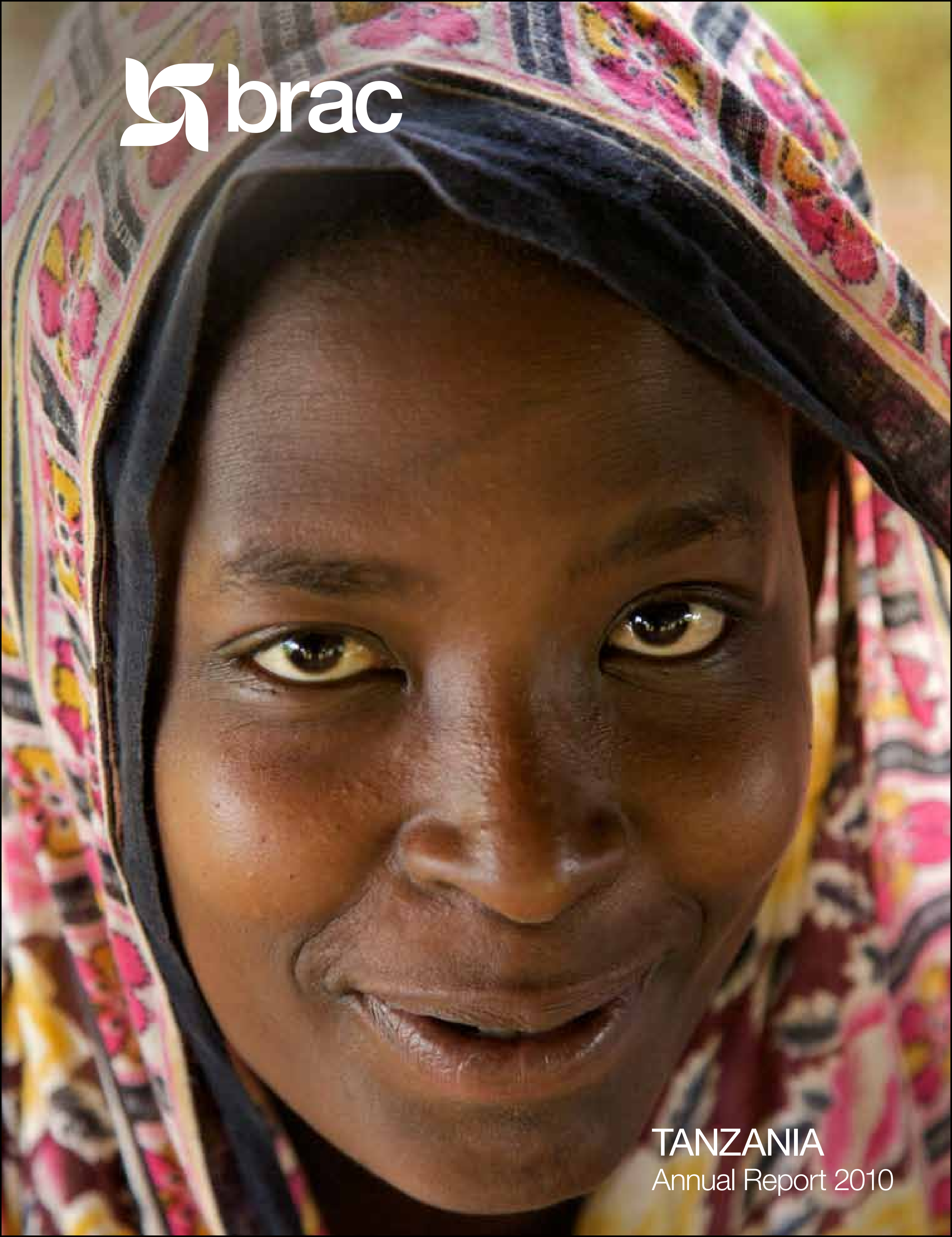
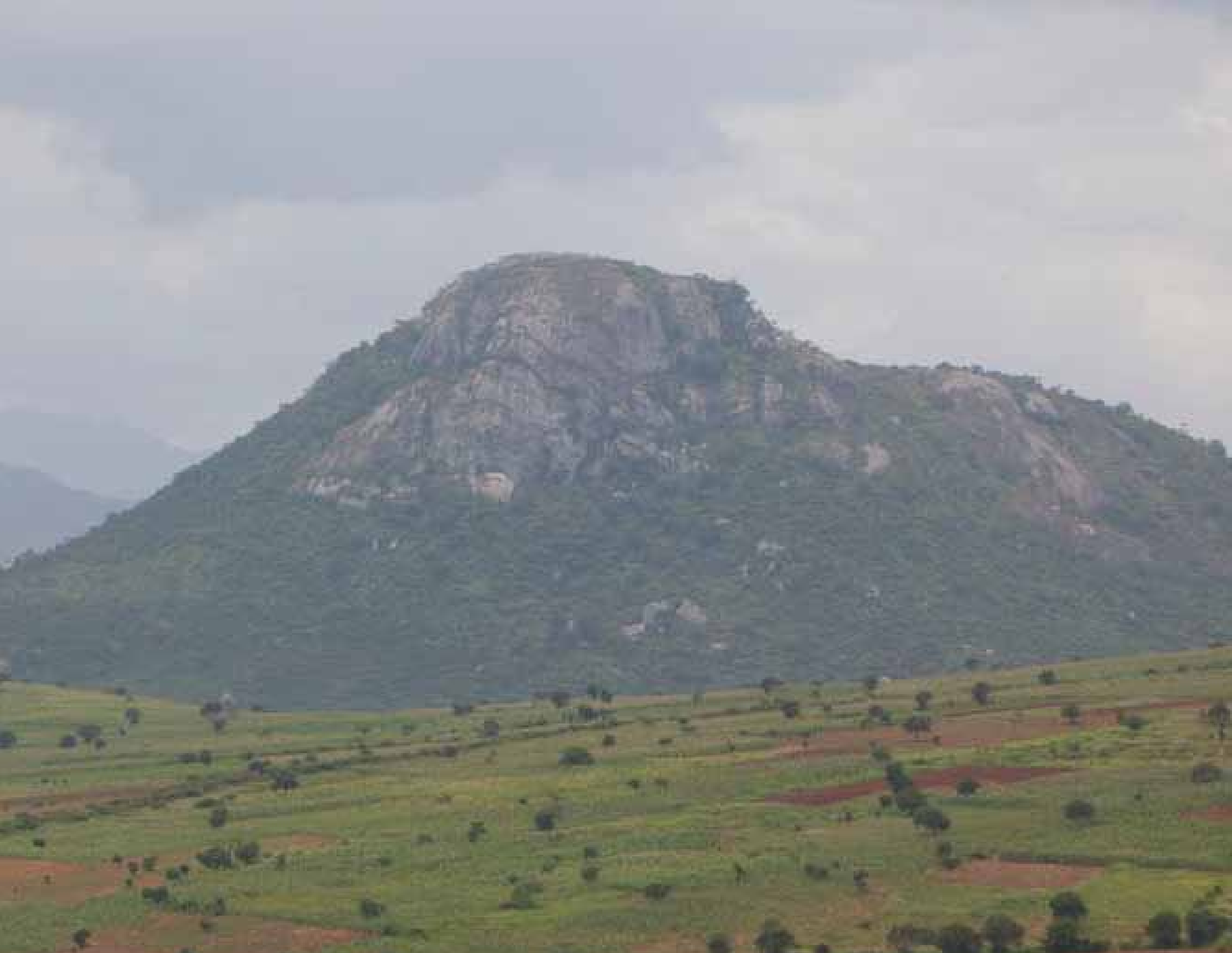


TANZANIA
Annual Report 2010



About **BRAC**

We are a development organisation dedicated to the alleviation of poverty by empowering the poor to realise their potential and bring about positive change in their own lives. We started out in Bangladesh in 1972 and over the course of our evolution, we have established ourselves as a pioneer in recognising and tackling the many different realities of poverty. Our approach, therefore, is comprehensive - with services in areas of education, health care, social and economic empowerment, finance and enterprise development, human rights and legal aid, agriculture and food security, as well as environmental sustainability and disaster preparedness.

We organise the poor, especially women and provide platforms for them to come together, access services, exchange information, analyse and raise awareness on economic, social, legal, gender and other issues concerning their daily lives and their communities. Our social enterprises integrated with the various development programs form crucial linkages that increase the productivity of our members' assets and labour and generate surplus for the organisation, allowing both those we support and ourselves to be increasingly self-reliant.

We are specialists in taking an idea, testing it, perfecting it and then scaling up rapidly in an efficient, cost-effective manner and without compromising quality. With the experience and expertise of working in a developing nation, we are now providing development interventions and technical assistance to other developing nations across the world.

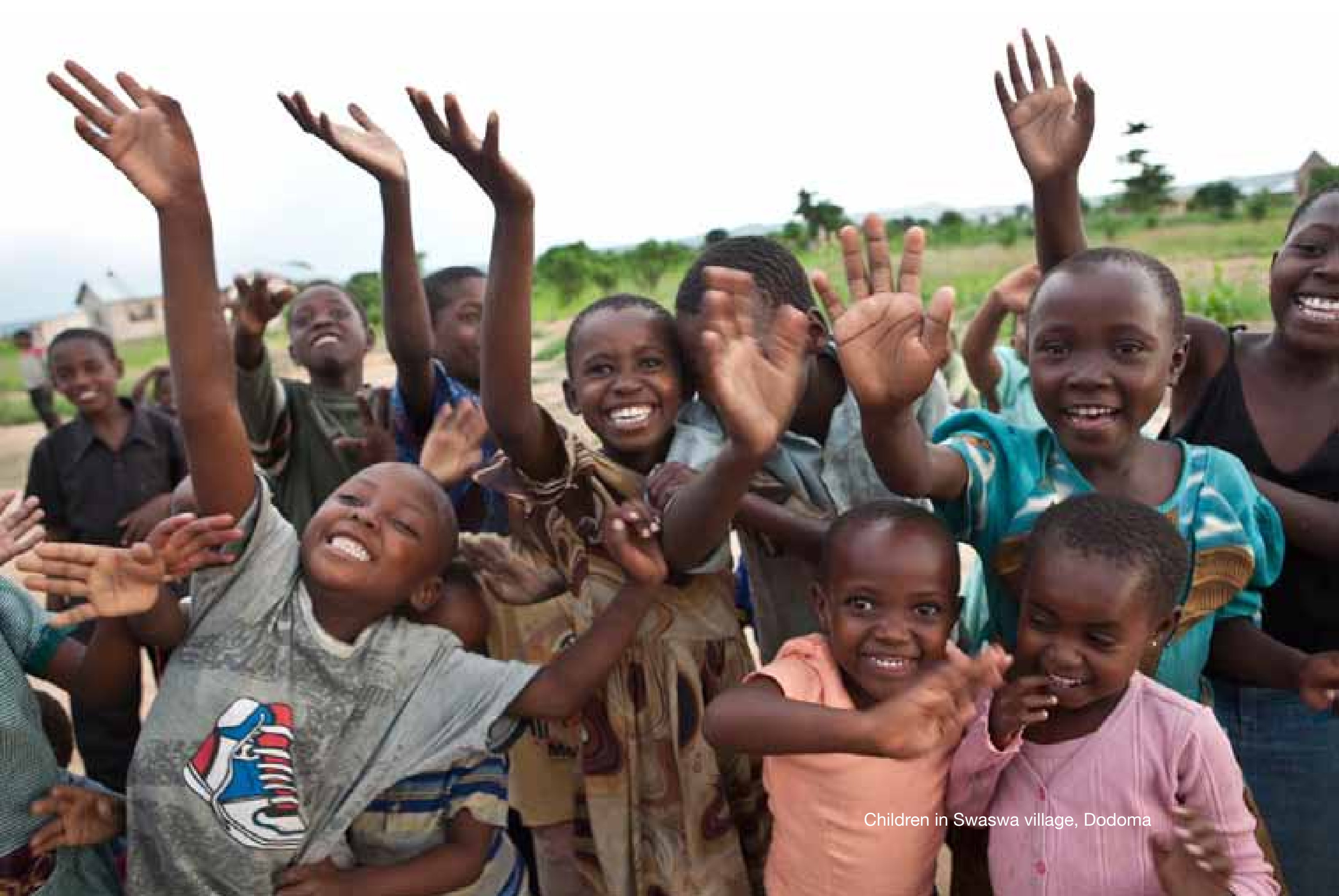
Contents

Cover Photo: A BRAC model farmer attends training provided by BRAC Agriculture Programme on vegetable cultivation in Ubago village of Mwara Central District.

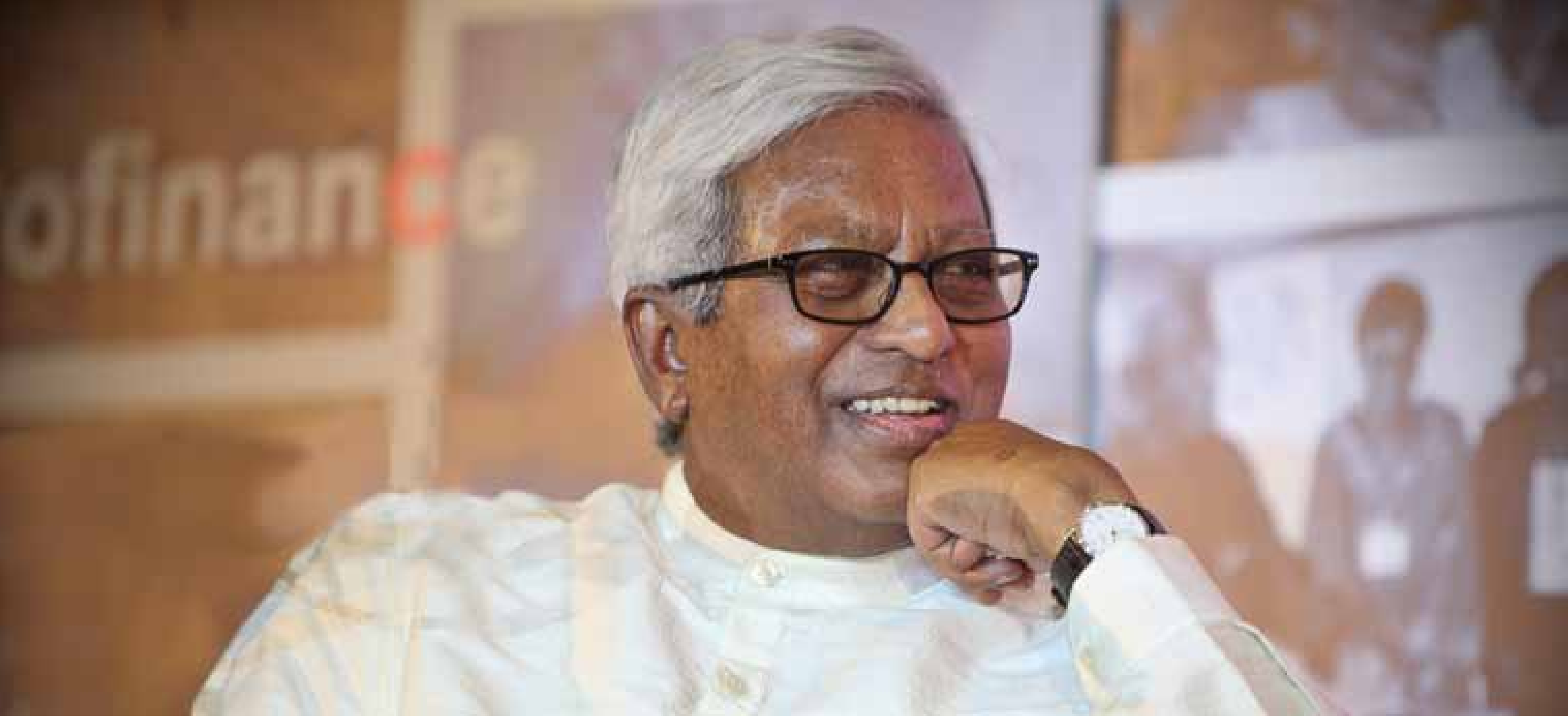
About BRAC: A typical scene from Central Tanzania

BRAC in TANZANIA

Since our launch in Tanzania in 2006, BRAC has become a major development organisation and provider of microfinance in the East African nation of 42 million people. We now operate 112 branches in 48 districts with nearly 145,000 microfinance members. This past year, we disbursed over USD 31 million in loans to poor women and men. BRAC takes an integrated approach to helping people rise out of poverty and realise their potential. We provide support services in agriculture, livestock and poultry, health and adolescent development. BRAC's programmes are bolstered by rigorous research, monitoring and auditing. To build capacity we comprehensively train our members and staff. At the end of 2010 we employed 1,153 Tanzanians, many of whom were promoted within the organisation.



Children in Swaswa village, Dodoma



Chairperson's Statement

During a meeting with Tanzanian President Jakaya Mrisho Kikwete in April 2010, I reiterated BRAC's commitment to large scale poverty alleviation in Tanzania. Five years into our operations in the East African nation, we are already reaching well over 800,000 people with our microfinance programme, which experienced robust growth in 2010. The Small Enterprise financing scheme enjoyed a particularly strong rate of growth since its national expansion in 2009.

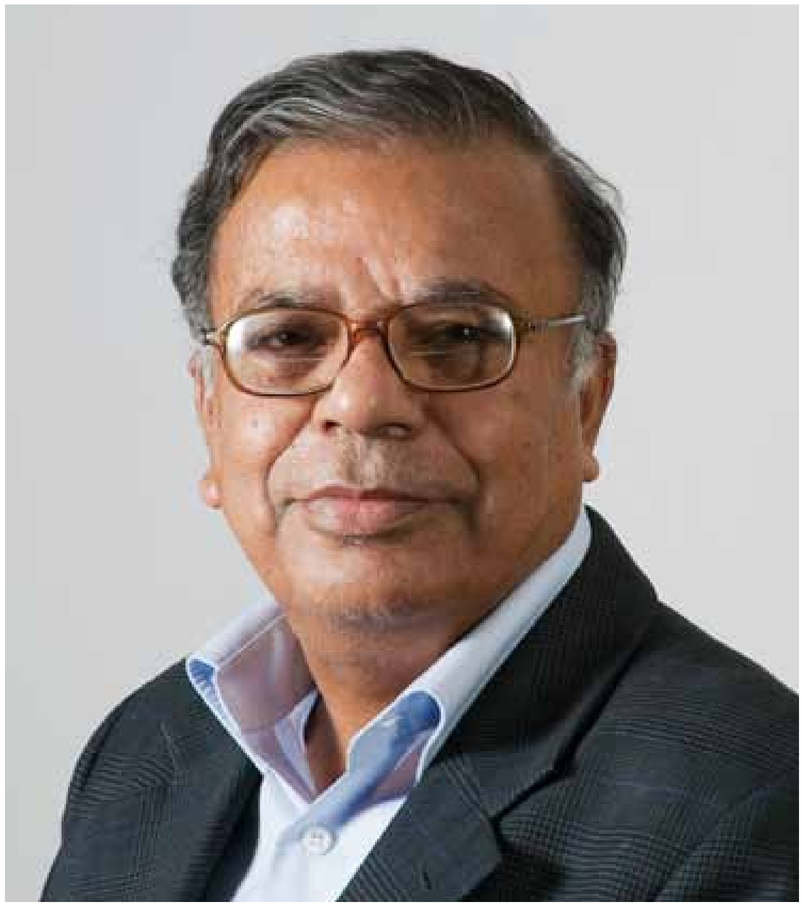
We began our work in Tanzania with the adaptation and implementation of our comprehensive development model, built on the platform of our microfinance multiplied approach and encompassing a range of interventions in human and socio-economic development. BRAC is a learning organisation and as part of our constant evolution, the experience of the past five years, coupled with a close evaluation of national need, has led us to concentrate our focus on economic development and youth empowerment.

In a largely agrarian economy such as Tanzania, emphasis on economic development translates to improvements in the agriculture sector. BRAC is working to provide livelihood support and transfer of agricultural technology to farmers, building an extensive extension network, investing in research and scaling up solutions to reach remote rural populations. We were also recently awarded a seed production license, which will enable us to produce and propagate high quality seeds to help increase farming yields.

We are particularly excited about the early successes of our interventions targeting the youth, especially adolescent girls. We are working to address the socio-economic vulnerabilities of this population segment through financial empowerment, capacity building and life skills training. Over the coming years, we look to expand these interventions to support larger numbers of the youth.

The success of our work in Tanzania is largely due to the commitment of our staff, the strong involvement of our members and their communities and the steady support of our partners - particularly the Bill and Melinda Gates Foundation and the Government of Tanzania. I hope that we will continue to build on these relationships towards greater successes for the poor of Tanzania.

Fazle Hasan Abed
Founder and Chairperson, BRAC



Md. Aminul Alam
1949-2010

A Lasting **Legacy**

Md. Aminul Alam: BRAC's Field Marshall

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

Sir Fazle Hasan Abed

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

Marty Chen

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

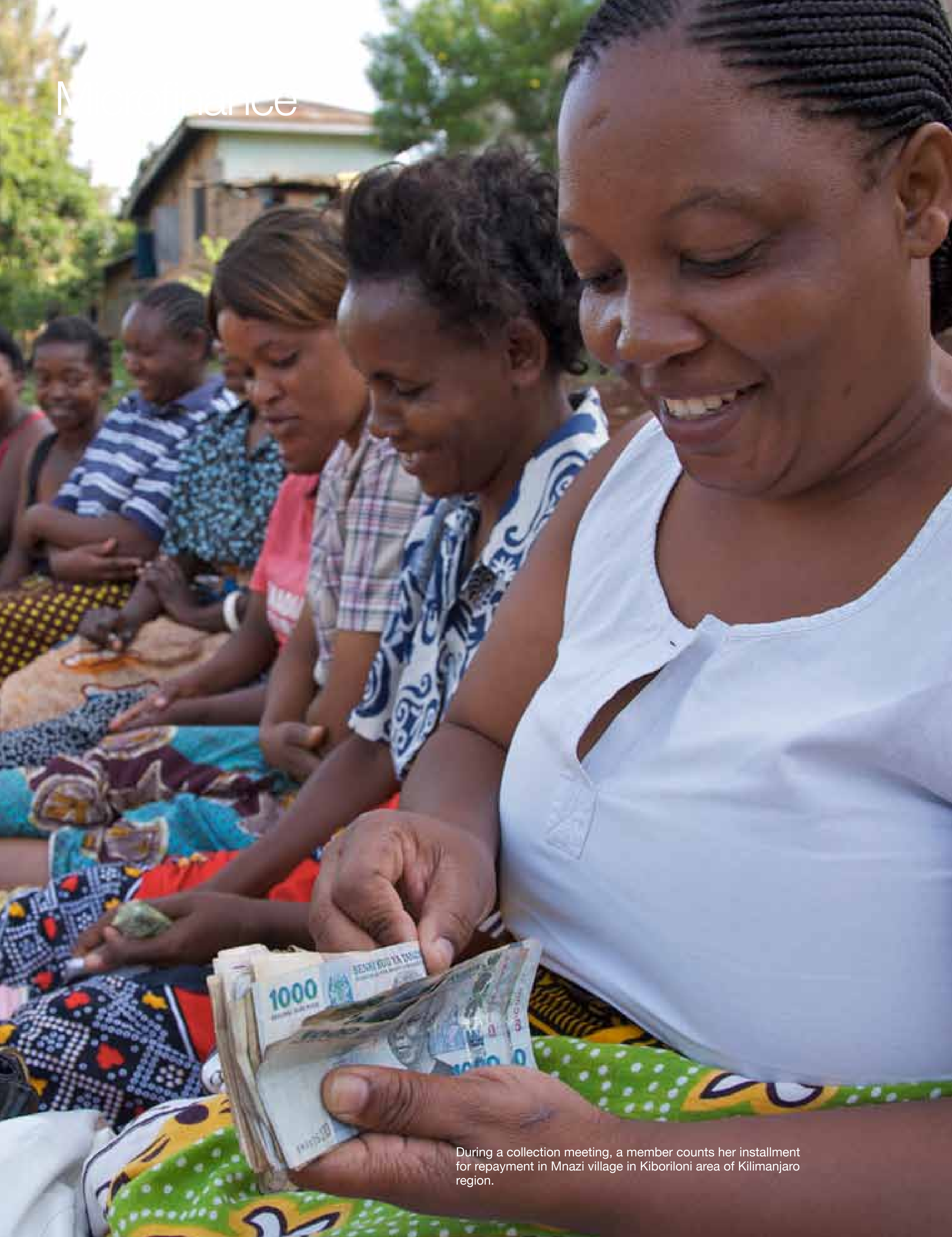
The story of Aminul Alam and BRAC began in 1975 with a young man, recently graduated from Dhaka University, full of radical ideas about helping the poor in post liberation Bangladesh. It was at this turbulent time, amidst devastating drought and famine, that Amin recalled he had seen truly poor people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

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

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

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

Microfinance



During a collection meeting, a member counts her installment for repayment in Mnazi village in Kiboriloni area of Kilimanjaro region.

