	14,490,571	20%	2,898,114
181-350days	1,757,956	75%	1,318,467
351 days and above	15,769,048	100%	15,769,048
	60,315,413		21,400,521
	267,239,292		25,538,999

**Credit risk analysis:**

<b>Portfolio at risk (PAR):</b>	2011 PAR	2011 PAR30
Total Loans in Areas	60,315,413	32,017,575
Total Loans Outstanding	267,239,292	267,239,292
<b>Portfolio at Risk</b>	<b>23%</b>	<b>12%</b>

The portfolio at risk is high which shows that management may not be able to recover most of the loans given out to customers. The Management of eBRAC Liberia Microfinance Company has to setup a Credit Risk Department to help them in recovering some of the loans that are long past due.

Notes to the financial statements (continued)

	2011 LRD	2010 LRD	2011 USD	2010 USD
<b>15. OTHER ASSETS</b>				
Advance to suppliers	4,307,281	3,047,683	59,411	42,625
Current account in transit	-	6,894,027	-	96,420
Intercompany Receivable	12,265,618	-	169,181	-
Inventory -stationeries	864,720	198,060	11,927	2,770
Other receivable	-	6,368,012	-	89,063
<b>Total</b>	<b>17,437,619</b>	<b>16,507,782</b>	<b>240,519</b>	<b>230,878</b>

Notes to the financial statements (continued)

16. PROPERTY AND EQUIPMENT

	Furniture LRD	Equipments LRD	Motor LRD	Vehicles LRD	Total USD	Total USD
<b>Cost</b>						
At 1 January 2010	2,098,094	2,283,036	1,414,420	5,795,550	79,939	79,939
Additions	741,902	1,619,931	249,225	2,611,058	36,015	36,015
<b>At 31 December 2010</b>	<b>2,839,996</b>	<b>3,902,967</b>	<b>1,663,645</b>	<b>8,406,608</b>	<b>115,963</b>	<b>115,963</b>
Additions	271,993	600,469	636,880	1,509,312	20,818	20,818
<b>At 31 December 2011</b>	<b>3,111,989</b>	<b>4,503,436</b>	<b>2,300,525</b>	<b>9,915,920</b>	<b>136,771</b>	<b>136,771</b>
<b>Depreciation</b>						
At 1 January 2010	88,535	221,243	113,789	423,867	5,846	5,846
Charge for the year	304,784	535,509	292,563	1,132,856	15,626	15,626
<b>At 31 December 2010</b>	<b>393,619</b>	<b>756,752</b>	<b>406,352</b>	<b>1,556,723</b>	<b>21,472</b>	<b>21,472</b>
Charge for the year	231,769	872,052	399,148	1,502,969	20,731	20,731
<b>At 31 December 2011</b>	<b>625,388</b>	<b>1,628,804</b>	<b>805,500</b>	<b>3,059,692</b>	<b>42,203</b>	<b>42,203</b>
<b>At 31 December 2010</b>	<b>2,446,377</b>	<b>3,146,215</b>	<b>1,257,293</b>	<b>6,849,885</b>	<b>95,803</b>	<b>95,803</b>
<b>At 31 December 2011</b>	<b>2,486,571</b>	<b>2,874,632</b>	<b>1,495,025</b>	<b>6,856,228</b>	<b>94,569</b>	<b>94,569</b>

**Notes to the financial statements (continued)**

	2011 LRD	2010 LRD	2011 USD	2010 USD
<b>17. LOAN SECURITY FUND</b>				
Opening balance	37,414,100	10,921,400	516,057	152,747
Received during the year	27,103,515	28,393,900	373,842	397,117
Paid off / Adjusted during the year	(9,210,791)	(1,901,200)	(127,045)	(26,590)
Closing balance	<b>55,306,824</b>	<b>37,414,100</b>	<b>762,853</b>	<b>523,274</b>

The Loan Security Fund acts as collateral for the customers' loan obligations to BRAC Microfinance (LIB) Limited. This is computed as 10% of the customers' approved loan. In the event of any default, the clients forfeit all or part of the Loan Security Fund to the extent of the amount at risk.

<b>18. RELATED PARTY PAYABLES</b>				
Payable to Stichting BRAC International	2,649,754	-	36,548	-
Payable to Program	-	-	-	-
	<b>2,649,754</b>	<b>-</b>	<b>36,548</b>	<b>-</b>

Related party payables relate to amounts owing to BRAC International for the settlement of staff costs and operating expenditures on behalf of Liberia.