Programme Highlights

"Before receiving loans from BRAC, I was dependent and leading a vulnerable life. After taking the first loan I started my poultry business. The 2nd and 3rd loans enabled me to expand this business. With the 4th loan I rented a shop and started my cloth business and with the 5th loan I opened a small restaurant. Through selling eggs and clothes, I bought my own plot and now I am starting to build my own house. Having my own business, I am independent and happy."

Christina Sule, (32), *Microfinance Programme Member, Kola, Morogoro.*

Microfinance is at the heart of BRAC's integrated approach to alleviating poverty and helping poor Tanzanian women realise their potential. Our microfinance multiplied approach serves as a platform on which our unique, holistic development model, with interventions in agriculture, education and social empowerment, is built. Our focus is on expanding into remote rural areas.

More than 147,000 women are members of 7,748 community-based microfinance groups throughout Tanzania. They gather weekly in villages, towns and city neighbourhoods to make repayments on their loans and apply for new ones. Their loans can often lead to very swift changes in their livelihoods.

Rose Ngowe (35) from Msamvu, Morogoro was earning a living as a salesperson in her relative's pharmacy. She decided to undergo pharmaceutical training and established a pharmacy of her own with assistance from BRAC. Rose recently took a third loan of 600,000 TZS (USD 429) to restock her pharmacy, from which she earns profits of upto 250,000 TZS (USD179) per month. "I am now capable of going to Dar es Salaam to buy various medicines in large quantities," she said. Rose hopes to continue growing her business and wants to teach other women about her profession.

Like Rose, BRAC borrowers are able to expand their small businesses with loans and other livelihood development services that are central to our Microfinance Multiplied approach.

Since Flaviana James Munishi (36) and her husband were unable to find work in Arusha, they moved to Dar es Salaam. "I started a beverage business but could not expand due to lack of capital," said Flaviana. After receiving her first loan of TZS 300,000 (USD 215) from BRAC under the Ubungo branch, Dar-es-Salaam, she expanded her business. She subsequently borrowed four times from BRAC and now owns a large grocery store, a restaurant and a chicken farm. Her monthly sales amount to more than TZS 8 million (USD 5,714) and her profit, TZS 1.5 Million (USD 1,071). "Having access to capital has helped me achieve business success," she said. She hopes to join BRAC's Small Enterprise Programme (SEP) and receive larger loans in the future.

Justina Mori Mowo (35) had been operating a handicrafts store in the Masai Market in Mwenge for the past 8 years. Two years ago, she joined BRAC's SEP and has since taken two loans, the first - 1 million TZS (USD 714) and the second - 2 million TZS (USD 1,429), to expand her business. "Now I travel to different regions of Tanzania to buy my products and, targeting the tourist market, I can sell them in several places within and outside of the country", she said. She employs two people and has also opened a food business, which has allowed her to double her income. Justina uses her profits to pay her children's school fees and and to further expand her businesses.

While BRAC's microfinance groups are exclusively for women, the larger SEP loans are disbursed to men as well.

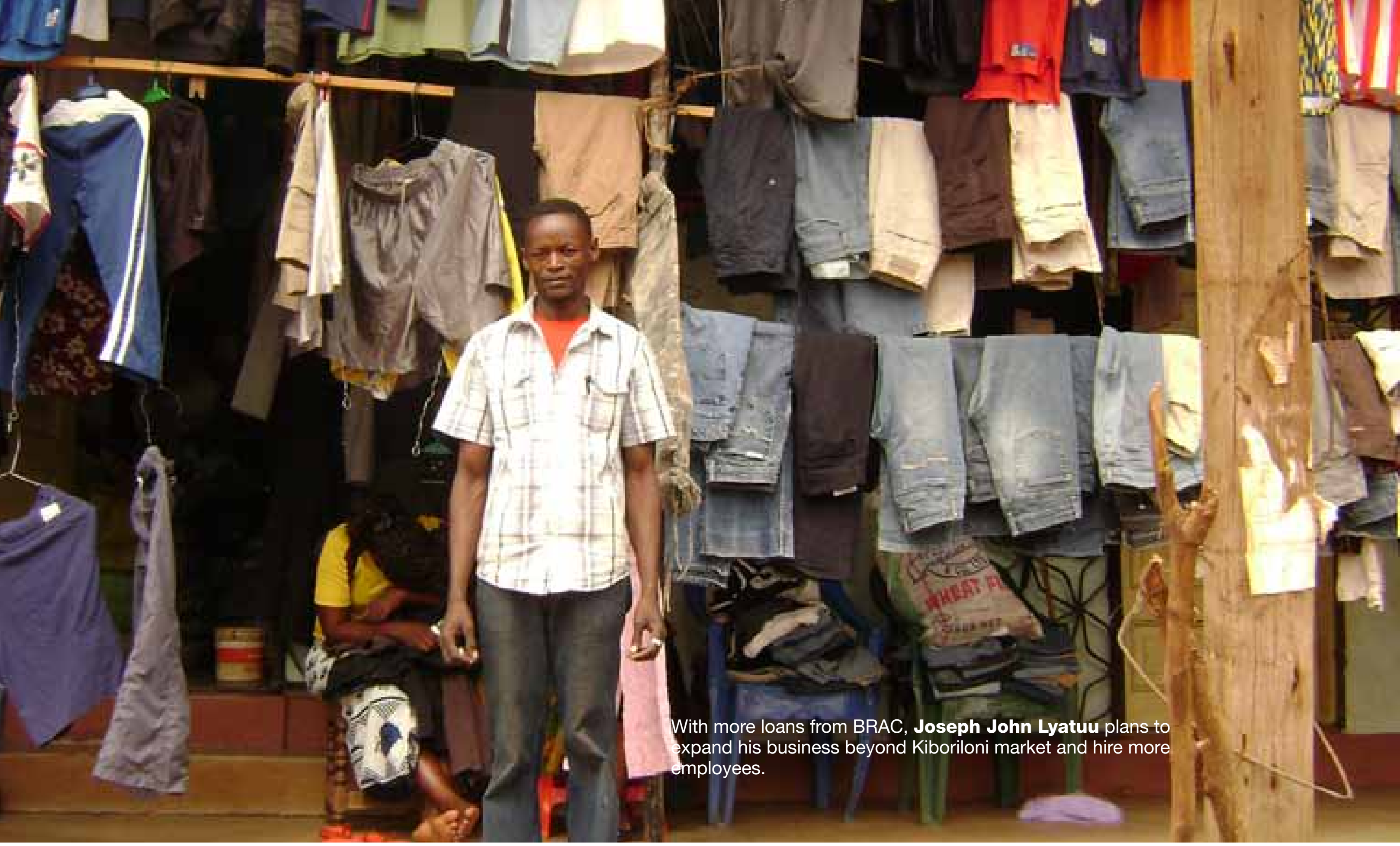
"In the face of complex competition in the business environment, micro-entrepreneurs are in great need of working capital to run their businesses smoothly. Even while it is well recognised that working capital is the life blood of any business, opportunities are limited. BRACs SEP Programme is one of the best efforts in Tanzania to provide financial assistance to micro-entrepreneurs to meet their expected demand," said Goutom Kumar Sarker, Area Manager, SEP Programme.

ACHIEVEMENTS 2010

USD 31,328,517 in microloans disbursed to 116,358 poor women borrowers from 112 branches across Tanzania.

250 new employees – mainly women from local communities - recruited and trained. BRAC now has a national task force of 721 specialist microfinance staff (100% women).

USD 4,381,379 lent to 2,758 borrowers in the Small Enterprise Programme's second full year of operation, compared with USD 1,437,308 to 1,108 borrowers in 2009.


With more loans from BRAC, **Joseph John Lyatuu** plans to expand his business beyond Kiboriloni market and hire more employees.

Programme Description

BRAC's microfinance programme has been designed to serve large numbers of poor people with reliable access to cost-effective financial services.

Microloans

At the core of the programme are microloans, which are exclusively for the women participating in the group process. Borrowers range in age from 18-50 with little or no education. BRAC lends to women who are not served by other microfinance institutions. Borrowers typically operate businesses that provide products or services to their local communities. Women with seasonal businesses, such as farming related activities, may also be eligible for shorter term loans.

Women's Groups: Community partnerships and institution building are essential for poor people if they are to change their economic, social and political conditions. We deliver our microfinance and other programmes through organising groups of poor women who come together to improve their socioeconomic position.

BRAC provides more than just microfinance. We use the microfinance groups as a social platform to deliver scaled up services in health, education, business development and livelihood support - all critical components needed to ensure that poor people can break the cycle of poverty.

BRAC microfinance branch offices conduct area surveys and consult with community leaders and local elders to select the 15-30 members of each group. The group is then subdivided into smaller groups of five, each with their own elected leader. The members of the small groups take co-responsibility to solve peer repayment problems. New borrower groups meet three times before any loan disbursement takes place. After that, they meet weekly to discuss credit decisions with their dedicated BRAC Credit Officer and make their loan repayments. BRAC provides training and technical assistance to its members and others in the community, empowering them to earn more income from existing activities and start new ones.

Key Features of Microloans

- Loan repayments in small weekly instalments
- No physical collateral needed
- Competitive interest rates
- Death benefit provided
- Services delivered to member's village
- Available in rural and urban areas

Grace Linje (35), a member of the microfinance programme in Pasua, Kilimanjaro, built her business from a small kiosk to a mini supermarket using loans from BRAC. She now earns a profit of 300,000 TZS (USD 214) per month and after repaying her weekly installments, earns a decent living and is able to send her children to school.

Small Enterprise Loans

BRAC offers small enterprise loans to entrepreneurs seeking to expand small businesses. The loans enable owners to create new employment opportunities and provide new services. Typically loans are given for trading, agriculture, livestock, fruit production and other types of small enterprises. These small entrepreneurs would otherwise have limited access to the formal financial system – too large for microloans but with not enough collateral for commercial banks. The small enterprise loan is offered to an individual rather than to a group and is available for both male and female entrepreneurs. Some members of the microloan groups will become eligible for this scheme as their businesses expand and their investment needs grow.

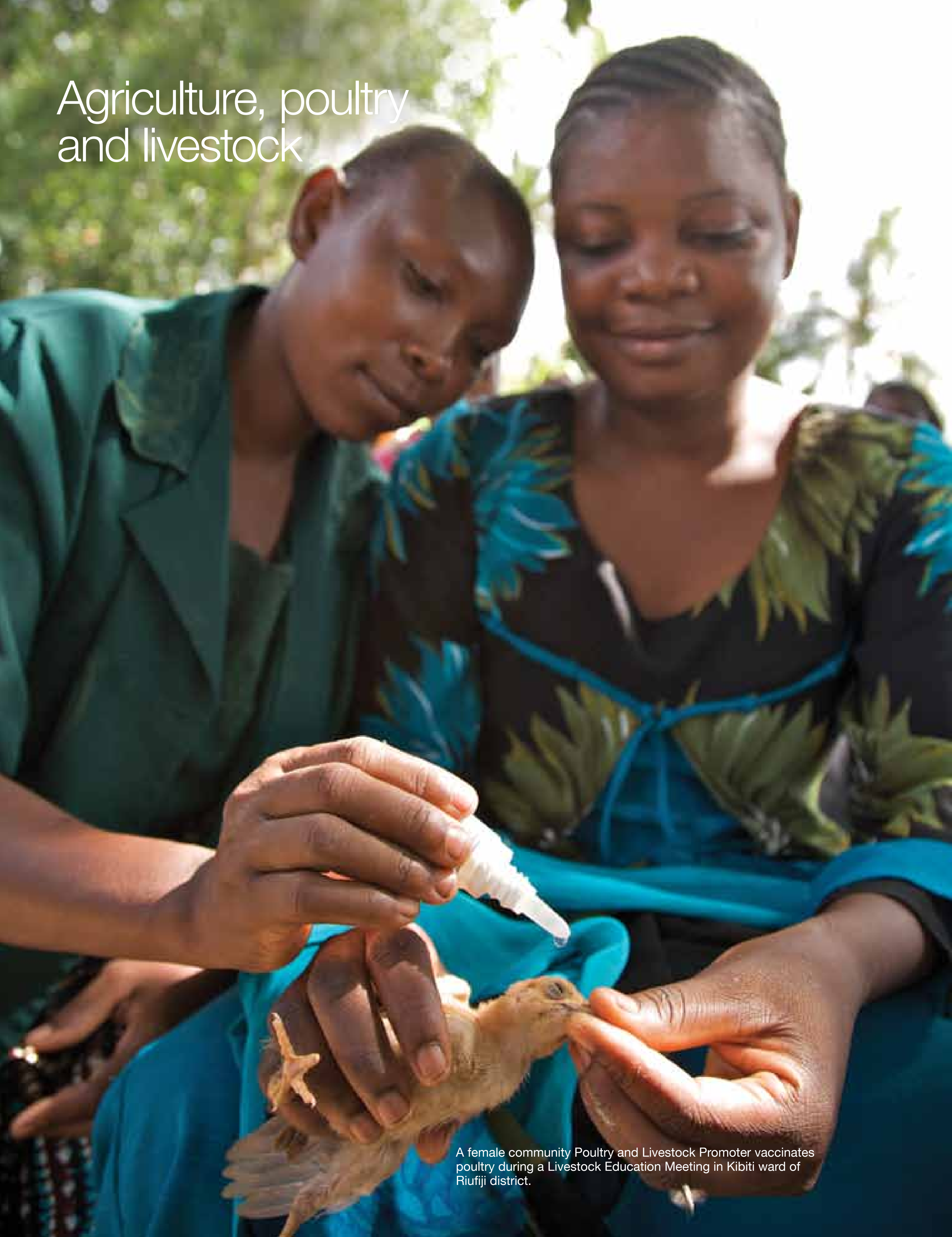
Key Features of Small Enterprise Loans

- Available to both male and female entrepreneurs
- Loan range: USD 800-8,000
- Competitively low interest rates
- Repayment mode: equal monthly installments
- Loan terms of six months or one year

Most popular loan uses

- Grocery store
- Beauty parlour
- Tailoring
- Clothing retail
- Textile garments
- Agriculture
- Agro-based enterprise
- Poultry, livestock and fisheries
- Cottage industry
- Hotel and restaurants/food processing
- Plastic and rubber industry
- Stationery shop
- Wood and wood products
- Leather and leather products
- Handicrafts
- Packaging

Agriculture, poultry and livestock



A female community Poultry and Livestock Promoter vaccinates poultry during a Livestock Education Meeting in Kibiti ward of Riufiji district.

Programme **Highlights**

"I was very poor and depended on my wage as a seasonal day labourer in the mining centres. Then I received one month's training from BRAC to work in artificial insemination services. Afterwards, I also received equipment for artificial insemination from BRAC and now I am inseminating an average of 40 cows per month, which allows me to earn around TZS 300,000 (USD 214) in profit. Now I am able to send my children to school."

Emily Afito (32), *Artificial Insemination Worker, Arusha*

In Tanzania, agriculture leads the economy, accounting for more than 40% of GDP, 85% of exports and providing livelihoods for 80% of the people. Yet, with drought and mountainous terrain limiting cultivated crops to only 4% of land area, there are high levels of food shortages. In 2007, BRAC launched its agriculture and livestock programme in Tanzania to begin addressing the problems of poor crop and livestock productivity. Our goal is to increase production by at least 30% within five years by expanding irrigation and ensuring the supply of agricultural inputs, such as quality seeds, fertilizer and pesticides.

Our programmes are increasing income for farmers and livestock rearers by helping boost productivity in core agriculture and livestock activities. Rose Raphael (40) is a model farmer in Barace village, Kimandalo, Arusha, who used to cultivate her land in the traditional way. After joining BRAC's agriculture programme, she received training on good farming techniques, modern cultivation practices and disease and pest management. She also received good quality seeds from BRAC. Now she cultivates amaranths, tomato, cabbage, chinese cabbage, okra, cucumber, pumpkin, onion, egg plant, papaya and maize in her 15,000 square metre vegetable field. She expects a good yield from her farm this year due to the use of high quality inputs, maintainance of proper sowing time, spacing to catch the early market, implementation of modern production technology and other better farm management practices.

Hilda Balisho (32) is a BRAC model farmer in Swaswa Village, Dodoma who also received inputs and training on modern farming practices. She implemented her training in cultivation and her production increased significantly as a result. Now she earns about 400,000 TZS (USD 286) a month, which is more than double her previous income of140,000 TZS (USD 100). With her increased earnings, she has been able to lease 1 acre of maize land and to repair her house. "Now I am able to pay my children's tuition fees and have a better standard of living", she said.

We provide training in new farming and livestock rearing techniques, and access to markets for our borrowers and other members in the community. We are investing in agriculture research stations and seed trial plots to develop disease-resistant, high yielding seed varieties. Woinde Swai (38) is a Community Livestock & Poultry Promoter from Tengeru Branch, Arusha who used to work in a shop prior. After joining BRAC's livestock programme, she received 12 days of training on treatment and vaccination of poultry, as well as a cooler to keep the vaccines, medicine and equipment. She is now vaccinating poultry in farms in her locality and has significantly increased her income. "I am happy with my work and I'm planning to start my own poultry farm", she said.

Model farmer Mrs. Kitabi of Tegeta Branch, Dar es Salaam, has taken support from BRAC Programme Organiser, Mr. Hoza, to increase the number and productivity of animals on her farm. She now has two cows which have been artificially inseminated. She has also been able to increase the number of poultry from 4 chickens a year ago to nearly 200 chicks and chickens which produce upto 70 eggs a day during the cooler seasons. After family consumption, Mrs. Kitabi now earns a daily profit of 25,000 TZS (USD 18) from the milk and eggs. In the future, she hopes to take a loan from BRAC's microfinance programme so she can further expand her business.

In addition to increasing the productivity of crops and Poultry, we also increased the number of Artificial Insemination Workers in 2010 to 189 to help produce cross-breed cattle that give more milk.

ACHIEVEMENTS 2010

1,490 villages are covered by BRAC's agriculture programme, which is in its fourth year of operation.

52,318 General Farmers were trained, along with 1,120 Model Farmers/Extension Workers, 576 Horticultural Nurserers, 9,593 Kitchen Farmers.

12.2 million doses of poultry vaccines were administered and USD 86,105 worth of medicine sold by our 962 Community Livestock & Poultry Promoters trained in 2010.

Programme Description

BRAC's agriculture and livestock programme addresses the problem of poor crop and livestock productivity in Tanzania. Crops grown for domestic consumption include bananas, cassava, fruits, maize, rice, vegetables, roots and tubers - as well as other traditional varieties such as a plantain, sweet potato, millet, sorghum, beans and ground nuts.

Tanzanian agriculture remains heavily dependent on rainfall, with less than 1% of arable land under irrigation. Small holder farms account for 99% of all cattle - mainly the Ankole Longhorn breed – and nearly 100% of all sheep, goats and poultry.

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.

Specialist Programme Officers

Both components of the programme are implemented at the branch level through dedicated Programme Organisers who have completed a four year diploma from a recognised government institute in their respective field. After recruitment as BRAC staff, they receive extensive training from specialists at BRAC and the government on topics such as livestock and poultry rearing, improved farming practices, high-yield seed varieties and programme operation strategies. The Programme Organiser's role is to train and supervise the Model Farmers/Agricultural Extension Agents and the Community Livestock & Poultry Promoters who are at the core of the programme.

Model Farmers/Agricultural Extension Agents

The primary outreach agents for the agriculture activities are the self-employed Model Farmers/Agricultural Workers. They specialise in crop production and promote good farming practices to others in their communities by turning their own small farms into demonstration model farms. They are required to have a minimum of two years agricultural experience and farm 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. Initially, the Agricultural Extension Agents receive one week intensive training on crop production technology. Later, they receive one-day refresher training each month. The Model Farmers/Agricultural Extension Agents are trained by BRAC's Programme Organisers to offer technical assistance to various types of farmers:

General Farmers - These are farmers who operate on a small scale, less than one acre of land and do not have to be BRAC members. These General Farmers are provided technical knowledge by the Agricultural Extension Agents and Programme Organisers through farmers' meetings and also receive input supplies from the Extension Agents.

Horticulture Nurserers - These are farmers trained in how to set up a nursery and sell seedlings, such as ornamental plants, fruit trees and flowers.

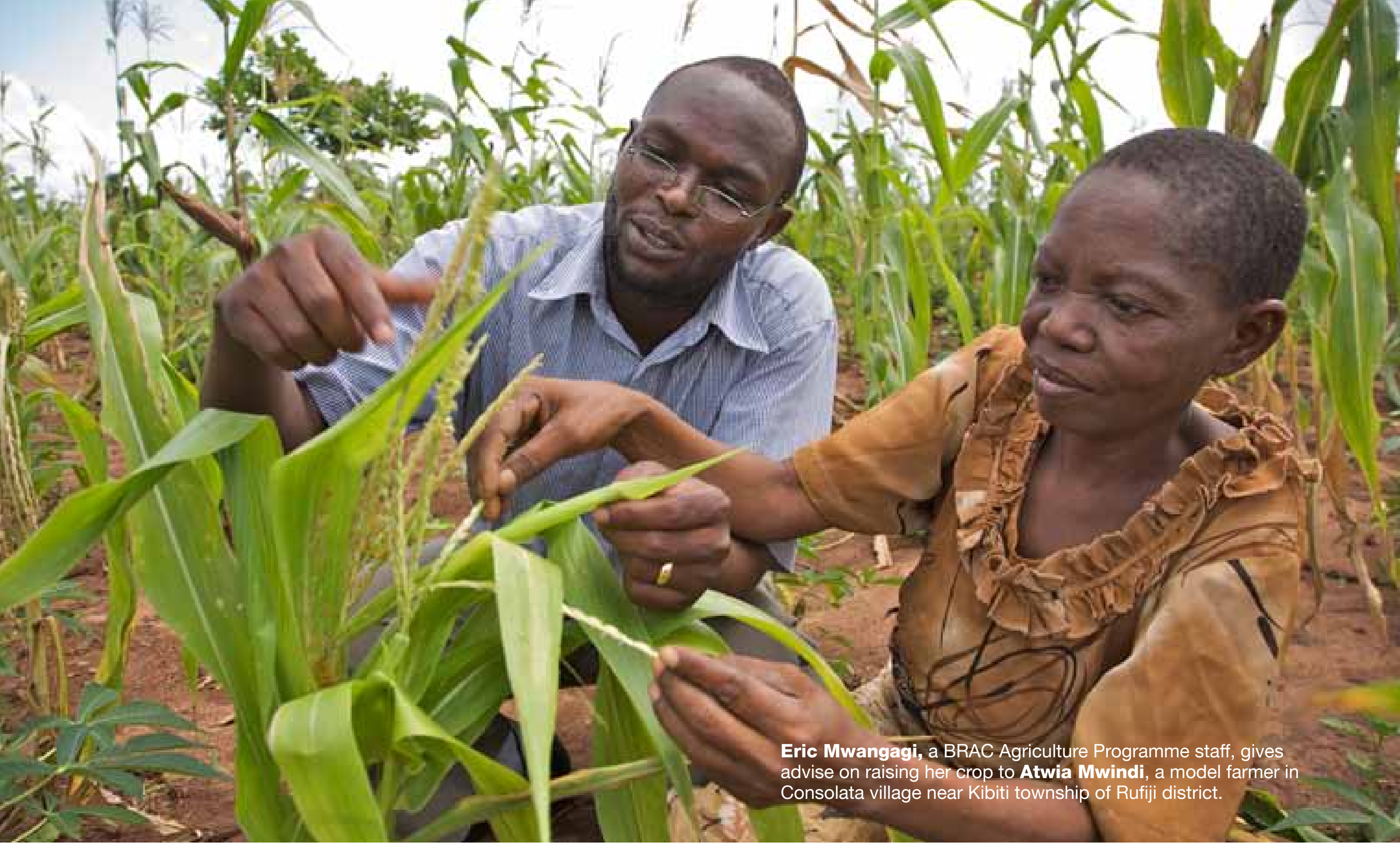
Vegetable and Kitchen Farmers - Kitchen farmers use very small pieces of land, or no land at all, farming from a bucket or sack. Vegetable Farmers operate on one acre of land.

BRAC agriculture branch staffs attend microfinance group meetings to identify Model Farmers/Agricultural Workers from among the members. The local BRAC branch is responsible for screening and short-listing candidates while the final selection is done by the area coordinators.

The Model Farmers/Agricultural Workers are then provided training for six days at the branch office. This covers farming techniques for specific crop varieties, focusing on the entire life cycle of the crop, starting from preparation of the land to harvesting. When their training is complete, the Agricultural Workers start identifying the small farmers living in their communities with the support of the branch staff. They assist the farmers on technical issues such as choice of varieties, improved seeds, crop spacing, rotation, intercropping, weeding, planting, fertilisation, pest control, post harvest management and utilisation of by-products, as well as integration of crop and livestock enterprises within the farm. They also sell improved seeds and other agricultural inputs.

Community Livestock & Poultry Promoters

The livestock and poultry component also operates outreach activities through self-employed volunteers. These are women farmers with experience rearing livestock and poultry who are selected from BRAC microfinance groups. After selection, they receive extensive training in livestock husbandry, health issues and vaccinations. Training also includes the production and conservation of fodder crops. Once trained, they generate income by charging fees for their services. With help from BRAC, they offer vaccination services, sell



Eric Mwangagi, a BRAC Agriculture Programme staff, gives advise on raising her crop to **Atwia Mwindi**, a model farmer in Consolata village near Kibiti township of Rufiji district.

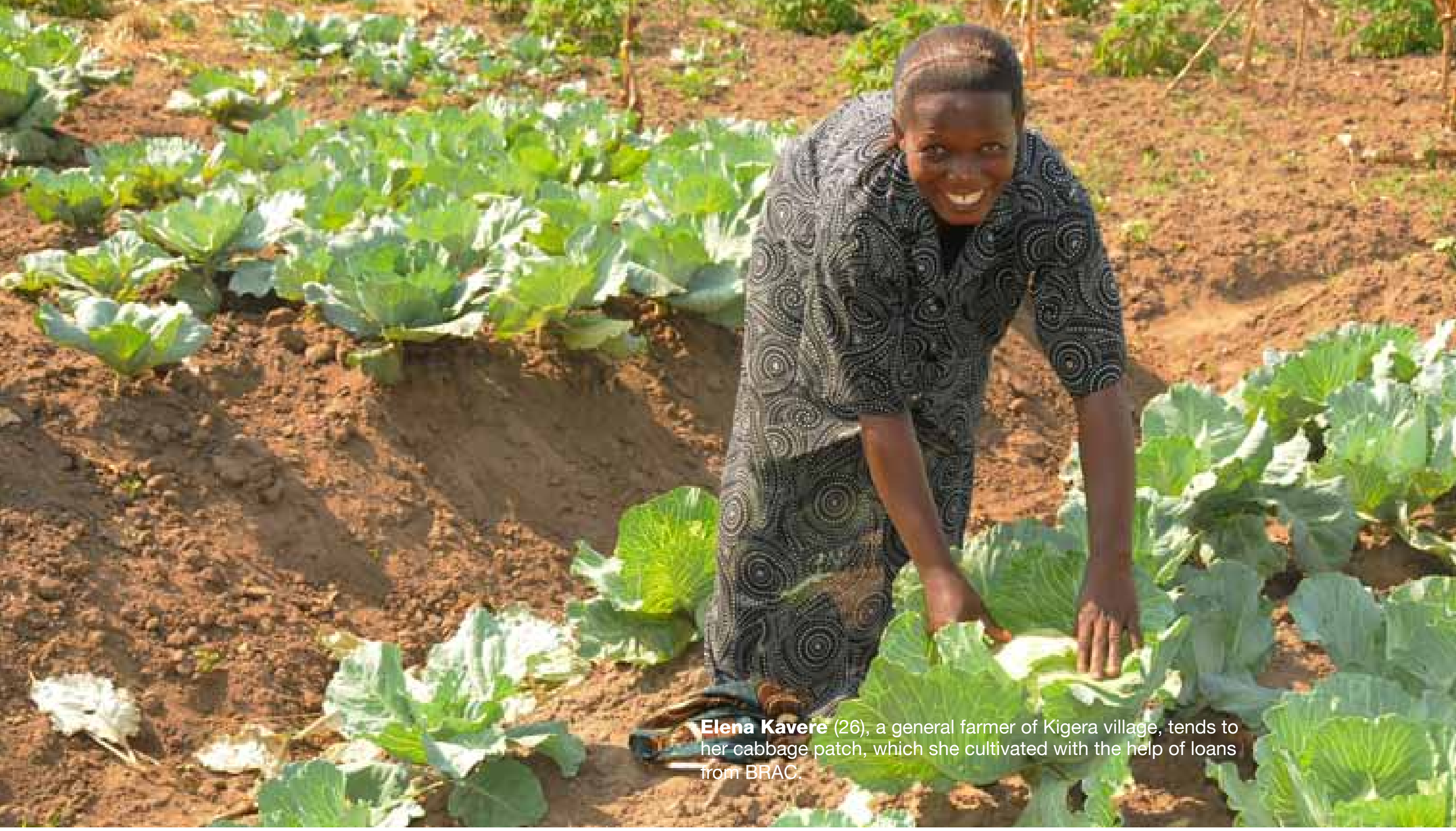
veterinary medicines and provide technical assistance to other microfinance group members and the wider farming community. They select and assist the following types of livestock and poultry farmers:

Model Poultry Rearers - These are farmers with more than 50 birds. They receive four days of training on rearing and management of day-old chicks and layer hens to help improve their poultry farming yields. They are also trained in how to regularly vaccinate their birds and receive advisory services from the Community Livestock & Poultry Promoters. Each BRAC branch will select and train approximately 70 Model Poultry Farmers per annum. The farmers will earn a minimum of 80,000 shillings (USD 57) by selling eggs and chickens each month.

Broiler Rearers - These farmers receive three days of field-based training on broiler rearing, management and marketing. At least 20 broiler rearers are trained for each participating BRAC branch. The broiler rearer will receive 100 or more broiler chickens per batch and after six weeks, they sell the birds to the market. BRAC Area Livestock Coordinators and Programme Organisers ensure the supply of broiler chicks from commercial parent-stock poultry farms. The broiler rearer will earn a minimum of 85,000 shillings (USD 60) per batch of chicks.

Community Artificial Insemination Promoters - The AI Worker receives one-month training, sponsored by BRAC, from reputable institutes such as the National Artificial Insemination Centre (NAIC) in Arusha. After training, BRAC provides the equipment for starting up insemination activity. The AI programme is promoted through posters and leaflets while Programme Organisers hold meetings with cattle owners to discuss artificial insemination issues. The monthly minimum income target for each AI Worker is USD 39 while the monthly insemination target is at least 10 during their first two years.

Model Livestock Rearers - These farmers have two to three dairy cows. They receive five days training on cow rearing and management to increase production and income. Each BRAC branch will select and train approximately 100 Model Cow Rearers. BRAC microfinance group members have access to microloans for purchasing additional livestock activities. They have access to the Community Livestock & Poultry Promoters who provide services such as deworming and vaccination of animals under the supervision of a qualified BRAC Programme Organiser.



Elena Kavere (26), a general farmer of Kigera village, tends to her cabbage patch, which she cultivated with the help of loans from BRAC.

Agriculture Research & Development

Agriculture has a crucial role play in the Tanzanian economy- both as a source of food and income. It is an important contributor to overall economic growth and poverty reduction. Introduction and promotion of high quality seed is the main component to increase income, improve food security and reduce poverty.

BRAC's agriculture research and development programme began tackling Tanzania's many farming challenges in 2007 and the seed production programme followed in 2008. Our goal is to increase farming income, improve food security and reduce poverty by promoting and delivering high-quality crop varieties to Tanzanian farmers.

The objectives of BRAC's agriculture research are:

- to evaluate different crops' germplasms through on-farm and on-station trials
- to select promising exotic varieties for release and registration in Tanzania
- to introduce exotic hybrid and high-yielding varieties that can survive the Tanzanian climate along with local high-yielding varieties
- to develop and disseminate appropriate and environmentally friendly technologies to farmers at the grassroots level

Our activities include the evaluation of crop germplasm based on productivity and adaptability to Tanzania's agro-ecological conditions. Our research evaluates local and imported crop germplasms (seeds and other genetic material, such as plant cuttings) by conducting demonstrations and adaptability trials to find the best performing varieties, based on production potential. The best performing germplasm are submitted to the government for on-farm and on-station trials for variety release and the initiation of the registration process.

From inception, we have been conducting a number of seed trials and demonstration projects. In Arusha, in northern Tanzania, we have leased land for maize and vegetable research from the Tengeru Horticulture Research Institute. Rice research is conducted at Morogoro in the southern highlands.

In the process of evaluation, we have been able to obtain promising entries for conducting multi-location trials. In 2010, we conducted multi-location trials under the Sellian Agriculture Research Institute (SARI), Arusha and selected the two best hybrid maize varieties for farmer assessment trials and further multilocation trials for release and registration, to be conducted in 2011.

We have started producing maize, rice, sunflower and vegetable seeds by using government-released varieties. At the same time, we are trying to develop our own varieties through research. We are also conducting grow-out trials for seeds produced by BRAC to analyse the performance of the crops and quality of seed.

Our objective is not ony to produce improved seeds but make these available to poor farmers in order that they can increase their production and income. Therefore, our research is closely linked with the agricultural extension programme, providing not only modern technologies but also access to improved seeds, crops varieties and other inputs to the farmers to increase crop production. BRAC's extension network is widely present and well recognised across the country, especially in the rural areas.

We are producing seed both on land owned by BRAC as well as through contract growers. These growers receive training on quality seed production, under the supervision of a seed technologist. The foundation seed is collected from government sources for certified seed production, under the close supervision of the Tanzania Official Seed Multiplication Institute (TOSCI).

The produced crop seed will be made available to smallholder farmers according to their local demand and land conditions. To ensure efficient distribution at the farmer level, BRAC has selected and trained about 250 agro-dealers. After production, the seed is distributed through BRAC's agriculture extension programme, which is linked with the agro-dealers. The entire seed production, distribution and cultivation process is supervised by BRAC agronomists. In addition, BRAC's monitoring team in Tanzania is closely observing the process to in order to provide constructive feedback on improving the programme.

To ensure the smooth and successful running of the research and seed production, BRAC is closely collaborating with national and international agriculture research organisations. This collaboration is needed in order to obtain germplasm for trials, technical support and staff training and development. The major collaborators are: Selian Agriculture Research Institute (SARI), the Tengeru Horticulture Research Institute, the Centre for International Wheat and Maize Improvement (CIMMYT) and the Asian Vegetables Research and Development Centre (AVRDC).

As a member of the East African Maize Working Group (EA-MWG), BRAC is involved in conducting regional maize trials from CIMMYT. In the process of evaluation, we were able to obtain promising entries for conducting multi-location trials. In 2010, BRAC conducted multi-location trials under Sellian Agriculture research Institute (SARI), Arusha, Ministry of Agriculture, Food Security and Co-operatives.

For vegetables crops, we have already submitted seed samples for tomato, brinjal and okra to the TOSCI for the Distinctness, Uniformity and Stability (DUS) test. Farmers' assessment trials have also been implemented under the supervision of the Horticulture Research Institute (HRI). "BRAC's agriculture research helps validate and improve information and inputs, which are then transferred through our agricultural extension workers and model farmers to the general farming community. We are looking for improved crop varieties from abroad as well as local sources. Once we have tested, we can confidently recommend these seed varieties to the farming communities - we don't recommend low yielding varieties to our farmers", says Md. Abdus Salam, the BRAC manager for Agriculture Research and Development in Tanzania. "Our aim is to increase crop production by identifying and developing good quality seed varieties and contribute to raising the income of small and marginal farm households," he says, "BRAC does this by exploring which are the best crop varieties for farmers and researching modern technologies and methods of production in different ecologies across Tanzania".

BRAC's agriculture research also works to develop drought tolerant, insect and disease resistant, high yielding varieties in the context of global climatic change and increasing population. As a result, improved crop varieties should allow farmers to increase their yields and income and reduce crop failure.

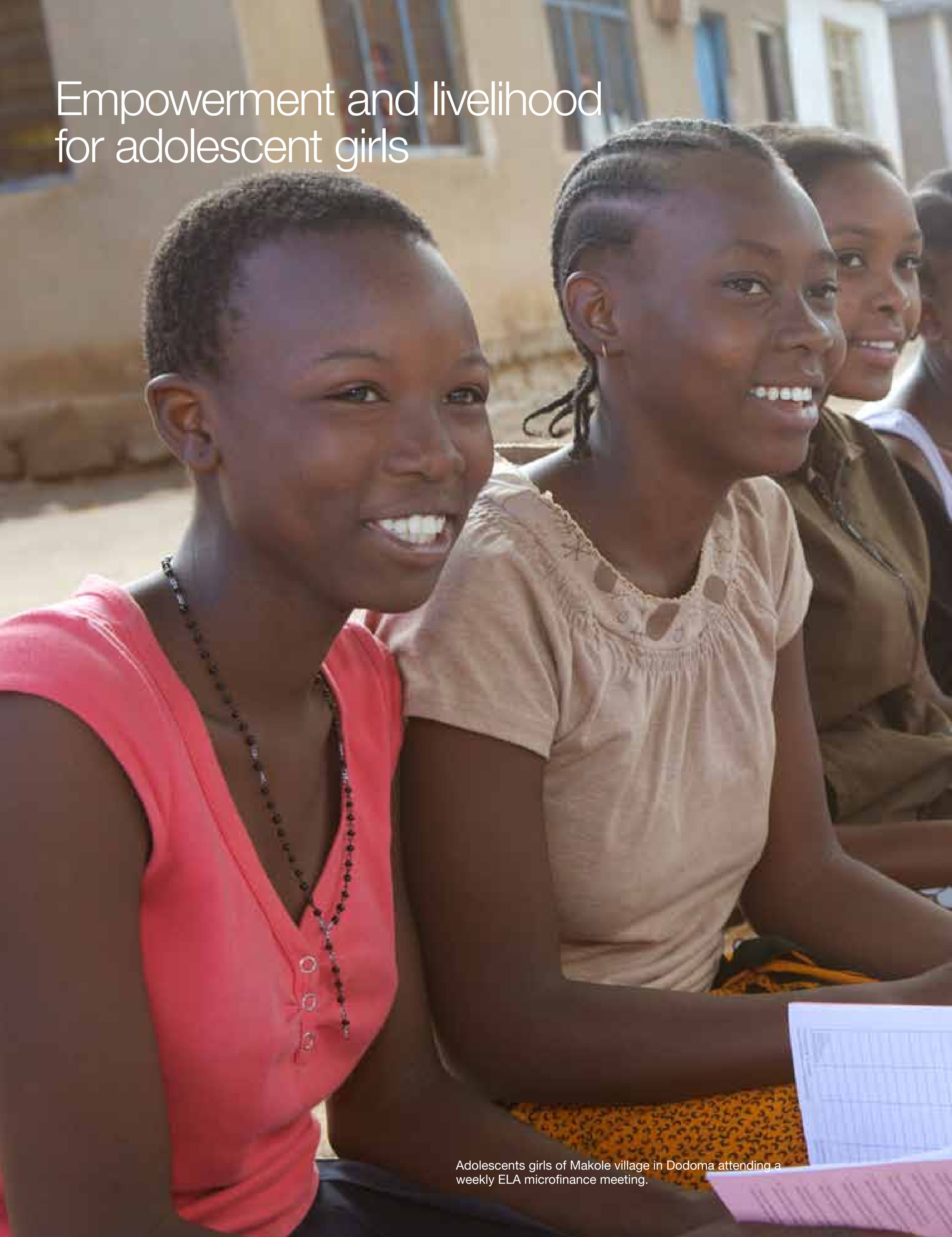
Achievement of Research & Development in 2010

Crop Name	Trial Name	Trial achievement
Maize	Observation/Adaptability	5
Maize	Multilocation	3
Maize	CIMMYT regional	3
Okra	Farmers assessment	1
Okra	DUS	1
Brinjal	DUS	1
Tomato	DUS	1

Achievement in Seed production in 2010

Crop Variety	Acres planted	Seed produced (Kg)
Rice TxD306	12	7,045
Maize TMV	15	12,316
Maize Kilima	16	6,996
Maize Situka M1	15	3,040
Total	58	29,393

Empowerment and livelihood for adolescent girls



Adolescents girls of Makole village in Dodoma attending a weekly ELA microfinance meeting.

Programme **Highlights**

"I am seeing very positive changes in our girls. They are thinking about their future, some have gone back to school, many girls have started a business and most of them are avoiding bad company. This is a significant change for our girls. I am so happy to see it."

Beatrice Gaudence Mkuwa, *Area Supervisor, Dodoma*

Begun in 2008, the Empowerment and Livelihood for Adolescents (ELA) programme is already making a difference in the lives of vulnerable teenage girls in Tanzania. Funded by the Nike Foundation and organised into 100 clubs for 13 to 19 year olds, the programme provides a safe place for them to socialise and take part in group activities as well as a forum for talking about issues in their lives. Many of the older members who are out of school have received training in income generating skills. In 2010, we disbursed microfinance loans to these members with which they developed and launched their own businesses.

Housed in simple rented or donated rooms, the clubs are brimming with energy and laughter. The girls read books and discuss their lives. They also entertain each other through songs, dances and dramas. For three hours in the afternoons, the girls play outdoor sports such as netball, football and soccer, and indoor games like chess, draught, ludo and Monopoly.

Jackline Chikusa (19) is proud to be an ELA member in Ipagala, Dodoma. "Before joining the club, I had no future plans. I did not know how to control my emotions, make decisions, solve problems and choose my friends. Through this club I received various kinds of information and also life skills training in beautification and salon operations", she said. After her training,Jackline took her first loan of TZS 150,000 (USD107) and started a salon business. With her second loan of TZS 250,000 (USD179) she expanded her business successfully. She is now earning profits of upto TZS 150,000 (USD107) per month. "Now I am aware of many things and I'm trying to make my friends aware as well"

The sense of sanctuary and companionship the ELA clubs provide is no small matter in a country where 41% of the 4.1 million adolescent girls get married and 25% become pregnant before 18 years. HIV prevalence, which affects 5.8 % of the total population, is increasing among adolescents and women. Suzana Leonardy Magoda (17) is a club mentor in Dodoma. Being an AIDS orphan, she faced incredible challenges. The ELA programme gave her an opportunity to obtain knowledge and skills and make fellow club and community members aware of HIV/AIDS. "I believe in the ELA club song, 'We shall overcome one day' because we are not alone and we are more responsible and active now. I pray that BRAC will expand the ELA programme all over Tanzania so that millions of girls will be equipped to face challenges in their lives successfully", she said.

Having lost both parents at an early age, Ramra Kimbe (19) had to drop out from school because the aunt who took her in could not afford to pay the fees. In 2009, Ramra joined an ELA club and began going there every day to read the different types of books and magazines available there. She received life skills based education and also agriculture and poultry training. Ramra convinced her aunt to let her go back to school instead of getting married. Now she is successfully running her own poultry business and continuing schooling in Form 2. "My dream is to complete higher studies and work to change the quality of life for poor students, especially girls", she said.

While Ramra is one of 43% of Tanzanian girls who complete primary education and go on to secondary school, many ELA members have dropped out or never went to school. These girls have been selected by BRAC to receive livelihood training in tailoring, beauty salon operations, poultry, agriculture and food processing. "The girls are transforming. They are becoming more analytical. They have the confidence to plan their life and the ability to change their condition. Parents and community members are also noticing these changes and they are happy about the income generation opportunities for their girls. They request us to expand this programme to other villages and introduce a programme for boys", says Sarder Lutfor Rahman, ELA Project Manager.

ACHIEVEMENTS 2010

100 clubs are running across 10 branches in Dodoma, Kondoa, Iringa and Mufundi districts with 4,139 members.

50 ELA microfinance groups were formed with 1,172 girls and a total of TZS 172,550,000 (USD 123,250) disbursed in loans to 1,139 of those girls to start their own businesses.

836 ELA members were provided livelihood training in tailoring, beauty salon, photography, poultry rearing, vegetable growing, nursery, food processing and computer operations skills.

Programme Description

BRAC's programme for adolescents is designed to socially and financially empower youth aged between 13 and 19. Targeted exclusively at vulnerable teenage girls, the programme combines innovative livelihood and life skills training with a customised microfinance programme.

The objectives of the ELA Programme are:

- To create confidence and a sense of self-worth
- To cause positive behavior change
- To improve the quality of life for young people

Programme Components

Adolescent Clubs

ELA services are provided through dedicated clubs that provide a safe, non-threatening environment for adolescent girls. The girls are able to freely socialise and share each other's experiences, as well as find support for dealing with personal challenges. The clubs act as both social spaces, where girls can win positive recognition from their peers, and training venues for skill development courses. Each club organises daily team sports - such as netball – as well as dancing and other recreational activities.