<b>19. BORROWINGS</b>				
KIVA	<b>6,809,028</b>	-	<b>93,918</b>	-
<b>Total</b>	<b>6,809,028</b>	<b>-</b>	<b>93,918</b>	<b>-</b>

<b>20. OTHER LIABILITIES</b>				
Accrual for expenses	-	651,422	-	9,111
Bonus provision	8,610,007	2,316,526	118,759	32,399
Provision for audit fees	594,500	-	8,200	-
Tax withholdings	293,031	157,860	4,042	2,208
NASSCORP	1,388,718	918,273	19,155	12,843
Provision for cash shortage	-	-	-	-
Salary provision	576,132	-	7,947	-
Other provisions	32,950	-	454	-
<b>Total</b>	<b>11,495,338</b>	<b>4,044,081</b>	<b>158,556</b>	<b>56,561</b>

<b>21. DONOR FUNDS</b>				
Donor funds received in advance (Note-21.10)	-	71,500,000	-	1,000,000
Donor funds investment in fixed assets (Note-21.2)	-	-	-	-
Donor funds investment in loans to group members	-	-	-	-
<b>Total</b>	<b>-</b>	<b>71,500,000</b>	<b>-</b>	<b>1,000,000</b>

**Notes to the financial statements (continued)**

	2011 LRD	2010 LRD	2011 USD	2010 USD
<b>21.1 Donor funds received in advance</b>				
Opening balance	71,500,000	71,500,000	986,207	1,000,000
Donations received during the year (Note-21.1.1)	-	-	-	-
Transferred to deferred income- investment in fixed assets	-	-	-	-
Transferred to donated equity	(71,500,000)	-	(986,207)	-
Transferred to statement of income and expenses	-	-	-	-
<b>Closing balance</b>	<u>-</u>	<u>71,500,000</u>	<u>-</u>	<u>1,000,000</u>
<b>21.2 DEFERRED INCOME- FIXED ASSETS</b>				
Opening balance	-	-	-	-
Transferred from donor funds received in Advance	-	-	-	-
Depreciation charged during the year	-	-	-	-
<b>Closing balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>22. BRAC Contribution</b>				
Share capital amounting to LRD 148,636,631 relates to initial contribution by BRAC which was later transferred to BRAC International Holdings BV.				
<b>23. Subsequent Events</b>				
There was no subsequent event after the balance sheet date which has an impact on the financial statements presented herein.				
<b>24. Capital Commitments</b>				
<b>Share Capital</b>				
<b>Name</b>	<b>%of holdings</b>			
BRAC International holdings BV	51%	148,636,631	148,636,631	2,050,160
Omidyar Network	24.5%	71,403,904	71,403,904	984,881
SEDF	24.5%	71,403,904	71,403,904	984,881
		<u>291,444,439</u>	<u>291,444,439</u>	<u>4,019,923</u>
				<u>4,076,146</u>

## Notes to the financial statements (continued)

### 25. Use of Estimates and Judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reported period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The estimates and associated assumption are based on historical experiences, the results of which form the basis of making the judgments about the carrying values and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates

BRAC makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management identifies all significant accounting policies and those that involve high judgment and in particular the significant areas of estimation and un-certainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

#### i) Impairment

The company regularly reviews its loan portfolio and other assets and makes judgments in determining whether an impairment loss should be recognized in respect of observable data that may impact on future estimated cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

#### ii) Provision and contingencies

A provision is recognized if as a result of past events, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation

Notes to the financial statements (continued)

26. CASHFLOW FROM OPERATING ACTIVITIES

	2011 LRD	2010 LRD	2011 USD	2010 USD
<b>Cash flow from operating activities</b>				
<b>Excess of income over expenditure</b>	<b>(23,244,896)</b>	<b>(42,312,143)</b>	<b>(320,619)</b>	<b>(591,778)</b>
Depreciation	1,502,969	1,132,856	20,731	15,844
Loan loss provision	15,934,793	15,450,603	211,100	216,092
<b>Cash flow before changes in working capital</b>	<b>(6,437,144)</b>	<b>(25,728,684)</b>	<b>(88,788)</b>	<b>(359,842)</b>
Increase/(Decrease) in provision for taxation				
<b>Changes in working capital</b>				
Decrease/(increase) of receivables and other current assets	(929,837)	(12,767,190)	(12,825)	(178,562)
Decrease/ (increase) of Deferred Tax asset	(1,801,864)	-	(24,853)	-
Decrease/(increase) of Interest receivables	(2,965,921)	(588,865)	(40,909)	(8,236)
Decrease/(increase) of related party Receivables	-	-	-	-
Increase/(decrease) of current Liabilities	7,451,274	1,961,073	102,776	27,428
Increase/(decrease) of related party payables	2,649,754	-	36,548	-
<b>Net cash from operations</b>	<b>(2,033,738)</b>	<b>(37,123,666)</b>	<b>(28,052)</b>	<b>(519,212)</b>

27. Contingent Liabilities

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 recognised in the financial statements as this may result in the recognition of income which may never be realised.

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