Adolescent Leaders

The clubs and training courses are managed by the adolescents themselves. Two girls from each club are selected and trained by BRAC to be adolescent leaders. They have to be at least 18 years old. These leaders are responsible for the management of all club activities and for conducting the training courses. Training for the leaders covers facilitation and life skills and is provided through:

- Six days basic training
- Six days training on conducting life skills course
- One-day refreshers (bi-monthly)
- One-day orientation
- One-day refresher for life-skills course
- Life Skills Training Course

Life Skills Training Course

The life skills training course is offered to all the girls attending the clubs. The goal of the training course is to equip adolescents with the necessary knowledge and skills to improve their lives. The objectives of this course are:

- To coach adolescent girls to be conscious, conscientious and confident citizens
- To raise their awareness of relevant social issues such as gender imbalance, early marriage, early pregnancy, bride price, rape and drug addiction
- To enhance understanding of general health, hygiene, HIV/AIDS, STIs and reproductive health issues
- To develop leadership skills
- To develop negotiation and conflict resolution skills

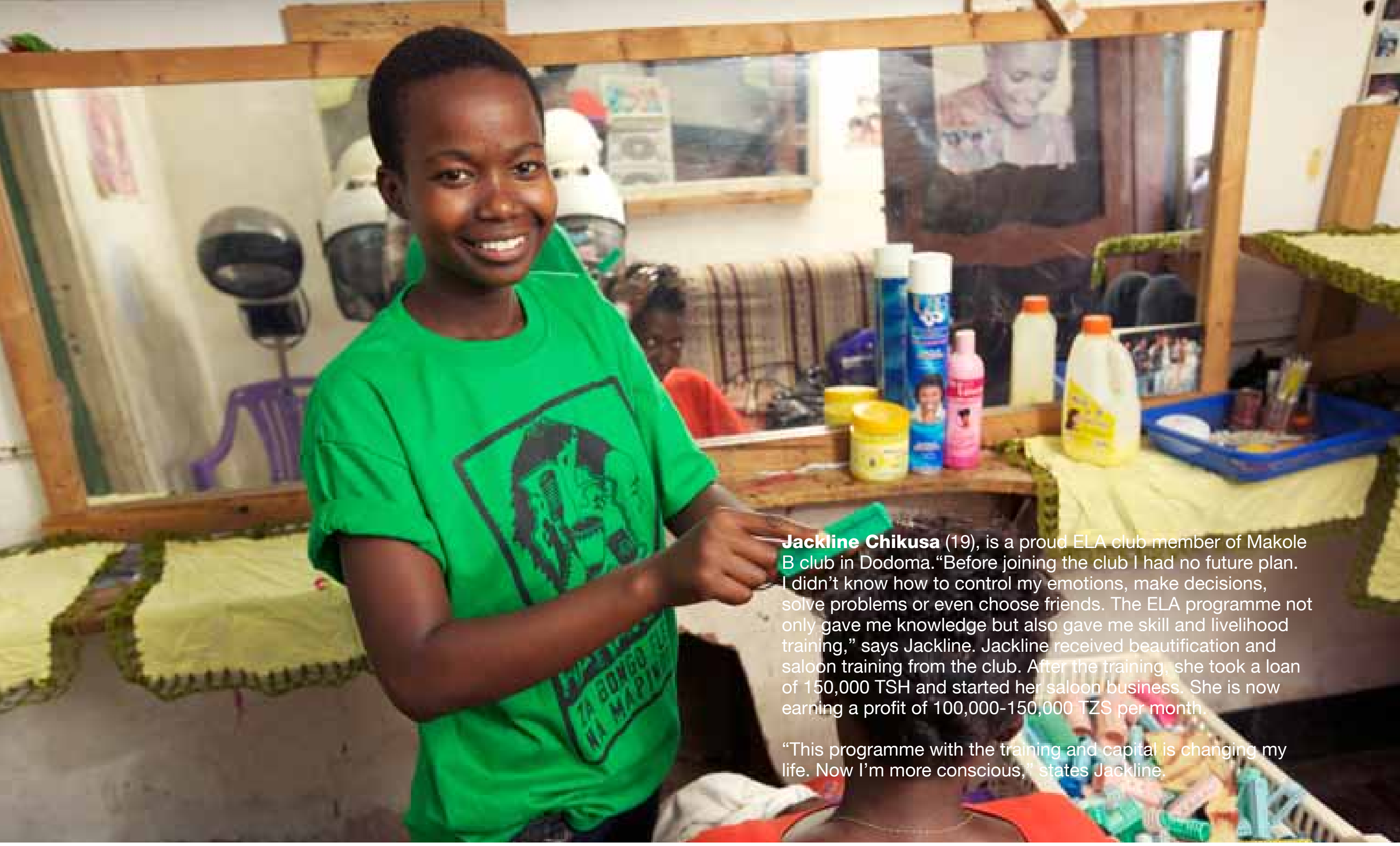
Income Generation Skills Training

The older teenage girls who are out of school are able to choose a training course in one income generation activity that is of interest to them. The courses are designed in the context of the local economies and we offer several options to each girl. In our experience, the adolescents are keen observers of market opportunities. The following types of courses have proven to be beneficial and appropriate for girls entering into microfinance for the first time:

- Vegetable cultivation
- Poultry rearing
- Beauty salon
- Food processing
- Tailoring and other non-farm businesses
- Nursery
- Computer training

Financial Literacy Training

BRAC has found that a lack of financial literacy is a constraint to adolescent empowerment. We therefore provide them with training on business planning, capital management, customer service and basic market analysis techniques.



Jackline Chikusa (19), is a proud ELA club member of Makole B club in Dodoma."Before joining the club I had no future plan. I didn't know how to control my emotions, make decisions, solve problems or even choose friends. The ELA programme not only gave me knowledge but also gave me skill and livelihood training," says Jackline. Jackline received beautification and saloon training from the club. After the training, she took a loan of 150,000 TSH and started her saloon business. She is now earning a profit of 100,000-150,000 TZS per month.

"This programme with the training and capital is changing my life. Now I'm more conscious," states Jackline.

Appropriately Designed Microfinance

The key differences between ELA and BRAC's regular microfinance programme are the targeted age groups and the average loan size. The average loan size of ELA is much lower than a comparable loan cycle in the regular microfinance programme. The unique features of the adolescent microfinance programme are:

- Credit Officers who are female adolescents
- Targets out-of-school girls who are ELA members
- Smaller first loan sizes compared to adults
- 16 years is the minimum age for borrowers (in compliance with financial regulations)

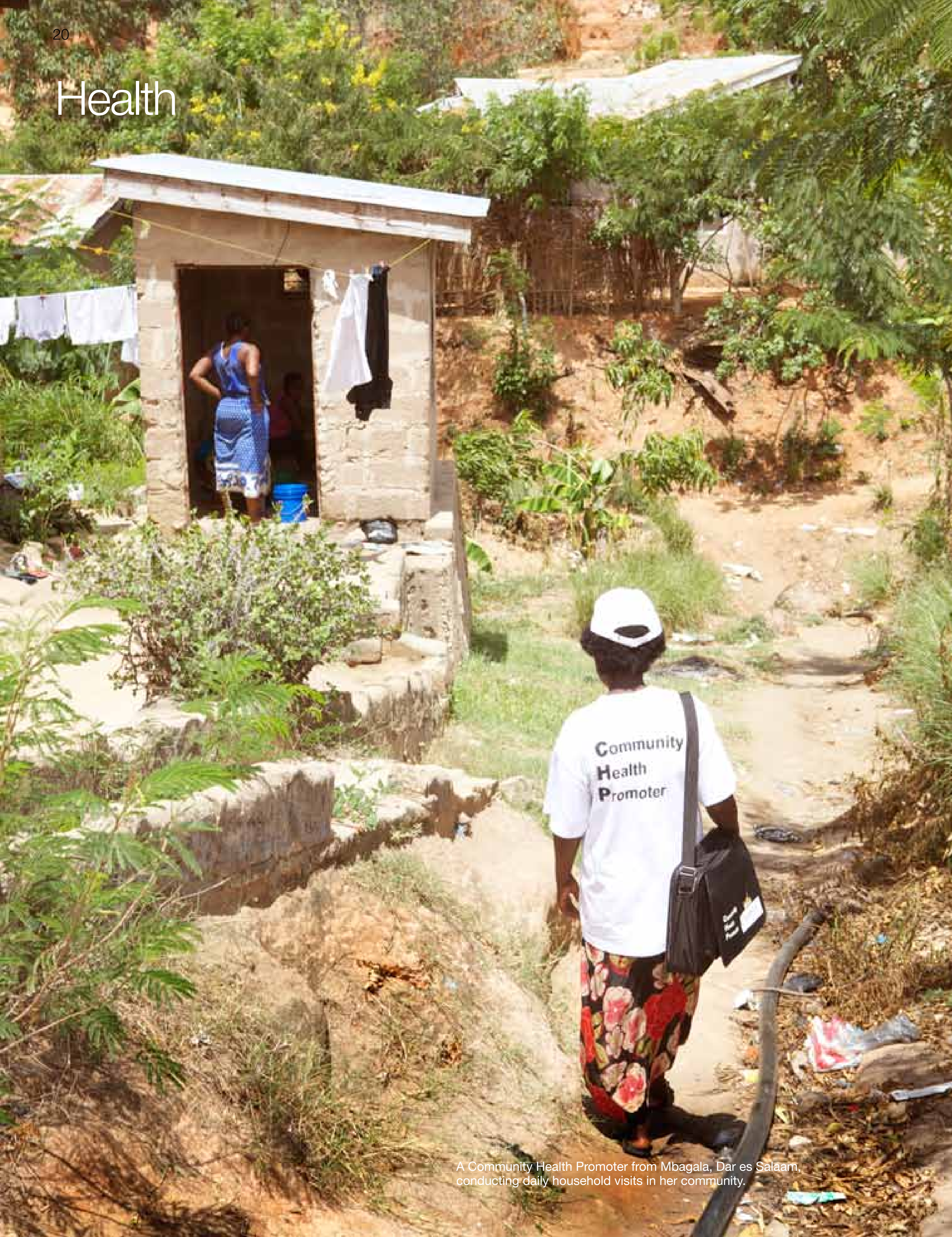
Community Participation

We involve parents and guardians in the process of adolescent empowerment through parents meetings, mothers' forums and workshops for community leaders. Much of the frustration faced by adolescents is due to isolation and lack of adult understanding of the issues they face. Their parents and the communities in which they live may deliberately or subconsciously contribute to discrimination against girls and the violation of their rights. Given that the adults have often had little or no formal education themselves, they may not be fully aware of the causes and depth of the problems faced by adolescents.

Life skills course subjects

- Critical thinking
- Creative thinking
- Decision making
- Effective communication
- Coping with stress
- Coping with emotion
- Problem solving
- Empathy
- Self-awareness
- Negotiation
- Interpersonal relationships

Health



A Community Health Promoter from Mbagala, Dar es Salaam, conducting daily household visits in her community.

Programme **Highlights**

"The average life expectancy in Tanzania is only 45 years. Our main objective, therefore, is to increase life expectancy by providing health services and health and hygiene information. We also work to prevent occurrence of diseases such as malaria by raising awareness among community members."

Sophia Sudi (32), *Community Health Worker in charge in Dar es Salaam.*

BRAC takes a multifaceted approach to delivering essential health care in Tanzania. We focus on the prevention of malaria, tuberculosis (TB), and HIV/AIDS, and the reduction of maternal, infant and under-five mortality rates. We increase accessibility to healthcare by taking it to the doorsteps of the people and improve utilisation of government and private health facilities.

At the centre of BRAC's approach are the Community Health Promoters (CHPs), who are women selected from their microfinance groups and trained to provide basic health care. Every day, 1,716 dedicated CHPs provide basic healthcare services to their communities. Each CHP has overall responsibility for 150 to 200 households in her area that she will visit, all within one kilometre of her home. During each visit, a CHP checks on the health of household members, offers treatment for basic illnesses and checks to see if there are any pregnant women in the house, in which case she refers them for antenatal check-ups. The CHPs earn a small income from selling health-care products, such as insecticide-treated bed nets, contraception and some over-the-counter medicines. For serious cases, she refers patients to health facilities.

Eva Timoth, Community Health Promoter, Mbagala Branch, Dar es Salaam, visits 10 households every day. She discusses family planning, the health condition of the family members, provides advice in cases of sickness and refers patients to the hospital or ante natal care clinic. When providing any treatment, she visits the patient every day to ensure proper intake of medicine.

Darini Saleha (52) in Kibordemaji, Mbagala Branch, Dar es Salaam was suffering from Tuberculosis (TB) since 2008. After taking a 6-month course of TB medicine, her condition did not improve. Then BRAC CHP Eva visited her. "Eva visited my house and I told her everything about my health condition - that I am suffering from cough, body pain, lack of appetite, fever and weight loss. She advised me to get my blood tested at the hospital", Saleha said. She was found positive for HIV. Now Eva visits her every day and supervises her medicine intake. "I am happy to see Eva visit my house and I also appreciate how she is raising awareness in the community regarding HIV", Saleha said.

Fatema Hamisi (17) from Kibordemaji, Mbagala, was suffering from headaches, vomiting and body pain. CHP Eva visited her every day and advised her to get tested for malaria. Fatema was diagnosed with Malaria and treated succesfully. "Eva visited me twice a day to make sure that I was taking the medicine and completing the dosage properly", said Fatema, "She gave me information on how to prevent malaria and about personal hygiene".

However, being a CHP is part-time work. Like all other CHPs, Eva is a member of BRAC's microfinance group and has taken three loans for various income generating activities. CHPs are supported and supervised by Community Health Workers (CHWs), who are staff members responsible for implementing the health programme at the branch level. One of their duties is to help CHPs conduct community health forums on such topics as sanitation, hygiene, HIV/AIDS and malaria. There are two CHWs in every branch, each responsible for 10 CHPs. Area Health Coordinators with nursing diplomas are responsible for five branches.

ACHIEVEMENTS 2010

479,473 people, mainly in rural areas, attended 41,578 health forums and meetings.

63,264 suspected malaria cases and 3,127 suspected TB cases successfully referred to hospitals for treatment.

1.5 million Tanzanian men, women and children served by 1,716 Community Health Promoters, 587 of whom were trained in 2010.

Programme Description

BRAC's Essential Health Care (EHC) programme in Tanzania is a scalable model of community health care. The overall goal of the programme is to improve health conditions and increase access by providing basic health services in communities where BRAC has an established microfinance group. One member of each BRAC microfinance group is designated and trained as a Community Health Promoter. CHPs serve the health needs of the entire community, with particular attention to poor women and children.

Programme Objectives

- To increase reproductive health care services by raising awareness, ensuring antenatal care (ANC) and post-natal care (PNC) visits and facility based deliveries
- To reduce the incidence of malaria, especially among pregnant women and children, by enhancing control and prevention
- To bring positive behavioural change for prevention of HIV/AIDS and ensuring access to HIV/AIDS services through community sensitisation and participation
- To develop a community based approach to increase and sustain TB case detection and cure rate as per the Millennium Development Goals
- To improve basic sanitation and hygiene by bringing behavioural change and ensuring access to safe water and latrines
- To mobilise women and disseminate information through village meetings and home visits
- To collaborate with the government to further facilitate and strengthen the implementation of national tuberculosis, malaria and immunisation programmes

Programme Components

Reproductive health care

One of BRAC's primary concerns is to improve reproductive health care awareness and service utilisation. To fulfill this objective, CHPs identify pregnant women during their household visits and refer them to nearby government or non-government Health facilities. The CHPs raise awareness on pregnancy care and antenatal danger signs and follow up to ensure that ANC and PNC visits are made to the health facilities.

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 promising treatment against childhood malaria in Africa. She also raises awareness on the importance of Voluntary Counselling and Testing (VCT) for HIV/AIDS, and Preventing Mother to Child Transmission of HIV (PMTCT).

Safe water, sanitation and hygiene

CHPs promote healthy behaviours regarding the use of clean and safe water, sanitation and hygiene among members of their community. They promote the use of sanitary latrines and proper disposal of waste and sell water purification tablets.

Family planning

CHPs mobilise and motivate women to use modern methods of contraception during household visits. They provide clients with birth control pills and condoms. For other temporary and/or permanent methods, couples are referred to government health care facilities.

Immunisation

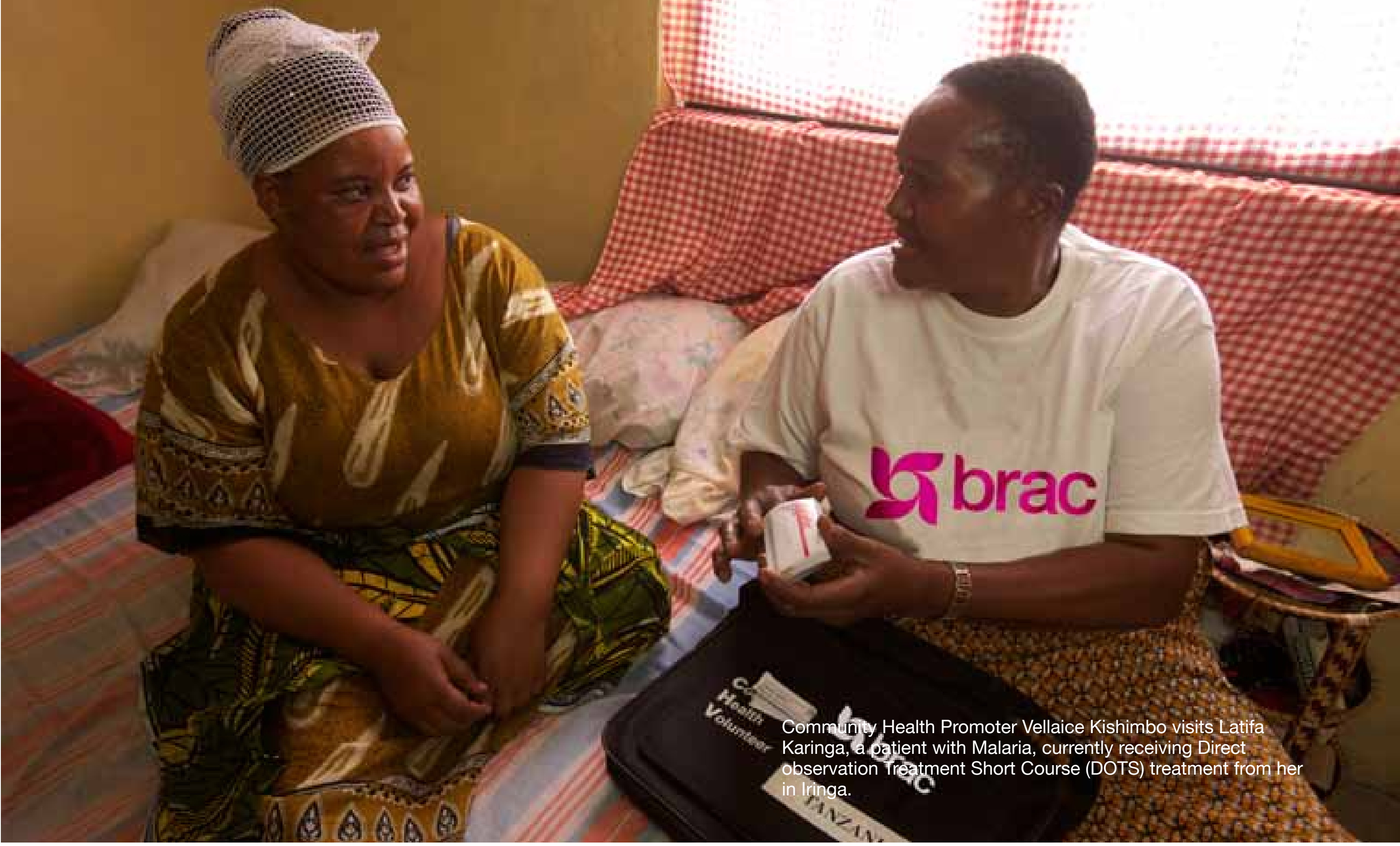
During household visits, CHPs encourage mothers to immunise of children under one year of age and ensure vaccinations for pregnant women. CHPs also identify and motivate children and pregnant women who have not received vaccinations.

Basic curative services

CHPs are trained to diagnose and treat some basic ailments such as diarrhoea, dysentery, common cold, helminthiasis, anaemia, ringworm, scabies, hyperacidity and angular stomatitis. They refer individuals with more complicated conditions to local public and private health facilities. CHPs earn a small income by selling health commodities such as sanitary napkins, condoms, oral rehydration salts, soap, mosquito nets, etc. to people in their communities.

Malaria Control

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



Community Health Promoter Vellaice Kishimbo visits Latifa Karinga, a patient with Malaria, currently receiving Direct observation Treatment Short Course (DOTS) treatment from her in Iringa.

The CHP sells Insecticide Treated Nets (ITN) in the community and promotes the concept of every family member sleeping under a net. She ensures that nets are treated every six months and sells K-O TABS, which are insecticides that are dissolved in water and sprayed on mosquito nets to restore potency.

TB Control

CHPs implement a well-tested, community-based approach for increasing and sustaining TB case detection and treatment. During household visits, CHPs ask simple questions related to suspected TB cases (based on symptoms such as fever and/or cough for more than two weeks, excessive night sweats, noticeable weight loss and coughing up bloodstained sputum).

When a suspected TB victim is identified, the CHP motivates that person to be tested at a nearby government facility. She explains the dangers that TB can pose to the sick person as well as the rest of the family. She 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) agent. DOTS involves second party observation of a TB infected person taking a prescribed course of medication so that the patient does not default on taking their medications, which can result in drug resistance.

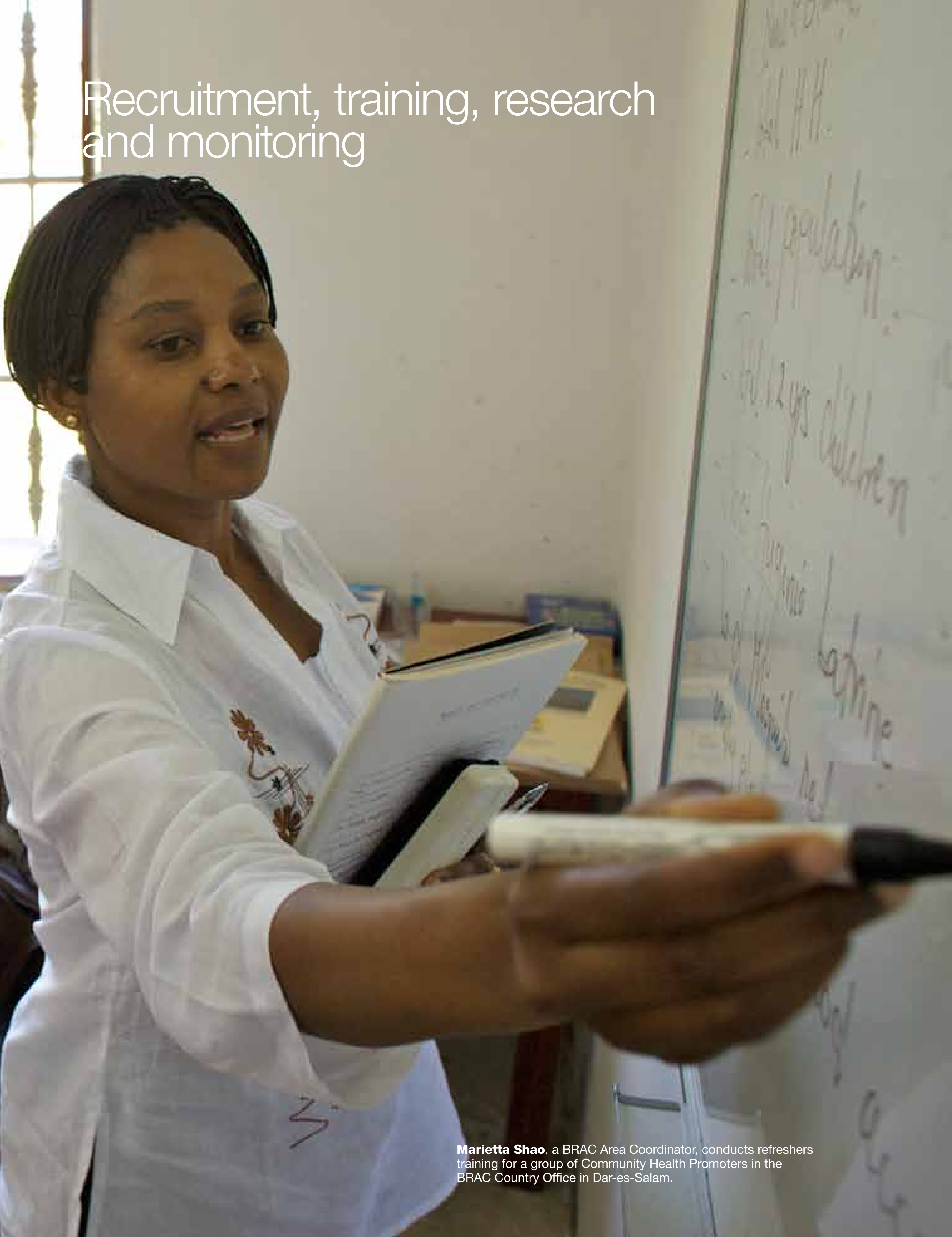
HIV/Aids

The programme focuses on creating awareness and implements prevention strategies at the household level. CHPs identify suspected HIV cases within their community and advise these community members to seek out voluntary counseling and testing (VCT).

Community Health Initiatives

BRAC takes a multi-pronged approach to community health education. We offer community health forums on issues such as malaria, TB and HIV prevention, maternal health, family planning and sanitation.

Recruitment, training, research and monitoring



Marietta Shao, a BRAC Area Coordinator, conducts refreshers training for a group of Community Health Promoters in the BRAC Country Office in Dar-es-Salaam.

Recruitment

BRAC invests considerably in recruiting, training and continually developing its workforce of Tanzanian staff. With the recruitment of new employees, our total staff grew by 35% in 2010 to 1,533, bolstering the expansion of all programmes across Tanzania. We recently recruited 316 Tanzanian employees and trained them as specialist microfinance staff. These staffs are all young women in their 20s or 30s who are now on the fast career trajectory that BRAC offers its employees. Some women also start as volunteers - such as a Community Health Promoter - and go on to becoming promoted to full-time, paid positions.

Training and Capacity Building

Training is the backbone of all BRAC programmes in Tanzania. As BRAC hires hundreds of new staff, many of them straight out of college, it is critical to provide them with sufficient orientation and training which will help them understand the organisation culture and the procedures and policies which guide its daily activities. In addition, BRAC believes in constantly investing in building the capacity of existing staff, helping them to learn new skills, techniques and grow within the organisation and also keep up with advancements in technology. To support the continuous development of our staff, we opened our first training centre in Dodoma in 2009 and hired a permanent training team.

Training new staff

By the end of 2010, BRAC had trained 1,533 new staff in programme management and operations. Most of the new staffs are working as Credit Officers and Community Organisers, spending almost 80% of their time running microfinance meetings, community health forums, awareness raising activities, undertaking survey work and monitoring. All the training is participatory, with brainstorming sessions, large and small group discussions, case study analysis and presentations.

A typical induction for new staff members includes a three-day course at the training centre, one month of field experience in a branch office and one week of operational training and awareness on development issues.

When new Credit Officers are appointed to the microfinance programme, they are immediately sent to the training centre to do an operational management course and learn about the complex rules and regulations of microfinance. They need to know how the programme will be operated - how to conduct surveys and form women's groups, borrower selection criteria and selection process as well as loan application, application appraisal and loan repayment procedures.

Training is also given to Area Managers, Branch Managers, Project Officers, Trainers and Community Organisers for different programmes. We offer two types of training; operational training and training on management and development theory. The training needs of the programmes are being continually assessed with frequent field visits by the team of permanent trainers and the wider pool of trainers.

In 2010, training courses related to microfinance were taught by the permanent training team while training courses for other programmes were taught by specialists, principally the programme managers, along with the permanent trainers. Examples of courses available for BRAC staff include:

Microfinance Management Course: This is a six-day course which develops participants' conceptual understanding of microfinance as a development programme. It covers the tools and techniques of operating the groups as well as effectively implementing and managing the programme.

Small Enterprise Management Course: Upon completing the course, participants will have enhanced their competencies for managing small enterprises. They will have familiarised themselves with strategies for making a business profitable by selecting potential entrepreneurs and enterprises.

Management & Skill Development Course: The focus of this course is to develop the participants in the area of management, to develop management skills as well as leadership skills and techniques. The participants of this course are the Area Managers and Branch Managers in Microfinance

Financial Literacy Education Course: This course is designed for ELA club members and their mentors as well as the Adolescent Organisers, who are BRAC staff. It teaches how to effectively deal with financial matters relating to starting a small business and how to manage savings for future use. Participants broaden their knowledge of financial management of small businesses.

Training of Trainers: The focus of this course is to develop the trainers' professional understanding and skills in designing, facilitating and managing training programmes effectively and efficiently. The course helps the participating trainers to increase their capacity on appropriate training methodologies and techniques.

Most course trainings are conducted at the training centre, except agriculture and livestock courses, which are conducted in the field.

Training Courses	Number of participants
Microfinance Operational Training:	
Financial Management Course	157
Operational Management Course for Microfinance	173
Microfinance Management Course	845
Operational Management Course for SEP	149
Operational Management Course for ELA	10
TOT Training for ELA	13
Financial Literacy for ELA	94
Management Accounting Training	82
Livestock and Poultry Management Courses:	
Community Livestock and Poultry Promoters	550
Model Poultry Rearers	1,970
Model Livestock Rearers	1,097
Broiler Rearers	578
Community Artificial Insemination Promoters	309
Agriculture Management Courses:	
Technical Training for Model Farmers/Extension Agents	627
Crop Management Training for General Farmers	14,889
Training on Horticulture Nursery Management	213
Training on Orchard Gardening Management	222
Basic Training Courses:	
Basic Training for Community Health Promoters	264
Basic Training for Adolescent Mentors	232

BRAC Training Centre

The BRAC Training Centre in Dodoma was opened in 2009 and includes a large classroom, a sitting room, a dining hall, offices and residential facilities for 25 people. The goal behind establishing the training centre was to improve the management competencies of development practitioners at BRAC and to enhance the human and operational skills of the programme participants and development professionals. The specific objectives of the centre are:

- To develop and provide training courses for trainers like development practitioners and programme participants of BRAC in Tanzania
- To develop the capacity of other NGOs by providing needs-based professional training
- To extend appropriate support and facilities to other organisations for training, seminars and workshops

The centre is dedicated to building the capacity of our national staff and, in the future, other government and non-government organisations. Activities of the centre include developing appropriate training curriculum and materials, implementing training programmes, organising non-training interventions for capacity development and developing local master trainers.

Research and Evaluation

BRAC in Tanzania benefits from a regional research and evaluation unit for our programme's in East Africa that we established in Kampala, Uganda. The unit is an in-house but independent facility supporting BRAC's existing development programmes in Uganda, Tanzania and Southern Sudan with continuous and rigorous evaluation. It provides analysis of emerging issues so we can continue to innovate and become more effective.

In sub-Saharan Africa, BRAC is pioneering the use of hand-held personal digital assistants (PDAs) and global positioning system (GPS) receivers to maximise the speed of data capture. We have started using conducting surveys using PDAs and GPS devices to collect geographical coordinates in various research projects.

During a monitoring trip to the region, **Mohammad Mizanur Rahman**, Senior Manager of BRAC Agriculture and Livestock Programme in Tanzania, speaks to **Christine Nsimba,** Programme Organiser – Livestock, in Kibiti ward of Rufiji district.

The research unit conducts impact evaluations to measure the effects and extent to which programme goals are achieved. It also runs formative studies to help create programmes relevant to the needs of target groups and ensures programme acceptability and feasibility. The unit's research findings are a critical means of communicating with wider audiences about BRAC experiences on what works and what does not. We conduct studies in collaboration with researchers from partner institutions such as the World Bank and the Makerere Institute for Social Research in Uganda.

Monitoring and Auditing

BRAC has strengthened the monitoring and internal audit functions and swift, decisive action is taken in cases of mismanagement and misappropriation. The goals and objectives of the monitoring department are maintaining the quality of BRAC programmes, providing information on achieving targets, controlling resources, fact-finding and providing opinions for making effective decisions. The internal audit department ensures the accountability and authenticity of every financial transaction and financial statement. This department also pinpoints any mismanagement and misallocation of financial resources in different programmes.

FINANCIAL STATEMENTS

BRAC TANZANIA

For the year ended December 31, 2010

BRAC**TANZANIA**
REPORT OF THE GOVERNING COUNCIL
For the financial year ended 31 December 2010

1. The members of Governing Council present this report and the audited financial statements for the year ended 31 December 2010.

2. REGISTRATION

BRAC Tanzania is a 'not for profit' making organization registered under section 12(2) of the Non-Government Organization Act, 2002 on 23 February 2007 with the registration number of 00NGO/1983.

3. ORGANISATION'S VISION

BRAC is a development organization dedicated in poverty alleviation, sustainable development and empowerment through equal distribution of resources/wealth.

4. ORGANISATION'S MISSION

BRAC Tanzania's 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 realize their potential.

5. PRINCIPAL ACTIVITIES

The principal activity of the BRAC Tanzania is the provision of micro finance services to micro and small-scale entrepreneurs in the informal sector of the Tanzanian Economy. BRAC has also been involved in partnership with people fighting poverty to improve their welfare in the various regions of Tanzania

6. FINANCIAL PERFORMANCE

The organization's performance during the year was as follows:

- Total revenue increase by 86% from Tzs 4,333 in 2009 to Tzs 8,081 million in 2010.
- Loans to customers increased by 88% from Tzs 11,530 million in 2009 to Tzs 21,701 million in 2010
- Operating expenses decreased by 2% from Tzs 10,608 million in 2009 to Tzs 10,408 million in 2010

During the year, the organisation had attributable loss of Tzs 202 million (2009 – income of Tzs 339 million). The audited financial statements for the year are set out on pages 6 to 41.

7.

MEMBERS OF GOVERNING COUNCIL

Members of Governing Council, who served during the year and up to the date of this report except where otherwise indicated, are:

Name	Nationality
Mr F H Abed	Bangladesh
Dr M Hossain	Bangladesh
Mr M A Ali	Bangladesh
Mr A.Alam	Bangladesh deceased on 2nd Oct 2010
Dr Imran Matin	Bangladesh
Dr Tanwir Rahman	Bangladesh appointed on 28 nov 2010
Dr Hassan Mshinda	Tanzanian
Dr Harun Kasale	Tanzanian

8. CORPORATE GOVERNANCE

The members of Governing Council believe that high standards of corporate governance directly influence the organisation's stakeholder and investor confidence. The members also recognise the importance of integrity, transparency and accountability.

9. RISK MANAGEMENT

The members of Governing Council are ultimately responsible for any loss suffered by the BRAC Tanzania. Risk taking, in an appropriate manner, is an integral part of business. Success relies on optimising the trade-off between risk and reward.

10. MANAGEMENT STRUCTURE

The Management of the BRAC Tanzania is led by the Deputy Executive Director and is organized in the following departments:

- Finance
- Internal Audit
- Monitoring
- Training

11. RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 24 to these financial statements

12. CORPORATRE SOCIAL RESPONSIBILITY

BRAC is a development organization dedicated to alleviating poverty by empowering the poor to bring about change in their own lives.

13. SOLVENCY

The members of Governing Council confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The members of Governing Council have reasonable expectation that BRAC Tanzania has adequate resources to continue in operational existence for the foreseeable future.

14. EMPLOYEES' WELFARE

Management/Employee relationship

There were no disputes between management and employees. As at year end the BRAC Tanzania had 1,155 employees (2009: 1,055 employees).

Medical assistance

BRAC Tanzania reimburses medical costs incurred by employees for medical treatment.

Retirement benefits

All eligible employees are members of the National Social Security Fund (NSSF). BRAC Tanzania contributes 10% of the employees' gross salary.

The NSSF fund is a defined contribution scheme with the BRAC Tanzania having no legal or constructive obligation to pay further top-up contributions.

15. FUTURE DEVELOPMENT AND OUTLOOK

Microfinance

In 2011, BRAC will extend its programs to remote rural areas in order to reach the poorer section of the population. BRAC is planning to target 127,000 borrowers aiming to disburse USD 32.43 million as micro loans. Additional 1,400 new borrowers will be targeted for Small Enterprise Loans, bringing the total to 4,200. It is expected that USD 6.68 million will be disbursed to this group of borrowers.

Training is integral to improve efficiency in management and program delivery. Rigorous staff training in aspects of occupational and functional skills and techniques of community participation and development management will be organized to improve and maintain quality.

Staff dropout is being addressed through regular recruitment of qualified personnel. Capacity building of staff will continue through ongoing training and staff morale will be raised by highlighting their contribution through appreciation and recognition.

Social development

Health

BRAC will consolidate health program after years of implementation in Tanzania with a back up support from its Microfinance programme.

Agriculture

Currently, BRAC is carrying out these activities through leasing land from the government and seed production through contract growers.

Provision of crop share loan to the poor farmers and providing small farm equipments will be considered.

BRAC will continue to strengthen collaboration with both local and international Research Institutes for fostering new variety development and release to meet up the changing demand of the local farmers.

Poultry and Livestock

BRAC's own parent stock poultry farm with hatchery is required to meet the growing demand of quality Day Old Chick (DOC) and to ensure its continuous supply. There is an opportunity for the establishment of poultry feed mill with development of poultry industry in the country.

16. AUDITORS

The company's auditors, KPMG have expressed their willingness to continue in office and are eligible for re-appointment. A resolution to reappoint KPMG as auditors will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

....

Member of Governing Council, BRAC Tanzania **Date: 7th April 2011**

BRACTANZANIA
STATEMENT OF MEMBERS OF GOVERNING COUNCIL RESPONSIBILITIES

The members of Governing Council of BRAC Tanzania is responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 December 2010, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

The members of Governing Council responsibility includes: designing, implementing and maintaining internal control 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 members of Governing Council have made an assessment of BRAC Tanzania's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

Approval of the financial statement

The financial statements of the organisation, as indicated above, were approved by the members of Governing Council on ………………… and are signed on its behalf by:

………………………………………………………

Member of Governing Council, BRAC Tanzania

Date: 7th April 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GOVERNING COUNCIL OF BRAC TANZANIA

Report on the Financial Statements

We have audited the financial statements of BRAC Tanzania, which comprise the statement of financial position at 31 December 2010, the statement of comprehensive income, the statement of changes in equity, statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 6 to 41.

Members of Governing Councils' responsibility for the Financial Statements

The members of Governing Council of BRAC Tanzania are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of BRAC Tanzania at 31 December 2010, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, proper accounting records have been kept by the company and the financial statements referred to in the preceding paragraph are in agreement with the accounting records.

____

M Salim Bashir
KPMG

Date: ………………

BRAC**TANZANIA**
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	Notes	Micro Finance 2010 Tzs '000	Social Development 2010 Tzs '000	Total 2010 Tzs '000	Total 2009 Tzs '000
Income					
Interest and similar income	**6**	8,730,330	34,340	8,764,670	4,864,804
Interest income from bank deposits	**7**	766,336	-	766,336	327,249
Interest expense and similar charges	**8**	(2,458,594)	-	(2,458,594)	(1,345,873)
Net interest income		**7,038,072**	**34,340**	**7,072,412**	**3,846,180**
Fees and commission income	**9**	672,720	4,227	676,947	397,041
Grant income	**27**	1,028,579	2,710,141	3,738,720	6,748,173
Other income	**10**	-	99,742	99,742	89,732
Foreign exchange gains/(losses)		231,403	-	231,403	133
Total operating income		**8,970,774**	**2,848,450**	**11,819,224**	**11,081,259**
Bad debt realisation		255	-	255	-
(Impairment losses)/ recoveries on loans and advances		(665,243)	(3,451)	(668,694)	(829,324)
Operating income after impairment charges		**8,305,786**	**2,844,999**	**11,150,785**	**10,251,935**
Staff costs and other benefits	**11**	(5,301,448)	(1,107,920)	(6,409,368)	(5,022,448)
Training, workshop and seminars	**12**	(70,641)	(48,170)	(118, 811)	(158,392)
Occupancy expenses	**13**	(527,189)	(143,285)	(670 ,474)	(544,796)
Other general & admin. expenses	**14**	(2,245,905)	(1,545,624)	(3,791,529)	(4,716,128)
Depreciation	**20**	(133,017)	(73,807)	(206,824)	(166,001)
Amortisation of grant for fixed assets	**27**	102,727	73,807	176,534	163,804
Net surplus/(deficit) before taxation		**130,313**	**-**	**130,313**	**(192,026)**
Taxation	**15**	(332,280)	-	(332,280)	530,560
Surplus/ (deficit) for the year		**(201,967)**	**-**	**(201,967)**	**338,534**
Other comprehensive income, (net of tax)		-	-	-	-
Total comprehensive surplus/(deficit) for the year		**(201,967)**	**-**	**(201,967)**	**338,534**

The notes are an integral part of these financial statement

BRAC**TANZANIA**

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2010

	Notes	Micro Finance 2009 Tzs '000	Social Development 2009 Tzs '000	Total 2009 Tzs '000
Income				
Interest and similar income	**6**	4,864,804	-	4,864,804
Interest income from bank deposits	**7**	327,249	-	327,249
Interest expense and similar charges	**8**	(1,345,873)	-	(1,345,873)
Net interest income		**3,846,180**	**-**	**3,846,180**
Fees and commission income	**9**	395,995	1,046	397,041
Grant income	**27**	4,511,530	2,236,643	6,748,173
Other income	**10**	-	89,732	89,732
Foreign exchange gains/(losses)		133	-	133
Total operating income		**8,753,838**	**2,327,421**	**11,081,259**
Bad debt realisation		-	-	-
(Impairment losses)/ recoveries on loans and advances		(829,324)	-	(829,324)
Operating income after impairment charges		**7,924,514**	**2,327,421**	**10,251,935**
Staff costs and other benefits	**11**	(3,919,438)	(1,103,010)	(5,022,448)
Training, workshop and seminars	**12**	(35,578)	(122,814)	(158,392)
Occupancy expenses	**13**	(428,608)	(116,188)	(544,796)
Other general & admin. expenses	**14**	(3,732,916)	(983,212)	(4,716,128)
Depreciation	**20**	(102,727)	(63,274)	(166,001)
Amortisation of grant for fixed assets	**27**	102,727	61,077	163,804
Net surplus/(deficit) before taxation		**(192,026)**	**-**	**(192,026)**
Taxation	**15**	530,560	-	530,560
Surplus/ (deficit) for the year		**338,534**	**-**	**338,534**
Other comprehensive income, (net of tax)		-	-	-
Total comprehensive surplus/(deficit) f or the year		**338,534**	**-**	**338,534**

The notes are an integral part of these financial statement

BRACTANZANIA
STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Notes	Micro Finance 2010 Tzs '000	Social Development 2010 Tzs '000	Total 2010 Tzs '000	Total 2009 Tzs '000
ASSETS					
Cash and bank	**16**	2,156,383	-	2,156,383	4,124,356
Short term deposits at amortised cost	**17**	7,191,982	-	7,191,982	16,657,139
Loans and advances to customers	**18**	21,631,746	69,193	21 700 939	11,529,935
Receivables and other current asset	**19**	521,807	5,741	527,548	264,360
Property, plant and equipment	**20**	315,495	204,200	519,695	614,843
Deferred tax asset	**15**	862,612	-	862,612	857,603
Total assets		**32,680,025**	**279,134**	**32,959,159**	**34,048,236**
LIABILITIES AND CAPITAL FUND					
Liabilities					
Other current liabilities	**21**	1,708,588	-	1,708,588	1,579,177
Bank overdraft	**22**	488,958	-	488,958	-
Tax payable	**15**	1,442,689	-	1,442,689	1,105,400
Loan security fund	**23**	4,737,914	15,296	4,753,210	3,323,746
Loan revolving fund	**25**	3,495,050	-	3,495,050	3,495,050
Term loans	**26**	19,326,644	-	19,326,644	21,572,501
Total liabilities		**31,199,843**	**15,296**	**31,215,139**	**31,075,874**
Capital Fund					
Donor funds	**27**	115,688	263,838	379,526	1,405,901
Retained surplus		751,819	-	751,819	953,786
BRAC contribution	**28**	612,675	-	612,675	612,675
Total capital fund		**1,480,182**	**263,838**	**1,744,020**	**2,972,362**
Total liabilities and capital fund		**32,680,025**	**279,134**	**32,959,159**	**34,048,236**

……………………………………………..................

Member of Governing Council, BRAC Tanzania

Date: 7th April 2011

…………………………………………..

Director Finance, BRAC International

The notes are an integral part of these financial statement

BRACTANZANIA
STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 December 2010

	Notes	Micro Finance 2009 Tzs '000	Social Development 2009 Tzs '000	Total 2009 Tzs '000
ASSETS				
Cash and bank	**16**	3,370,862	753,494	4,124,356
Short term deposits at amortised cost	**17**	16,657,139	-	16,657,139
Loans and advances to customers	**18**	11,529,935	-	11,529,935
Receivables and other current asset	**19**	141,306	123,054	264,360
Property, plant and equipment	**20**	366,532	248,311	614,843
Deferred tax asset	**15**	857,603	-	857,603
Total assets		**32,923,377**	**1,124,859**	**34,048,236**
LIABILITIES AND CAPITAL FUND				
Liabilities				
Other current liabilities	**21**	686,785	892,392	1,579,177
Bank overdraft	**22**	-	-	-
Tax payable	**15**	1,105,400	-	1,105,400
Loan security fund	**23**	3,323,746	-	3,323,746
Loan revolving fund	**25**	3,495,050	-	3,495,050
Term loans	**26**	21,572,501	-	21,572,501
Total liabilities		**30,183,482**	**892,392**	**31,075,874**
Capital Fund				
Donor funds	**27**	1,173,434	232,467	1,405,901
Retained surplus		953,786	-	953,786
BRAC contribution	**28**	612,675	-	612,675
Total capital fund		**2,739,895**	**232,467**	**2,972,362**
Total liabilities and capital fund		**32,923,377**	**1,124,859**	**34,048,236**

The notes are an integral part of these financial statement

BRAC**TANZANIA**
STATEMENT OF ACCUMULATED SURPLUS
For the year ended 31December 2010

Micro finance and Social development	**Donor Funds Tzs'000**	**Surplus/ (Deficit) for the year Tzs'000**	**Contribution Tzs'000**	**Total Tzs'000**
Balance as at 1 January 2009	**3,449,054**	**1,393,609**	**612,675**	**5,455,338**
Donations received during the year	5,183,986	-	-	5,183,986
Grant income transferred to SOCI	(6,748,173)	-	-	(6,748,173)
Transferred to loan revolving fund	(315,162)	-	-	(315,162)
Prior year tax adjustments note 29(i)	-	(778,357)	-	(778,357)
Amortisation of grant invested in fixed asset	(163,804)	-	-	(163,804)
Surplus/ (deficit) for the year – as originally stated	-	1,676,681	-	1,676,681
- adjustments note 29(ii)	-	(1,338,147)	-	(1,338,147)
Surplus/ (deficit) for the year - restated	-	338,534	-	338,534
Other comprehensive income, net of income tax	**-**	**-**	**-**	**-**
Transactions with others, recorded directly in equity	**-**	**-**	**-**	**-**
Contributions by and distributions to owners	-	-	-	-
Balance as at 31 December 2009	**1,405,901**	**953,786**	**612,675**	**2,972,362**
Donations received during the year	2,888,879	-	-	2,888,879
Grant income transferred to SOCI	(3,738,720)	-	-	(3,738,720)
Investment in loans to group members	-	-	-	-
Amortisation of grant invested in fixed asset	(176,534)	-	-	(176,534)
Surplus/ (deficit) for the year		(201,967)	-	(201,967)
Other comprehensive income, net of income tax		**-**	**-**	**-**
Transactions with others, recorded directly in equity		**-**	**-**	**-**
Contributions by and distributions to owners	-	-	-	-
Balance as at 31 December 2010	**379,526**	**751,819**	**612,675**	**1,744,020**

BRAC**TANZANIA**
STATEMENT OF ACCUMULATED SURPLUS
For the year ended 31 December 2010

Micro finance	**Donor Funds Tzs'000**	**Surplus/ (Deficit) for the year Tzs'000**	**Contribution Tzs'000**	**Total Tzs'000**
Balance as at 1 January 2009	**2,700,803**	**1,393,609**	**612,675**	**4,707,087**
Donations received during the year	3,402,050	-	-	3,402,050
Grant income transferred to SOCI	(4,511,530)	-	-	(4,511,530)
Transferred to loan revolving fund	(315,162)	-	-	(315,162)
Prior year tax adjustments note 29(i)	-	(778,357)	-	(778,357)
Amortisation of grant invested in fixed asset	(102,727)	-	-	(102,727)
Surplus/ (deficit) for the year – as originally stated	-	1,676,681	-	1,676,681
- adjustments note 29(ii)	-	(1,338,147)	-	(1,338,147)
Surplus/ (deficit) for the year - restated	-	338,534	-	338,534
Other comprehensive income, net of income tax	**-**	**-**	**-**	**-**
Transactions with others, recorded directly in equity	**-**	**-**	**-**	**-**
Contributions by and distributions to owners	-	-	-	-
Balance as at 31 December 2009	**1,173,434**	**953,786**	**612,675**	**2,739,895**
Donations received during the year	73,560	-	-	73,560
Grant income transferred to SOCI	(1,028,579)	-	-	(1,028,579)
Transferred to loan revolving fund	-	-	-	-
Amortisation of grant invested in fixed asset	(102,727)	-	-	(102,727)
Surplus/ (deficit) for the year	-	(201,967)	-	(201,967)
Other comprehensive income, net of income tax	**-**	**-**	**-**	**-**
Transactions with others, recorded directly in equity	**-**	**-**	**-**	**-**
Contributions by and distributions to owners	-	-	-	-
Balance as at 31 December 2010	**115,688**	**751,819**	**612,675**	**1,480,182**

The notes are an integral part of these financial statement

BRACTANZANIA
STATEMENT OF ACCUMULATED SURPLUS
For the year ended 31December 2010

Social development	**Donor Funds Tzs’000**	**Surplus/ (Deficit) for the year Tzs’000**	**Contribution Tzs’000**	**Total Tzs’000**
Balance as at 1 January 2009	**748,251**	**-**	**-**	**748,251**
Donations received during the year	1,781,936	-	-	1,781,936
Grant income transferred to SOCI	(2,236,643)	-	-	(2,236,643)
Transferred to loan revolving fund	-	-	-	-
Prior year tax adjustments note 29(i)	-	-	-	-
Amortisation of grant invested in fixed asset	(61,077)	-	-	(61,077)
Surplus/ (deficit) for the year - as originally stated	-	-	-	-
- adjustments note 29(ii)	-	-	-	-
Surplus/ (deficit) for the year - as originally stated	-	-	-	-
Other comprehensive income, net of income tax	**-**	**-**	**-**	**-**
Transactions with others, recorded directly in equity	**-**	**-**	**-**	**-**
Contributions by and distributions to owners	-	-	-	-
Balance as at 31 December 2009	**232,467**	**-**	**-**	**232,467**
Donations received during the year	2,815,319	-	-	2,815,319
Grant income transferred to SOCI	(2,710,141)	-	-	(2,710,141)
Transferred to loan revolving fund	-	-	-	-
Amortisation of grant invested in fixed asset	(73,807)	-	-	(73,807)
Surplus/ (deficit) for the year	-	-	-	-
Other comprehensive income, net of income tax	**-**	**-**	**-**	**-**
Transactions with others, recorded directly in equity	**-**	**-**	**-**	**-**
Contributions by and distributions to owners	-	-	-	-`
Balance as at 31 December 2010	**263,838**	**-**	**-**	**263,838**

BRACTANZANIA
STATEMENT OF CASH FLOWS
For the year ended 31December 2010

	Notes	Micro Finance 2010 Tzs '000	Social Development 2010 Tzs '000	Total 2010 Tzs '000	Total 2009 Tzs '000
CASH FLOW FROM OPERATING ACTIVITIES					
Surplus/(deficit) before taxation		130,313	-	130,313	(192,026)
Depreciation		133,017	73,807	206,824	166,001
Loan written off – previously provided		(394,000)	-	(394,000)	-
Provision on loans and advances		665,243	3,451	668,694	829,324
Operating profit before changes in working capital		**534,573**	**77,258**	**611,831**	**803,299**
(Increase)/decrease in other assets		(380,501)	117,313	(263,188)	247,306
(Increase)/decrease in fixed deposit maturing after 3 months		7,945,199	-	7,945,199	(2,429,901)
Increase/(decrease) in other liabilities		1,510,761	(892,000)	618,761	531,238
(Increase)/decrease in loans and advances		(10,373,054)	(72,644)	(10, 445, 698)	(4,546,636)
Cash flow from operating activities		**(763,022)**	**(770,073)**	**(1,533,095)**	**(5,394,694)**
Tax paid		-	-	-	-
Net cash flow from operating activities		**(763,022)**	**(770,073)**	**(1,533,095)**	**(5,394,694)**
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of fixed assets		(81,980)	(30,088)	(112,068)	(264,135)
Net cash flow from investing activities		**(81,980)**	**(30,088)**	**(112, 068)**	**(264,135)**
CASH FLOW FROM FINANCING ACTIVITIES					
Term loan		(2,245,857)	-	(2,245,857)	12,464,338
Loan revolving fund		-	-	-	1,037,712
Loan security fund		1,414,168	15,296	1,429,464	1,240,247
BRAC contribution		-	-	-	-
Donor funds for investment in fixed assets		(102,727)	(73,807)	(176,534)	89,639
Donor funds for investment in loans to group members		(955,019)	-	(955,019)	-
Grant received in advance		-	105,178	105,178	(2,855,342)
Net cash flow from financing activities		**(1,889,435)**	**46,667**	**(1,842,768)**	**11,976,594**
Net increase in cash and cash equivalents		**(2,734,437)**	**(753,494)**	**(3,487,931)**	**6,317,765**
Cash and bank balances at the beginning of the year		10,517,631	753,494	11,271,125	4,953,360
Cash and cash equivalents at the end of the year	**16**	**7,783,194**	**-**	**7,783,194**	**11,271,125**

The notes are an integral part of these financial statement

BRAC**TANZANIA**
STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended 31 December 2010

	Notes	Micro Finance 2009 Tzs '000	Social Development 2009 Tzs '000	Total 2009 Tzs '000
CASH FLOW FROM OPERATING ACTIVITIES				
Surplus/(deficit) before taxation		(192,026)	-	(192,026)
Depreciation		102,727	63,274	166,001
Provision on loans and advances		829,324	-	829,324
Operating profit before changes in working capital		**740,025**	**63,274**	**803,299**
(Increase)/decrease in other assets		(238,381)	485,687	247,306
(Increase)/decrease in fixed deposit maturing after 3 months		(3,149,450)	719,549	(2,429,901)
Increase/(decrease) in other liabilities		457,701	73,537	531,238
(Increase)/decrease in loans and advances		(4,546,636)	-	(4,546,636)
Cash flow from operating activities		**(6,736,741)**	**1,342,047**	**(5,394,694)**
Tax paid		-	-	-
Net cash flow from operating activities		**(6,736,741)**	**1,342,047**	**(5,394,694)**
CASH FLOW FROM INVESTING ACTIVITIES				
Acquisition of fixed assets		(88,047)	(176,088)	(264,135)
Net cash flow from investing activities		**(88,047)**	**(176,088)**	**(264,135)**
CASH FLOW FROM FINANCING ACTIVITIES				
Term loan		12,464,338	-	12,464,338
Loan revolving fund		1,037,712	-	1,037,712
Loan security fund		1,240,247	-	1,240,247
BRAC contribution		-	-	-
Donor funds for investment in fixed assets		(14,680)	104,319	89,639
Donor funds for investment in loans to group members		-	-	-
Grant received in advance		(2,235,239)	(620,103)	(2,855,342)
Net Cash flow from financing activities		**12,492,378**	**(515,784)**	**11,976,594**
Net increase in cash and cash equivalents		**5,667,590**	**650,175**	**6,317,765**
Cash and bank balances at the beginning of the year		4,850,041	103,319	4,953,360
Cash and cash equivalents at the end of the year	**16**	**10,517,631**	**753,494**	**11,271,125**

BRAC**TANZANIA**
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

1. REPORTING ENTITY

BRAC Tanzania is a 'not for profit' organization registered under section 12(2) of the Non-Government Organization Act, 2002 on 23 February 2007 with the registration number of 00NGO/1983. The address of the BRAC Tanzania, P.O Box 105213, Plot No 2329, Block H, Mbezi Beach, Dar-es-Salaam Tanzania.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except for the financial instruments at fair value through profit or loss which are measured at fair value

(c) Functional and presentation currency

These financial statements are presented in Tanzanian Shillings, which is the BRAC Tanzania's functional currency and presen tation currency. Except as indicated, financial information presented in Tanzania shillings has been rounded to the nearest thousands (Tzs'000).

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 4 and 5.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which is recognised directly in equity.

(b) Interest

Interest income and expense are recognised in the statement of comprehensive income using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the statement of comprehensive income is resulting from Interest on financial assets and liabilities at amortised cost on an effective interest rate basis.

(c) Fee and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

(d) Grants

(i) Donor Grants

All donor grants received are initially recognized as deferred income at fair value and recorded as liabilities in the Grant Received in Advance for the period.

The portion of the grants that are utilized to purchase property and fixed assets are transferred as deferred income in liabilities and subsequently release to income to match the depreciation for the period and amortisation of the fixed assets as charged to statement of comprehensive income.

Grants utilized to reimburse program related expenditure are recognized as grant income for the period.

Donor grants received in kind, through the provision of gifts and/or services, are recorded at fair value (excluding situations when BRAC may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants).

Grant income 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 expenditures yet to be funded but for which funding has been agreed at the end of the reporting is recognized as Grants receivable.

(ii) Grant Income

Grant income is recognized on a cash basis to the extent that BRAC fulfils the conditions of the grant. This income is transferred from the deferred grant received from donors and recognized as income in the statement of comprehensive income.

A substantially portion of BRAC's donor grants are for funding of Not-for-profit projects and programs, and for these grant, income recognized is matched to the extent of actual expenditures incurred on projects and programs for the period.

For donor grants restricted to funding procurement of fixed assets, the grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed assets.

(e) Interest from bank and short term deposits

Interest income on BRAC Tanzania bank deposits is earned on an accruals basis at the agreed interest rate with the respective financial institution.

(f) Lease payments made

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(g) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial positon method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(h) Financial assets and liabilities

(i) Recognition

The organisation initially recognises loans and advances, deposits, debt securities issued and liabilities on the date at which they are originated. Regular way purchases and sales of financial assets are recognised on the trade date at which the Organisation commits to purchase or sell the asset. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the BRAC Tanzania becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Refer accounting policies note (3i and 3j)

(iii) De-recognition

The organisation derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Organisation is recognised as a separate asset or liability.

The organisation derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The organisation enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Organisation neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if it does not retain control over the asset. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers in which control over the asset is retained, Organisation continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

BRAC Tanzania writes off certain loans when they are determined to be uncollectible (see note 4).

(iv) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the organisation has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the BRAC Tanzania's trading activity.

(v) Amortized cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, Organisation measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

(vii) Fair value measurement

If a market for a financial instrument is not active, Organisation establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the organisation where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the BRAC Tanzania believes a third-party market participant would take them into account in pricing a transaction.

(viii) Identification and measurement of impairment

At each statement of financial position date the organisation assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Organisation on terms that the Organisation would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The organisation considers evidence of impairment for loans and advances at both a specific asset and collective level. All individually significant loans and advances securities are assessed for specific impairment. All individually significant loans and advances found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the organisation uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(i) Cash and cash equivalent

Cash and cash equivalents include notes and coins on hand, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(j) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that Organisation does not intend to sell immediately or in the near term. Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(k) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to BRAC Tanzania and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

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

Furniture & fixtures	20%
Equipments	25%
Vehicles	20%
Bicycles	20%
Motor cycles	20%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(l) Impairment of non-financial assets

The carrying amounts of the Organisation's non-financial assets, other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Security deposits from customers and term loans

The organisation classifies capital instruments i.e security deposits and term loan as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Security deposits from customers and term loans from lenders are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the organisation chooses to carry the liabilities at fair value through profit or loss.

BRAC Tanzania utilise the term loan as source of funding.

(n) Provisions

A provision is recognised if, as a result of a past event, the Organisation 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Organisation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these financial statements. None of these will have an effect on the financial statements of the Organisation, with the exception of:

IFRS 9 Financial Instruments, published on 12 November 2009 as part of phase I of the IASB's comprehensive project to replace IAS 39, deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss at a later date.

The standard is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted.

The organisation is currently in the process of evaluating the potential effect of this standard. Given the nature of the BRAC Tanzania's operations, this standard is expected to have a pervasive impact on the Organisation's financial statements.

4. Financial risk management

(a) Introduction and overview

BRAC Tanzania has exposure to the following risks from its use of financial instruments:

(b) Credit risk
(c) Liquidity risk
(d) Market risks
(e) Operational risks.

This note presents information about the BRAC Tanzania's exposure to each of the above risks, the BRAC Tanzania's objectives, policies and processes for measuring and managing risk.

(b) Credit risk

Credit risk is the risk of financial loss to organisation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the BRAC Tanzania's loans and advances to customers. For risk management reporting purposes, the BRAC Tanzania considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Management of credit risk

Members of governing body have delegated responsibility for the management of credit risk to its Organisation's Credit Committee. A separate organisation credit committee is responsible for oversight of the BRAC Tanzania's credit risk, including:Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers;
- Reviewing and assessing credit risk. organisation's credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process;
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Organisation credit committee on the credit quality of local portfolios and appropriate corrective action is taken; and
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the BRAC Tanzania in the management of credit risk.

The business unit is required to implement the organisation's credit policies and procedures, with credit approval authorities delegated from the organisation credit committee. The business unit has a chief credit risk officer who reports on all credit related matters to local management and the group credit committee. The business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

Impaired loans

Impaired loans are loans for which the organisation determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

Past due but not impaired loans

Loans, where contractual interest or principal payments are past due but the organisation believes that impairment is not appropriate on the basis of the stage of collection of amounts owed to the Organisation

Allowances for impairment

The organisation establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for organisation's of homogeneous assets in respect of losses that have been incurred but have not been identified.

The table below provides details of exposure to credit risk

	2010 Tzs'000	2009 Tzs'000
Micro finance		
Balance at 1 January	1,080,782	251,458
Provision made during the year	665,243	829,324
Loans - written off	(394,000)	-
Total	**1,352,035**	**1,080,782**
Social development		
Balance at 1 January	-	-
Provision made during the year	3,451	-
Loan - written off	-	-
Total	**3,451**	**-**

The loan classification followed by BRAC Tanzania is based on the conventional, international practice of microfinance institutions in different parts of the world catering to a large number of borrowers. The methodology which takes into account international best practice and circumstances relevant to Tanzania, have five aging categories which are labelled correspondingly as "Standard", "Watch List", "Substandard", "Doubtful" and "Loss".

Loan classification	**Days in Arrears**
Standard	Current
Watch list	01-30
Substandard	31-180
Doubtful	181-350
Loss	Over 350

Loan classification	Days in Arrears	Principal outstanding 2010	Loan loss provision 2010	Principal outstanding 2009	Loan loss provision 2009
Standard	Current	22,082,898	936,646	11,527,339	741,882
Watch list	01-30	218,049	10,902	153,049	7,652
Substandard	31-180	732,984	146,597	666,361	133,272
Doubtful	181-350	343,840	257,880	263,968	197,976
Loss	Over 350	-	-	-	-
Total :		**23,377,771**	**1,352,025**	**12,610,717**	**1,080,782**

Write-off policy

BRAC Tanzania writes off a loan balance (and any related allowances for impairment losses) when BRAC Tanzania credit committee determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation. For smaller balance standardised loans, charge off decisions generally are based on a product specific past due status.

(c) Liquidity risk

Liquidity risk is the risk that the organisation will encounter difficulty in meeting obligations from its financial liabilities

Management of liquidity risk

The Organisation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Organisation's reputation

Residual contractual maturities of financial liabilities.

Micro-finance 31 December 2010	Carrying amount Tzs'000	Contractual cash flows Tzs'000	Within 1 year Tzs'000	1 to 2 years Tzs'000	2 to 5 years Tzs'000
Loan security fund	4,737,914	4,737,914	4,737,914	-	-
Term loan	19,326,644	19,326,644	2,194,600	2,463,017	14,669,027
Other current liabilities	1,708,588	1,708,588	1,708,588	-	-
Total Liabilities	**25,773,146**	**25,773,146**	**8,641,102**	**2,463,017**	**14,669,027**

Social development 31 December 2010	Carrying amount Tzs'000	Contractual cash flows Tzs'000	Within 1 year Tzs'000	1 to 2 Years Tzs'000	2 to 5 years Tzs'000
Loan security fund	15,296	15,296	15,296	-	-
Other current liabilities	-	-	-	-	-
Total Liabilities	**15,296**	**15,296**	**15,296**	**-**	**-**

Micro-finance 31 December 2009	Carrying amount Tzs'000	Contractual cash flows Tzs'000	Within 1 year Tzs'000	1 to 2 years Tzs'000	2 to 5 years Tzs'000
Loan security fund	3,323,746	3,323,746	3,323,746	-	
Term loan	21,572,501	21,572,501	2,075,455	1,944,187	17,552,859
Other current liabilities	686,785	686,785	686,785	-	-
Total Liabilities	**25,583,032**	**25,583,032**	**6,085,986**	**1,944,187**	**17,552,859**

Social development 31 December 2009	Carrying amount Tzs'000	Contractual cash flows Tzs'000	Within 1 year Tzs'000	1 to 2 Years Tzs'000	2 to 5 years Tzs'000
Other current liabilities	892,392	892,392	892,392	-	-
Total Liabilities	**892,392**	**892,392**	**892,392**	**-**	**-**

The previous table shows the undiscounted cash flows on the Organisation's financial liabilities and on the basis of their earliest possible contractual maturity.

(d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc will affect BRAC Tanzania's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

BRAC Tanzania is exposed to currency risk on payments that are denominated in a currency other than the respective functional currency of Organisation, the Tanzanian Shilling (Tzs). The currencies in which these transactions primarily are denominated are Tanzanian Shilling (Tzs) and US Dollars (USD).

The organisation's strategy for managing its foreign currency exposure is through transacting mainly using its functional currency.

Exposure to currency risk for foreign denominated amounts in the following classes of financial instruments; disclosure around market risk also relates to sensitivity analysis of the type of market risk – currency risk, showing how the income profit or loss and equity would have been affected by reasonably possible changes in the relevant risk variable at the year end date.

A 10% percent strengthening of the United States Dollars against the following currencies at 31 December 2010 would have increased/ decreased profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

Balances denominated in USD	2010 Tzs'000 Tzs equivalent	2009 Tzs'000 Tzs equivalent
Fixed deposits with bank	1,549,173	1,911,100
Term loan	-	(656,938)
Net exposure	**1,549,173**	**1,254,162**

A sensitivity analysis in relation to net exposure for a 10% strengthening of the USD against Tzs

	Tzs'000	Tzs'000
Increase/ (decrease) in equity	**154,917**	**125,416**
Increase/ (decrease) in profit or loss	**154,917**	**125,416**

The rate of exchange as at 31 December 2010 is USD 1 = Tzs 1,450 for foreign denominated assets and liabilities, strengthening of USD against Tzs by 10% means that the rate of exchange will move to USD 1 = Tzs 1,595.

The rate of exchange as at 31 December 2009 is USD 1 = Tzs 1,318 for foreign denominated assets and liabilities, strengthening of USD against Tzs by 10% means that the rate of exchange will move to USD 1 = Tzs 1,450.

(ii) Interest rate risk

The Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates and the fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates.

On a micro finance side, BRAC Tanzania has invested Tzs 7,143 million (2009: 16,383 million) of excessive cash in a short term deposit. On Social Development, BRAC Tanzania has invested Nil (2009: Nil) of excessive cash in a short term deposit. These deposits are exposed to interest rate risk.

(e) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Organisation's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Organisation's operations and are faced by all business entities.

The organisation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Organisation's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Organisation wide standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development and
- ethical and business standards.

5. Use of estimates and judgements

Management discussed the development, selection and disclosure of the Organisation's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see note 4).

Key sources of estimation uncertainty

Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(g)(vii).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about counterparty's financials where each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

		2010	2009
		Tzs'000	**Tzs'000**
6.	**INTEREST AND SIMILAR INCOME**		
	Interest on loans to group members -		
	Micro finance		
	Micro finance	7,829,826	4,677,619
	Small enterprise programme	900,504	187,185
		8,730,330	**4,864,804**
	Social development		
	Adolescent programme	**34,340**	**-**
	Total	**8,764,670**	**4,864,804**
7.	**INTEREST INCOME FROM TERM DEPOSITS**		
	Micro finance		
	-BOA bank	742,814	184,188
	-Standard Chartered Bank Tanzania Limited	23,522	143,062
		766,336	**327,249**
8.	**INTEREST EXPENSE AND SIMILAR CHARGES**		
	Micro finance		
	Duetsche Bank Micro credit Development Fund	-	54,896
	Netri Private Foundation	-	83,958
	BOA Bank Ltd	-	88,943
	BRAC Africa Micro finance Ltd	1,912,374	571,250
	FSDT	350,842	297,101
	Stichting Hivos Triodos Fonds	195,378	250,125
		2,458,594	**1,345,873**
9.	**FEE AND COMMISSION INCOME**		
	Micro finance		
	Membership fees	177,277	135,608
	Loan appraisal fees	490,614	258,728
	Loan application fees	4,829	1,659
		672,720	**395,995**
	Social development		
	Membership fees	2,501	1,046
	Loan appraisal fees	1,726	-
		4,227	1,046
	Total	**676,947**	**397,041**
10.	**OTHER INCOME**		
	Social development		
	Health	-	(1,223)
	Agriculture	23,759	65,886
	Livestock	-	1,547
	Training project	75,983	23,522
		99,742	**89,732**

Other income represent income generated from the resale of agricultural inputs, and receipts from external partners on workshops and other BRAC sponsored activities

		2010	2009
		Tzs'000	Tzs'000
11.	**STAFF COSTS AND OTHER BENEFITS**		
	Micro finance		
	Salary as per payroll	3,579,690	2,893,073
	Bonus provision	103,248	77,929
	NSSF contribution	924,816	698,030
	Other staff costs (PAYE & SDL)	693,694	250,406
		5,301,448	**3,919,438**
	Social development		
	Salary as per payroll	748,100	814,170
	Bonus provision	21,577	21,931
	NSSF contribution	193,272	196,440
	Other staff costs (PAYE & SDL)	144,971	70,469
		1,107,920	**1,103,010**
	Total	**6,409,368**	**5,022,448**
12.	**TRAINING, WORKSHOPS AND SEMINARS**		
	Micro finance		
	Staff training	70,641	35,578
	Social development	48,170	122,814
	Total	**118,811**	**158,392**

External member training are workshops, seminars to train programme group members in relevant programmes

		2010	2009
13.	**OCCUPANCY EXPENSES**		
	Micro finance		
	Rent	336,916	185,358
	Utilities	74,143	72,968
	Stationery	116,130	170,282
		527,189	**428,608**
	Social development		
	Rent	89,750	53,419
	Utilities	23,862	11,739
	Stationery	29,673	51,030
		143,285	**116,188**
	Total	**670,474**	**544,796**

		2010	2009
		Tzs'000	Tzs'000
14.	**OTHER GENERAL AND ADMINISTRATIVE EXPENSES**		
	Micro finance		
	Maintenance and general expenses	1,325,694	2,864,784
	Program supplies	-	-
	VO members death benefit	23,664	16,276
	Consultancy and technical services	-	5,370
	Audit fees	51,330	59,574
	HO logistics and management expenses	845,217	786,912
		2,245,905	**3,732,916**
	Social development		
	Maintenance and general expenses	864,693	655,403
	Program supplies	281,827	206,281
	Consultancy and technical services	-	79,484
	Audit fees	34,220	29,786
	HO logistics and management expenses	365,604	12,258
		1,545,624	**983,212**
	Total	**3,791,529**	**4,716,128**

15.	**TAXATION**		
	Micro Finance		**Re stated**
	Current income tax at 30% of tax adjusted surplus/(deficit)	337,289	327,043
	Deferred tax charge/(credit)	(5,009)	(857,603)
		332,280	**(530,560)**
	Deferred tax liability/(asset)		
	Micro Finance		
	At 1 January	(857,603)	-
	Charge/(Credit) for the year	(5009)	(857,603)
	At 31 December	**(862,612)**	**(857,603)**
	Deferred tax arising from temporary differences on the following items:		
	Property, plant and equipment	18,110	26,770
	Provision for write off	(132,511)	(39,174)
	Impairment provision – general	(406,643)	(324,234)
	Other provisions	(341,568)	(520,965)
		(862,612)	**(857,603)**
	Tax rate reconciliation	%	%
	Standard rate of income tax	30	30
	Tax effects of non deductible expenses	14	(28)
	Tax effects of non deductible interest expenses	211	274
	Effective rate of income tax	**255**	**276**

		2010	2009
		Tzs'000	Tzs'000
16.	**CASH AND BANK**		
	Micro finance		
	Cash in hand	93,839	223,901
	Cash at bank	2,062,544	3,146,961
		2,156,383	**3,370,862**
	Social development		
	Cash in hand	-	45,379
	Cash at bank	-	708,115
		-	**753,494**
	Total	**2,156,383**	**4,124,356**
	Cash and cash equivalents items for the cash flow purposes		
	Micro finance		
	Cash in hand	93,839	223,901
	Cash at bank	2,062,544	3,146,961
	Fixed deposits maturing within 3 months (note 17)	5,626,811	7,146,769
		7,783,194	**10,517,631**
	Social development		
	Cash in hand	-	45,379
	Cash at bank	-	708,115
		-	**753,494**
	Total	**7,783,194**	**11,271,125**
17.	**SHORT TERM DEPOSITS AT AMORTISED COST**		
	Micro finance		
	BOA Bank	6,018,788	5,457,138
	Standard Chartered Bank Tanzania Limited	1,173,194	11,200,001
	Total	**7,191,982**	**16,657,139**

The maturity of the short term deposits is analysed as follows;

	2010	2009
Within 3 months	5,626,811	7,146,769
After 3 months	1,565,171	9,510,370
Total	**7,191,982**	**16,657,139**

The weighted average effective interest rates on deposits due from banks were 7% and 1% for deposits in Tanzanian shillings (Tzs) and United States dollars (USD) respectively. (2009: 8% for Tanzanian shillings (Tzs) and 1% for deposits in USD). The carrying book values of the deposits with banks equal the fair value.

18. LOANS AND ADVANCES TO CUSTOMERS

	2010 Tzs'000	2009 Tzs'000
Micro finance	21,631,746	11,529,935
Social development	69,193	-
Total	**21,700,939**	**11,529,935**

The movement on the loan accounts is analysed as shown below;

	2010 Tzs'000	2009 Tzs'000
Micro finance		
Balance at 1 January 2010	12,610,717	8,064,081
Disbursement during the year	49,052,700	25,865,200
Realization during the year	(38,285,646)	(21,318,564)
	23,377,771	**12,610,717**
Loan write off	(394,000)	-
	22,983,771	**12,610,717**
Loan loss provision	(1,352,025)	(1,080,782)
Balance at 31 December	**21,631,746**	**11,529,935**
Social development		
Balance at 1 January 2010	-	-
Disbursement during the year	172,550	-
Realization during the year	(99,906)	-
	72,644	**-**
Loan write off	-	-
	72,644	**-**
Loan loss provision	(3,451)	-
Balance at 31 December	**69,193**	**-**

	2010 Tzs'000	2009 Tzs'000
Analysis of the impairment provision		
Micro finance		
Balance at 1 January	1,080,782	251,458
Provision/(reversal) made during the year	665,243	829,324
Loan - written off/(reversal)	(394,000)	-
Total	**1,352,035**	**1,080,782**
Social development		
Balance at 1 January	-	-
Provision made during the year	3,451	-
Loan - written off	-	-
Total	**3,451**	**-**

Advances to customers are carried at amortised 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

		2010	2009
		Tzs'000	Tzs'000
19.	**RECIEVABLES AND OTHER CURRENT ASSETS**		
	Micro finance		
	Interest on loans to group members	139,488	119,433
	Advances and prepayments	356,655	(6,819)
	Stock and stores	25,664	28,692
		521,807	**141,306**
	Social development		
	Interest on loans to group members	5,741	-
	Advances and prepayments	-	29,945
	Stock and stores	-	93,109
		5,741	**123,054**
	Total	**527,548**	**264,360**

20. PROPERTY, PLANT AND EQUIPMENT

Cost –Micro finance 2010	Furniture &Fixtures	Equipment	Vehicle	Bicycle	Motor Cycles	Total
	Tzs'000	Tzs'000	Tzs'000	Tzs'000	Tzs'000	Tzs'000
At cost						
At 1 January 2010	176,753	200,377	62,725	11,681	72,793	524,329
Additions	26,896	34,720	14,322	10	6,032	81,980
At December 2010	**203,649**	**235,097**	**77,047**	**11,691**	**78,825**	**606,309**
Accumulated depreciation						
At 1 January 2010	50,830	65,818	17,360	4,105	19,684	157,797
Charge for the year	40,730	58,774	15,410	2,338	15,765	133,017
At December 2010	**91,560**	**124,592**	**32,770**	**6,443**	**35,449**	**290,814**
Net book value						
At 31 December 2010	**112,089**	**110,505**	**44,277**	**5,248**	**43,376**	**315,495**
At 31 December 2009	**125,923**	**134,559**	**45,365**	**7,576**	**53,109**	**366,532**

20. PROPERTY, PLANT AND EQUIPMENT

Cost –Micro finance 2009	Furniture &Fixtures	Equipment	Vehicle	Bicycle	Motor Cycles	Total
	Tzs'000	Tzs'000	Tzs'000	Tzs'000	Tzs'000	Tzs'000
At cost						
At 1 January 2009	142,200	165,465	62,725	9,214	56,678	436,282
Additions	34,553	34,912	-	2,467	16,115	88,047
At December 2009	**176,753**	**200,377**	**62,725**	**11,681**	**72,793**	**524,329**
Accumulated depreciation						
At 1 January 2009	19,349	21,085	6,018	2,211	6,407	55,070
Charge for the year	31,481	44,733	11,342	1,894	13,277	102,727
At December 2009	**50,830**	**65,818**	**17,360**	**4,105**	**19,684**	**157,797**
Net book value						
At 31 December 2009	**125,923**	**134,559**	**45,365**	**7,576**	**53,109**	**366,532**
At 31 December 2008	**122,851**	**144,380**	**56,707**	**7,003**	**50,271**	**381,212**

20. PROPERTY, PLANT AND EQUIPMENT

Cost –Social development 2010	Furniture &Fixtures Tzs'000	Equipment Tzs'000	Vehicle Tzs'000	Bicycle Tzs'000	Motor Cycles Tzs'000	Total Tzs'000
At cost						
At 1 January 2010	249,216	26,837	35,481	5,804	13,852	331,190
Additions	12,086	4,203	-	1,612	12,187	30,088
At December 2010	**261,302**	**31,040**	**35,481**	**7,416**	**26,039**	**361,278**
Accumulated depreciation						
At 1 January 2010	56,886	12,479	7,295	1,440	4,779	82,879
Charge for the year	52,260	7,760	7,096	1,483	5,208	73,807
At December 2010	**109,146**	**20,239**	**14,391**	**2,923**	**9,987**	**156,686**
Net book value						
At 31 December 2010	**152,156**	**10,801**	**21,090**	**4,493**	**16,052**	**204,200**
At 31 December 2009	**192,330**	**14,358**	**28,186**	**4,364**	**9,073**	**248,311**

20. PROPERTY, PLANT AND EQUIPMENT

Cost –Social development 2009	Furniture &Fixtures Tzs'000	Equipment Tzs'000	Vehicle Tzs'000	Bicycle Tzs'000	Motor Cycles Tzs'000	Total Tzs'000
At cost						
At 1 January 2009	116,489	25,657	327	2,702	9,927	155,102
Additions	132,727	1,180	35,154	3,102	3,925	176,088
At December 2009	**249,216**	**26,837**	**35,481**	**5,804**	**13,852**	**331,190**
Accumulated depreciation						
At 1 January 2009	8,803	7,693	249	349	2,511	19,605
Charge for the year	48,083	4,786	7,046	1,091	2,268	63,274
At December 2009	**56,886**	**12,479**	**7,295**	**1,440**	**4,779**	**82,879**
Net book value						
At 31 December 2009	**192,330**	**14,358**	**28,186**	**4,364**	**9,073**	**248,311**
At 31 December 2008	**107,686**	**17,964**	**78**	**2,353**	**7,416**	**135,497**

	2010	2009
	Tzs'000	**Tzs'000**

21. OTHER LIABILITIES

	2010 Tzs'000	2009 Tzs'000
Micro Finance		
Liabilities for expenses	1,681,617	659,814
Revolving fund	25,763	25,763
Employee income tax	555	555
Deposit refundable	653	653
	1,708,588	**686,785**
Social Development		
Liabilities for expenses	-	888,278
Revolving fund	-	4,114
	-	**892,392**
Total	**1,708,588**	**1,579,177**

22. BANK OVERDRAFT

BRAC Tanzania had an overdraft facility of Tzs 500 million with Boa Bank Limited on 20th December 2010 for tenor of 15 days. The facility was secured against the fixed deposit amounting to Tzs 2 billion. The outstanding balance as at 31st December 2010 amounts to Tzs 489mn (2009:nil)

23. LOAN SECURITY FUND

	2010 Tzs'000	2009 Tzs'000
Micro finance		
Balance at 1 January	3,323,746	2,083,499
Collection during the year	4,905,270	2,557,233
Withdrawals during the year	(3,491,102)	(1,316,986)
	4,737,914	**3,323,746**
Social development		
Balance at 1 January	-	-
Collection during the year	15,296	-
Withdrawals during the year	-	-
	15,296	**-**
Total	**4,753,210**	**3,323,746**

The Loan Security Fund acts as collateral for the customers' loan obligations to BRAC. 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.

24. RELATED PARTY DISCLOSURES

RELATED PARTY PAYABLES

	2010 Tzs'000	2009 Tzs'000
Micro finance		
Loan From BRAC foundation	273,445	273,445
Loan from BRAC Micro Finance Africa	13, 361,430	13, 361,430
Contribution from BRAC	612,675	612,675
BRAC Bangladesh (HO logistics and management)	331,341	448,671
	14,578,891	**14,696,221**
Social development		
Grant received from Bangladesh	**772,500**	**-**

	2010 Tzs'000	2009 Tzs'000
OTHER RELATED PARTY TRANSACTIONS DURING THE PERIOD		
Interest expense on related party loans as disclosed in note 8		
Micro finance		
BRAC Africa Micro finance Ltd	**1,912,374**	**571,250**
Operating expenses incurred by Brac Bangladesh on behalf of Brac Tanzania		
Micro finance		
HO logistics and management	845,217	786,912
Social development		
HO logistics and management	365,604	12,258
Total	**1,210,821**	**799,170**

25. LOAN REVOLVING FUND

	2010 Tzs'000	2009 Tzs'000
Micro finance		
Balance at 1 January	3,495,050	3,179,888
Transferred from grant received in advance (note-27)	-	315,162
Total	**3,495,050**	**3,495,050**

The loan revolving fund represents portion of grant received that is utilized for onward lending to individuals and viable micro and small business

26. TERM LOAN

	2010 Tzs'000	2009 Tzs'000
Micro finance		
Balance at 1 January	21,029,346	9,108,163
Received during the year	-	14,362,220
Payments made during the year	(2,089,511)	(2,441,037)
	18,939,835	**21,029,346**
Interest payable on term loan	386,809	543,155
Total	**19,326,644**	**21,572,501**
Current portion of term loan	2,194,600	2,075,455
Non-current portion of term loan	17,132,044	19,497,046
	19,326,644	**21,572,501**

	2010	2009
RECEIPTS DURING THE YEAR		
Micro finance		
BRAC Africa Micro finance Ltd.	-	4,791,500
BRAC Africa Micro finance Ltd.	-	7,264,940
Financial Sector Deepening Trust (FSDT)	-	2,305,780
	-	**14,362,220**

			2010	2009
PAYMENTS DURING THE YEAR				
Micro finance				
KIVA Foundation			451,661	489,662
BOA Bank Tanzania Limited			-	800,000
Netri Foundation			-	289,750
Deutsche Bank Micro credit Development Fund		-	289,750	
Stitching Hivos Triodos Fonds			575,000	287,500
Financial Sector Deepening				
Trust (FSDT)	-*1st loan		325,000	284,375
	-**2nd loan		737,850	-
			2,089,511	**2,441,037**

*As at 31 December 2010, BRAC Tanzania had an outstanding term loan amounting to Tzs 569 million with the Registered Trustees of Financial Sector Deepening Trust. The loan was entered on 31 December 2006 of Tzs 1.3 billion for period of five years payable in quarterly instalments of Tzs 40.6million in Year 2, Tzs 81.3 million in year 3&4 and Tzs 121.9 in year 5 after the grace period of one year from the date of signing the agreement. The interest rates applied on the loan are follows; Year 1-5%, Year 2-7%, Year 3-9% and Year 4 & 5-11%. This loan was obtained to provide funding needed for ten branch pilot programme in Dar-es-salaam and Arusha. In 2010 BRAC Tanzania paid Tzs 325 million.

**As at 31 December 2010, BRAC Tanzania had another outstanding term loan amounting to Tzs 3.9 billion with the Registered Trustees of Financial Sector Deepening Trust. The loan was entered on 16 September 2008 of Tzs 6.9 billion for period of five years payable in quarterly instalments of Tzs 277 million in Year 2, Tzs 346 million in year 3 and Tzs 553 in year 4 & 5 after the grace period of one year from the date of signing the agreement The interest rates applied on the loan are follows; Year 1-5%, Year 2-7%, Year 3-9% and Year 4 & 5-10%. The loan was obtained to finance the growth of loan portfolio and operating and capital expernditure for establishment of additional one hundred branches mainly in Dar-es-salaam, Arusha, Morogoro, Zanzibar, Mwanza, Coast Region and Shinyanga. The loan was obtained to finance the growth of loan portfolio and to cover for operating and capital expenses at the branch level. In 2010 BRAC Tanzania paid Tzs 738 million.

As at 31 December 2010, BRAC Tanzania has an outstanding term loan amounting to Tzs 862 million with the Stitching Hivos Triodos Fonds. The loan was entered on 7 August 2007 of Tzs 1.75 billion for period of five years payable every six months in six equal instalments of Tzs 287.5 million commencing from 1 January 2010. The interest rate on the loan is 14% per annum fixed until 1 July 2008. The purpose of the loans is to finance loans to micro entrepreneurs. During the year 2010 BRAC Tanzania paid Tzs 575 million.

As at 31 December 2010, the BRAC Tanzania has an outstanding loan facility amounting to Tzs 13.4 billion (USD 1,000,000) with BRAC Africa Micro Finance Limited. The loan was entered on 27 October 2008 of USD 24.25 million for period of 7 years payable in sixteen equal quarterly instalments with the payment of first instalment commencing on December 2012. The loan is attracting interest at the rate of 12% per annum which is payable every quarterly. The loan is obtained to finance micro finance loans in the country and to pay overhead, capital expenses and similar costs directly incurred in conducting micro finance program. In 2010 no payment was made on this loan.

As at 31 December 2009, the BRAC Tanzania has outstanding loan facility of Tzs 452 million with KIVA Micro funds, a California non-profit public benefit corporation. KIVA through its web based business allows users throughout the world to connect local lenders, in this case BRAC Foundation, who are in need debt capital from individuals and entities (Donors) who also access KIVA's website. BRAC Tanzania raises funds every monthly which are expected to be repaid in twelve months from the date when the fund were availed to BRAC Tanzania through KIVA's website. The funds availed to BRAC Tanzania through KIVA's website are interest free. In 2009, BRAC Tanzania paid Tzs 490 million to KIVA Micro funds. During the year 2010 BRAC Tanzania fully repaid the loan by making a payment amounting to Tzs 452 million.

		2010	2009
		Tzs'000	**Tzs'000**
27.	**DONOR FUNDS**		
	Micro finance		
	Donor funds received in advance	-	-
	Donor funds investment in fixed assets	115,688	218,415
	Donor funds investment in loans to group members	-	955,019
		115,688	**1,173,434**
	Social development		
	Donor funds received in advance	105,178	-
	Donor funds investment in fixed assets	158,660	232,467
	Donor funds investment in loan disbursement to group	-	-
		263,838	**232,467**
	Total	**379,526**	**1,405,901**

Micro finance

Grants received in advance

	2010	2009
Opening balance	-	2,235,239
Donations received during the year	73,560	3,402,050
Transferred to deferred income - investment in fixed asset	-	(88,047)
Transferred to deferred income – investment in loan disbursement to group	955,019	(722,550)
Transferred to loan revolving fund		(315,162)
Transferred to statement of comprehensive income	(1,028,579)	(4,511,530)
Closing balance	**-**	**-**

Donations received during the year

Name of the Donor

	2010	2009
Bill and Melinda Gates Foundation (BMGF)	-	3,402,050
B Citi Foundation	73,560	-
	73,560	**3,402,050**

DEFERRED INCOME – FIXED ASSETS

	2010	2009
Opening balance	218,415	233,095
Transferred from donor funds received in advance	-	88,047
Depreciation charged during the year	(102,727)	(102,727)
Closing balance	**115,688**	**218,415**

DEFERRED INCOME – INVESTMENT IN LOAN DISBURSEMENT TO GROUP

	2010	2009
Opening balance	955,019	232,469
Transferred from donor funds received in advance	(955,019)	722,550
Closing balance	**-**	**955,019**

	2010 Tzs'000	2009 Tzs'000
Social development		
Grants received in advance		
Opening balance	-	620,103
Donations received during the year	2,815,319	1,781,936
Transferred to deferred income - investment in fixed asset	-	(165,396)
Transferred to deferred income – investment in loan disbursement to group	-	-
Transferred to loan revolving fund	-	-
Transferred to statement of comprehensive income	(2,710,141)	(2,236,643)
Closing balance	**105,178**	**-**
Donations received during the year		
Name of the Donor		
Bill and Melinda Gates Foundation (BMGF)	1,397,693	1,781,936
Nike Foundation	645,126	-
BRAC Bangladesh	772,500	-
	2,815,319	**1,781,936**
DEFERRED INCOME – FIXED ASSETS		
Opening balance	232,467	128,148
Transferred from donor funds received in advance	-	165,396
Depreciation charged during the year	(73,807)	(61,077)
Closing balance	**158,660**	**232,467**

28. BRAC CONTRIBUTION

This fund of Tzs 612,675,000 relates to the initial contribution towards the establishment of BRAC Tanzania and was used for starting up the microfinance programme

29. ADJUSTMENTS PROCESSED IN 2009 FINANCIAL STATEMENTS

The following adjustments were processed in 2009 financial statements

	2009	Micro Finance Tzs'000	Social development Tzs'000	Total Tzs'000
29(i)	**Prior year tax adjustments**			
	Being adjustment for recognition of corporate tax expense as per the TRA assessment for the years – 2006	(219,621)	-	(219,621)
	- 2007	(558.,736)	-	(558.,736)
		(778,357)	**-**	**(778,357)**
29(ii)	**Surplus/ (deficit) for the year as previously reported**	**1,676,681**	**-**	**1,676,681**
	Being adjustment for reversing deferred tax asset recognised in 2009	(1,868,707)	-	(1,868,707)
	Being adjustment to recognise deferred tax asset for 2009	857,603	-	857,603
	Being recognition of corporate tax expense as per the revised tax computation for 2009	(327,043)	-	(327,043)
	Revised Surplus/ (deficit) for the year	**338,534**	**-**	**338,534**

FINANCIAL**STATEMENTS**

BRAC
FORMERLY KNOWN AS BRAC ZANZIBAR

For the year ended December 31, 2010

BRAC
REPORT OF THE GOVERNING COUNCIL
For the year ended 31 December 2010

1. The members of Governing Council present this report and the audited financial statements for the year ended 31 December 2010.

2. REGISTRATION

BRAC is a 'not for profit' making organization registered under Societies Act No 6 of 1995, Zanzibar Revolutionary Government

The organisation changed its name from BRAC Zanzibar to BRAC with effect from 30 April 2010.

3. ORGANISATION'S VISION

BRAC is a development organisation dedicated in poverty alleviation, sustainable development and empowerment through equal distribution of resources/wealth.

4. ORGANISATION'S MISSION

BRAC 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 realize their potential.

5. PRINCIPAL ACTIVITIES

The principal activity of the BRAC is the provision of micro finance services to micro and small-scale entrepreneurs in the informal sector of the Zanzibar Economy. BRAC has also been involved in partnership with people fighting poverty to improve their welfare in the various parts of Zanzibar.

6. FINANCIAL PERFORMANCE

The BRAC's performance during the year was as follows:

- Total revenue decreased by 13% from Tzs 614 in 2009 to Tzs 535 million in 2010.
- Loans to customers increased by 67% from Tzs 747 million in 2009 to Tzs 1,246 million in 2010
- Operating expenses decreased by 65% from Tzs 1,573 million in 2009 to Tzs 544 million in 2010

During the year, the organisation had attributable income of Tzs 33 million (2009 – loss of Tzs 417 million). The audited financial statements for the year are set out on pages 7 to 28.

7. MEMBERS OF THE GOVERNING COUNCIL

Members of the Governing Council, who served during the year and up to the date of this report except where otherwise indicated, are:

Name	Nationality
Sir Fazle Hasan Abed	Bangladeshi
Dr Mahbub Hossain	Bangladeshi
Mr Muhammad A. (Rumme) Ali	Bangladeshi
Dr Imran Matin	Bangladeshi
Ms Rahma Ali Khamis Abdallah	Tanzanian

8. CORPORATE GOVERNANCE

The members of the Governing Council believe that high standards of corporate governance directly influence the organisation's stakeholder and investor confidence. The members also recognise the importance of integrity, transparency and accountability.

9. RISK MANAGEMENT

The members of the Governing Council are ultimately responsible for any loss suffered by the BRAC. Risk taking, in an appropriate manner, is an integral part of business. Success relies on optimising the trade-off between risk and reward.

10. MANAGEMENT STRUCTURE

The management of BRAC is led by Deputy Executive Director and is organised in the following departments:

- Internal Audit
- Finance
- Monitoring
- Training

11. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year 2010 for BRAC.

12. CORPORATE SOCIAL RESPONSIBILITY

BRAC is a development organization dedicated to alleviating poverty by empowering the poor to bring about change in their own lives.

13. SOLVENCY

The member of the governing council confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The members of the governing council have reasonable expectation that BRAC has adequate resources to continue in operational existence for the foreseeable future.

14. EMPLOYEES' WELFARE

Management/Employee relationship

There were no disputes between management and employees. As at year end the BRAC had 68 employees (2009: 75 employees).

Medical assistance

BRAC reimburses medical costs incurred by employees for medical treatment.

15. *Retirement benefits*

All eligible employees are members of the Zanzibar Social Security Fund (ZSSF). BRAC contributes 10% of the employees' gross salary.

The ZSSF fund is a defined contribution scheme with the BRAC having no legal or constructive obligation to pay further top-up contributions.

FUTURE DEVELOPMENT AND OUTLOOK

Microfinance

In 2011, BRAC will extend its programs to remote rural areas in order to reach the poorer section of the population. BRAC is planning to target 127,000 borrowers aiming to disburse USD 32.43 million as micro loans. Additional 1,400 new borrowers will be targeted for Small Enterprise Loans, bringing the total to 4,200. It is expected that USD 6.68 million will be disbursed to this group of borrowers.

Training is an integral part to improve efficiency in management and program delivery. Rigorous staff training in aspects of occupational and functional skills and techniques of community participation and development management will be organized to improve and maintain quality.

Staff dropout is being addressed through regular recruitment of qualified personnel. Capacity building of staff will continue through ongoing training and staff morale will be raised by highlighting their contribution through appreciation and recognition.

Social Development

Health

BRAC will consolidate health program after years of implementation in Tanzania with a back up support from its Microfinance programme.

Agriculture

Currently, BRAC is carrying out these activities through leasing land from the government and seed production through contract growers.

Provision of crop share loan to the poor farmers and providing small farm equipments will be considered.

BRAC will continue to strengthen collaboration with both local and international Research Institutes for fostering new variety development and release to meet up the changing demand of the local farmers.

Poultry and Livestock

BRAC's own parent stock poultry farm with hatchery is required to meet the growing demand of quality Day Old Chick (DOC) and to ensure its continuous supply. There is an opportunity for the establishment of poultry feed mill with development of poultry industry in the country.

16. AUDITORS

The company's auditors, KPMG have expressed their willingness to continue in office and are eligible for re-appointment. A resolution to reappoint KPMG as auditors will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

………………………………………………………...

Member of Governing Council, BRAC **Date: 7th April 2011**

BRAC
STATEMENT OF MEMBERS OF THE GOVERNING COUNCIL RESPONSIBILITIES

The members of Governing Council of BRAC are responsible for the preparation and fair presentation of the financial statements comprising the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

The members of Governing Council responsibility includes: designing, implementing and maintaining internal control 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 members of Governing Council have made an assessment of BRAC's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

Approval of the financial statements

The financial statements of the organisation, as indicated above, were approved by the members of the governing council on …………………… and are signed on its behalf by:

……………………………………………………..

Members of Governing Council, BRAC

Date: 7th April 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GOVERNING COUNCIL OF BRAC

Report on the Financial Statements

We have audited the financial statements of BRAC, which comprise the statement of financial position at 31 December 2010, the statement of comprehensive income, the statement of changes in equity, statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 28.

Members of Governing Council's Responsibility for the Financial Statements

The members of Governing Council of BRAC are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of BRAC as at 31 December 2010, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, proper accounting records have been kept by BRAC and the financial statements referred to in the preceding paragraph are in agreement with the accounting records.

____

M Salim Bashir

Date: ……………………..

KPMG

BRAC
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	Notes	2010 Tzs '000	2009 Tzs '000
Income			
Interest and similar income	**6**	499,166	571,329
Amortization of deferred grant	**7**	69,889	409,644
Net interest income		**569,055**	**980,973**
Other income	**8**	36,194	42,357
Total operating income		**605,249**	**1,023,330**
(Impairment losses)/ recoveries on loans and advances	**9**	(54,621)	(51,672)
Operating income after impairment charges		**550,628**	**971,658**
Operating expenses			
Salaries and allowances	**10**	(368,638)	(343,081)
Training, workshop and seminars		(4,004)	(5,125)
Occupancy expenses	**11**	(19,176)	(15,708)
Other general & admin. expenses	**12**	(146,643)	(1,203,792)
Depreciation	**15**	(5,889)	(5,694)
Amortization of grant for fixed asset		5889	5,694
Net surplus/(deficit) before taxation		**12,167**	**(596,048)**
Taxation	**20**	20,640	178,814
Surplus/ (deficit) for the year		**32,807**	**(417,234)**
Other comprehensive income, (net of tax)		-	-
Total comprehensive surplus/(deficit) for the period		**32,807**	**(417,234)**

The notes are an integral part of these financial statement

BRAC
STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Notes	2010 Tzs '000	2009 Tzs '000
ASSETS			
Cash and cash equivalents	**13**	132,595	149,258
Loans and advances to customers	**14**	1,246,954	747,380
Deferred tax asset	**20**	199,454	178,814
Property, plant and equipment	**15**	16,016	21,905
Other assets	**16**	12,400	11,071
Total assets		**1,607,419**	**1,108,428**
LIABILITIES AND CAPITAL FUND			
Loan security fund	**17**	285,390	293,006
Term loans		-	-
Loan revolving fund	**18**	814,454	814,454
Other current liabilities	**19**	731,079	251,390
Corporate tax payable		43,472	43,472
Total liabilities		**1,874,395**	**1,402,322**
CAPITAL FUND			
Donor funds	**7**	16,016	21,905
BRAC contribution		-	-
Retained surplus/(deficit)		(282,992)	(315,799)
Total capital fund		**(266,976)**	**(293,894)**
TOTAL LIABILITIES AND CAPITAL FUND		**1,607,419**	**1,108,428**

...
Members of Governing Council, BRAC

Date: ....

..
Director Finance, BRAC International

The notes are an integral part of these financial statement

BRAC
STATEMENT OF CASH FLOWS
For the year ended 31 December 2010

	Notes	2010 Tzs '000	2009 Tzs '000
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus/(deficit)) before taxation		12,167	(596,048)
Depreciation		5,889	5,694
Provision on loans and advances		54,621	51,672
Operating Profit before changes in working capital		**72,677**	**(538,682)**
(Increase)/decrease in other assets		(1,329)	(4,964)
Increase/(decrease) in other liabilities		479,689	159,810
Movement in loans and advances		(554,195)	512,177
Cash flow from operating activities		**(3,158)**	**128,341**
Tax paid		-	-
Net cash flow from operating activities		**(3,158)**	**128,341**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of fixed assets		-	(2,316)
Net cash flow from investing activities		**-**	**(2,316)**
CASH FLOW FROM FINANCING ACTIVITIES			
Term loan		-	-
Loan revolving fund		-	30
Loan security fund		(7,616)	(15,384)
Donor funds for investment in fixed assets		(5,889)	(3,378)
Grant received in advance		-	(358,453)
Net cash flow from financing activities		**(13,505)**	**(377,185)**
Net increase in cash and cash equivalents		**(16,663)**	**(251,160)**
Cash and bank balances at the beginning of the year		149,258	400,418
Cash and cash equivalents at the end of the year	**13**	**132,595**	**149,258**

The notes are an integral part of these financial statement

BRAC
STATEMENT OF ACCUMULATED SURPLUS
For the year ended 31December 2010

	Donor Funds Tzs'000	Contribution Tzs'000	Surplus/ (deficit) for the Year Tzs'000	Total Tzs'000
Balance as at 1 January 2009	**383,736**	**-**	**101,435**	**485,171**
Donation received during the year	53,507	-	-	53,507
Grant income transferred to SOCI	(409,644)	-	-	(409,644)
Amortisation of grant invested in fixed assets	(5,694)	-	-	(5,694)
Surplus/ (Deficit) for the year	-	-	(417,234)	(417,234)
Other Comprehensive income, net of income tax	**-**	**-**	**-**	**-**
Transactions with others, recorded directly in equity	**-**	**-**	**-**	**-**
Contributions by and distributions to owners	-	-	-	-
Balance as at 31 December 2009	**21,905**	**-**	**(315,799)**	**(293,894)**
Surplus/(Deficit) for the year	-	-	32,807	32,807
Donation received during the year	69,889	-	-	69,889
Grant income transferred to SOCI	(69,889)	-	-	(69,889)
Amortisation of grant invested in fixed assets	(5,889)	-	-	(5,889)
Other Comprehensive income, net of income tax	**-**	**-**	**-**	**-**
Transactions with others, recorded directly in equity	**-**	**-**	**-**	**-**
Contributions by and distributions to owners	-	-	-	-
Balance as at 31 December 2010	**16,016**	**-**	**(282,992)**	**(266,976)**

The notes are an integral part of these financial statement

1. REPORTING ENTITY

BRAC Zanzibar is a 'not for profit' organization registered under Society No 6 of 1995, Zanzibar Revolutionary Government. BRAC Zanzibar is situated at House No-KS/MJ/205E, Plot No-52, Mbweni, P O Box 2635, Zanzibar.

The organisation changed its name from BRAC Zanzibar to BRAC with effect from 30 April 2010.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except for the financial instruments at fair value through profit or loss which are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Tanzanian Shillings, which is the BRAC's functional currency and presentation currency. Except as indicated, financial information presented in Tanzania shillings has been rounded to the nearest thousands (Tzs'000).

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 4 and 5.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available- for-sale equity instruments which is recognised directly in equity.

(b) Interest

Interest income and expense are recognised in the income statement using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the income statement is resulting from Interest on financial assets and liabilities at amortised cost on an effective interest rate basis.

(c) Fee and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

(d) Grants

(i) Donor Grants

All donor grants received are initially recognized as deferred income at fair value and recorded as liabilities in the Grant Received in Advance for the period.

The portion of the grants that are utilized to purchase property and fixed assets are transferred as deferred income in liabilities and subsequently release to income to match the depreciation for the period and amortisation of the fixed assets as charged to statement of comprehensive income.

Grants utilized to reimburse program related expenditure are recognized as grant income for the period.

Donor grants received in kind, through the provision of gifts and/or services, are recorded at fair value (excluding situations when BRAC may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants).

Grant income 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 expenditures yet to be funded but for which funding has been agreed at the end of the reporting is recognized as Grants receivable.

(ii) Grant Income

Grant income is recognized on a cash basis to the extent that BRAC fulfils the conditions of the grant. This income is transferred from the deferred grant received from donors and recognized as income in the statement of comprehensive income.

A substantially portion of BRAC's donor grants are for funding of Not-for-profit projects and programs, and for these grant, income recognized is matched to the extent of actual expenditures incurred on projects and programs for the period.

For donor grants restricted to funding procurement of fixed assets, the grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed assets.

(e) Lease payments made

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(f) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(g) Financial assets and liabilities

(i) Recognition

The organisation initially recognises loans and advances, deposits, debt securities issued and liabilities on the date at which they are originated. Regular way purchases and sales of financial assets are recognised on the trade date at which the organisation commits to purchase or sell the asset. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the BRAC becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Refer accounting policies note (3h, 3i and 3l)

(iii) De-recognition

The organisation de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the organisation is recognised as a separate asset or liability.

The organisation de-recognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The organisation enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not de-recognised from the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the organisation neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if it does not retain control over the asset. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers in which control over the asset is retained, organisation continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

BRAC writes off certain loans when they are determined to be uncollectible (see note 4).

(iv) Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the organisation has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the organisation's trading activity.

(v) Amortized cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, organisation measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, organisation establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the organisation where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the organisation believes a third-party market participant would take them into account in pricing a transaction.

(vii) Identification and measurement of impairment

At each balance sheet date the organisation assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the organisation on terms that the organisation would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The organisation considers evidence of impairment for loans and advances securities at both a specific asset and collective level. All individually significant loans and advances securities are assessed for specific impairment. All individually significant loans and advances found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the organisation uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(h) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(i) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that organisation does not intend to sell immediately or in the near term. Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(j) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

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

Furniture & fixtures	20%
Equipments	25%
Vehicles	20%
Bicycles	20%
Motor cycles	20%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(k) Impairment of non-financial assets

The carrying amounts of the organisation's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Security deposits from customers and term loans

The organisation classifies capital instruments i.e security deposits as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Security deposits from the customers are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the organisation chooses to carry the liabilities at fair value through profit or loss. BRAC utilise the term loan as source of funding.

(m) Provisions

A provision is recognised if, as a result of a past event, the organisation 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the organisation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these financial statements. None of these will have an effect on the financial statements of the organisation with the exception of:

IFRS 9 Financial Instruments, published on 12 November 2009 as part of phase I of the IASB's comprehensive project to replace IAS 39, deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss at a later date.

The standard is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted.

The organisation is currently in the process of evaluating the potential effect of this standard. Given the nature of the organisation operations, this standard is expected to have a pervasive impact on the organisation's financial statements.

4. **Financial risk management**

(a) Introduction and overview

BRAC has exposure to the following risks from its use of financial instruments:

(a) Credit risk
(b) Liquidity risk
(c) Market risks
(d) Operational risks.

This note presents information about the organisation's exposure to each of the above risks, the organisation's objectives, policies and processes for measuring and managing risk.

(b) Credit risk

Credit risk is the risk of financial loss to organisation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the BRAC's loans and advances to customers. For risk management reporting purposes, the BRAC considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk). Management of credit risk

Members of the governing body have delegated responsibility for the management of credit risk to its organisation's credit committee. A separate organisation's credit committee is responsible for oversight of the organisation's credit risk, including:Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit credit officers;
- Reviewing and assessing credit risk. organisation's Credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process;
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to organisation's credit committee on the credit quality of local portfolios and appropriate corrective action is taken; and
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the organisation in the management of credit risk.

The business unit is required to implement the organisation's credit policies and procedures, with credit approval authorities delegated from the organisation credit committee. The business unit has a chief credit risk officer who reports on all credit related matters to local management and the Group credit committee. The business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

Impaired loans

Impaired loans and securities are loans and securities for which the organisation determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

Past due but not impaired loans

Loans, where contractual interest or principal payments are past due but the organisation believes that impairment is not appropriate on the basis of the level of security or the stage of collection of amounts owed to the Organisation

Allowances for impairment

The organisation establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for organisation's of homogeneous assets in respect of losses that have been incurred but have not been identified.

The table provides details of exposure to credit risk

	2010 Tzs'000	2009 Tzs'000
Micro finance		
Balance at 1 January	127,784	76,112
Provision made during the year	54,621	51,672
Loan - written off	-	-
Total	**182,405**	**127,784**

The loan classification followed by BRAC is based on the conventional, international practice of microfinance institutions in different parts of the world catering to a large number of borrowers. The methodology which takes into account international best practice and circumstances relevant to Tanzania, have five aging categories which are labelled correspondingly as "Standard", "Watch List", "Substandard", "Doubtful" and "Loss".

Loan Classification	Days in Arrears
Standard	Current
Watch List	01-30
Substandard	31-180
Doubtful	181-350
Loss	Over 350

Loan Classification	**Days in Arrears**	**Principal outstanding 2010**	**Loan loss provision 2010**	**Principal outstanding 2009**	**Loan loss provision 2009**
Standard	Current	1,369,896	153,194	819,136	115,054
Watch List	01-30	918	46	4,083	204
Substandard	31-180	26,808	5,362	48,059	9,612
Doubtful	181-350	31,737	23,803	3,886	2,914
Loss	Over 350	-	-	-	-
Total :		**1,429,359**	**182,405**	**875,164**	**127,784**

Write-off policy

BRAC writes off a loan balance (and any related allowances for impairment losses) when the organisation credit committee determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation. For smaller balance standardised loans, charge off decisions generally are based on a product specific past due status.

(c) Liquidity Risk

Liquidity risk is the risk that the organisation will encounter difficulty in meeting obligations from its financial liabilities

Management of liquidity risk

The organisation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the organisation's reputation

Residual contractual maturities of financial liabilities.

Micro-finance 31 December 2010	**Carrying amount Tzs'000**	**Contractual cash flows Tzs'000**	**Within 1 year Tzs'000**	**1 to 2 years Tzs'000**	**2 to 5 Years Tzs'000**
Loan security fund	285,390	285,390	285,390	-	-
Other current liabilities	731,079	731,079	731,079	-	-
Total Liabilities	**1,016,469**	**1,016,469**	**1,016,469**	**-**	**-**

Micro-finance 31 December 2009	**Carrying amount Tzs'000**	**Contractual cash flows Tzs'000**	**Within 1 year Tzs'000**	**1 to 2 years Tzs'000**	**2 to 5 Years Tzs'000**
Loan security fund	293,006	293,006	293,006	-	-
Other current liabilities	251,390	251,390	251,390	-	-
Total Liabilities	**544,396**	**544,396**	**544,396**	**-**	**-**

The previous table shows the undiscounted cash flows on the organisation's financial liabilities and on the basis of their earliest possible contractual maturity.

(d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc will affect BRAC's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(e) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the organisation's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Organisation's operations and are faced by all business entities.

The organisation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the organisation's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Organisation-wide standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development; and
- ethical and business standards.

5. Use of Estimates and Judgements

Management discussed the development, selection and disclosure of the organisation's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see note 4).

Key sources of estimation uncertainty

Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(g)(vii).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about counterparty's financial where each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

		2010	2009
		Tzs'000	Tzs'000
6.	**INTEREST AND SIMILAR INCOME**		
	Interest on loans to group members -		
	Micro finance	356,349	537,890
	Small enterprise program	142,817	3,439
	Total	**499,166**	**571,329**
7.	**DONOR FUNDS**		
	Donor funds received in advance	-	-
	Donor funds investment in fixed assets	16,016	21,905
	Donor funds investment in loans to group members	-	-
		16,016	**21,905**
	Grants received in advance		
	Balance at 1 January	-	358,453
	Received during the year	69,889	53,507
	Grant Receivable	-	-
	Transferred to deferred income - investment in fixed asset	-	(2,316)
	Transferred to statement of Comprehensive Income	(69,889)	(409,644)
	Transferred to Loan Revolving Fund	-	-
	Total	**-**	**-**
	Donations received during the year		
	Name of the Donor		
	Bill & Melinda Gates Foundation	**69,889**	**53,507**
	Deferred income-Fixed assets		
	Balance at 1 January	21,905	25,283
	Transferred from grants received in advance	-	2,316
	Amortization to income statement	(5,889)	(5,694)
	Total	**16,016**	**21,905**
8.	**OTHER INCOME**		
	Admission fees	7,019	9,966
	Loan appraisal fee	27,310	25,871
	Other income (Health)	47	(4)
	Other income (Agriculture)	1,818	6,454
	Other income (Livestock)	-	70
	Total	**36,194**	**42,357**
9.	**PROVISION ON LOANS**		
	Balance at 1 January	127,784	76,112
	Provision made during the year	54,621	51,672
	Loan - written off	-	-
	Total	**182,405**	**127,784**

	2010 Tzs'000	2009 Tzs'000
10. STAFF COSTS AND OTHER BENEFITS		
Salary as per payroll	278,900	278,607
Bonus provision	7,910	2,885
NSSF contribution	36,443	13,293
Other staff costs	45,385	48,296
	368,638	**343,081**
11. OCCUPANCY EXPENSES		
Rent	13,910	11,470
Utilities	5,266	4,238
Total	**19,176**	**15,708**
12. OTHER GENERAL AND ADMINISTRATIVE EXPENSES		
Maintenance and general expenses	27,158	1,116,332
Audit fees	17,110	12,442
Program supplies	1,616	2,833
Travelling and transport	21,520	24,841
Office stationery	1,918	5,810
HO logistics and management expenses	77,321	41,534
	146,643	**203,792**
13. CASH AND CASH EQUIVALENTS		
Cash in hand	4,681	13,676
Cash at bank	127,914	135,582
	132,595	**149,258**
14. LOANS TO GROUP MEMBERS		
Balance at 1 January 2010	875,164	1,387,341
Disbursement during the year	2,731,050	,583,600
Realization during the year	(2,176,855)	095,777)
	1,429,359	**875,164**
Loan write off (Note-9)	-	-
	1,429,359	**875,164**
Loan loss provision (Note-9)	(182,405)	(127,784)
Balance at 31 December	**1,246,954**	**747,380**

15. PROPERTY, PLANT AND EQUIPMENT

31 December 2010	Furniture &Fixtures Tzs'000	Equipment Tzs'000	Motor Cycles Tzs'000	Total Tzs'000
At Cost				
At 1 Jan 2010	22,935	6,268	1,173	30,376
Additions	-	-	-	-
Closing balance	**22,935**	**6,268**	**1,173**	**30,376**
Accumulated depreciation				
At 1 January 2010	5,926	2,217	328	8,471
Charge for the year	3,907	1,747	235	5,889
Closing balance	**9,833**	**3,964**	**563**	**14,360**
NBV as at 31 December 2010	**13,102**	**2,304**	**610**	**16,016**
NBV as at 31 December 2009	**17,009**	**4,051**	**845**	**21,905**

15. PROPERTY, PLANT AND EQUIPMENT

31 December 2010	Furniture &Fixtures Tzs'000	Equipment Tzs'000	Motor Cycles Tzs'000	Total Tzs'000
At Cost				
At 1 Jan 2009	20,619	6,268	1,173	28,060
Additions	2,316	-	-	2,316
Closing balance	**22,935**	**6,268**	**1,173**	**30,376**
Accumulated depreciation				
At 1 January 2009	1,674	986	117	2,777
Charge for the year	4,252	1,231	211	5,694
Closing balance	**5,926**	**2,217**	**328**	**8,471**
NBV as at 31 December 2009	**17,009**	**4,051**	**845**	**21,905**
NBV as at 31 December 2008	**18,945**	**5,282**	**1,056**	**25,283**

16. OTHER ASSETS

	2010 Tzs'000	2009 Tzs'000
Interest on loans to group members	5,872	6,329
Advances and prepayments	6,261	4,688
Stock and stores	267	54
	12,400	**11,071**

		2010	2009
		Tzs'000	**Tzs'000**
17.	**LOAN SECURITY FUND**		
	Balance at 1 January	293,006	308,390
	Collection during the year	273,105	258,360
	Withdrawals during the year	(280,721)	(273,744)
		285,390	**293,006**

This represents contribution to the fund by group members at 10% on loans disbursed. The fund is refundable subject to repayment of the loan availed by the respective members of the group

		2010	2009
18.	**LOAN REVOLVING FUND**		
	Balance at 1 January	814,454	814,424
	Transferred from grant received in advance (Note 7)	-	-
	Transferred during the period	-	30
	Total	**814,454**	**814,454**
19.	**OTHER LIABILITIES**		
	Liabilities for expenses	95,044	109,915
	Revolving fund (Health)	4,505	33
	Revolving fund (Livestock)	1,821	349
	Liability to third party	20	20
	Current account in transit with mainland	617,773	141,073
	PAYE costs	3,792	-
	NSSF	2,931	-
	Bonus	1,109	-
	Other liabilities	4,084	-
	Total	**731,079**	**251,390**
20.	**Taxation**		
	Current income tax at 30% of tax adjusted surplus/(deficit)	-	-
	Deferred tax charge/(credit)	(20,640)	(178,814)
		(20,640)	**178,814)**
	Deferred tax liability/(asset)		
	At 1 January	(178,814)	-
	Charge/(Credit) for the year	(20,640)	(178,814)
	At 31 December	**(199,454)**	**178,814)**

21. CONTINGENT LIABILITIES

The members of Governing Council are not aware of any other contingent liabilities against the Organisation as at the date of this report.

BRAC International

Mahabub Hossain, PhD
Executive Director

Imran Matin, PhD
Deputy Executive Director

Shabbir Ahmed Chowdhury
Director

Shib Narayan Kairy
Chief Financial Officer (BRAC Group)

Tanwir Rahman CPA
Director Finance

BRAC in Tanzania

Gunendu K. Roy
Country Representative

Photo Credit:

BRAC/Shehzad Noorani

Image on:

Cover
Microfinance VO meeting
Poultry Vaccination
Eric Mwangangi
Marietta Shao
Monitoring
Financial Statement

BRAC/Jake Lyell

Image on:

About BRAC
BRAC in Tanzania
ELA Meeting in Dodoma
Jackline Chikusa
A Community Health Promoter
Vellaice Kishimbo

Rest of the Images:

BRAC

BRAC

BRAC Centre
75 Mohakhali
Dhaka 1212
Bangladesh

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

BRAC International

Teleportboulevard 140
1043 EJ Amsterdam
the Netherlands

BRAC in Tanzania

Plot 2329, Block H,
Mbezi Beach
P.O. Box 105213
Tanzania
Tel: +255 22 264 7280

www.brac.net