



Annual Report

2011

Bangladesh

40th Year Special Edition



# Bangladesh

## A Next-11 country in the 21st century

Currently the ninth most populous country and the most densely populated of the world's larger states, Bangladesh emerged from a bloody war for independence 40 years ago. Famously called a 'basket case' at the time, the country has since made remarkable and unexpected advances in nearly every economic indicator. Today it stands as one of the so-called 'next 11' countries, poised to become, after Brazil, Russia, India and China, one of the world's largest economies in the 21st century.

From the country's earliest days, BRAC has been with Bangladesh. What started out as a limited relief operation – originally Bangladesh Rehabilitation Assistance Committee, later Bangladesh Rural Advancement Committee, and today simply BRAC – has turned into the largest development organisation in the world. Of major nongovernmental organisations, it is one of the few based in the global south.

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

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

# Vision, Mission and Values

## Vision

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

## Mission

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

## Values

### Innovation

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

### Integrity

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

### Inclusiveness

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

### Effectiveness

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

## Chairperson's Statement



BRAC/ Shahidul Alam/ DRIK

### ‘Don’t ever slow down, don’t ever stop innovating’

The year 2012 marks 40 years of BRAC’s existence. In these four decades since its inception in February 1972 as a small relief and rehabilitation project in a remote corner of Bangladesh, BRAC has grown to become the largest and one of the most successful development organisations in the world. This watershed moment therefore provides an opportunity for us to reflect on these last 40 years and look ahead for the challenges that will confront us in the years ahead.

Having come into formal existence within months of each other, BRAC’s story is inextricably linked to the story of Bangladesh. When BRAC started its journey in the immediate aftermath of our Liberation War, Bangladesh was a country in ruin. Whatever little infrastructure there was had been destroyed during the nine month war and the economy was left in shambles.

Although the odds were many, and seemingly insurmountable, we felt that if we could tap into the palpable sense of optimism in those early days of our nation, and effectively channel the amazing resilience of our people, we would be able to overcome those challenges. We understood that if we could help people to realise their potential, they would be their

own actors in history and write their own stories of triumph over adversity.

Over the last 40 years, the people of this country have written those stories over and over again. In almost every major indicator of human development, Bangladesh’s progress has been remarkable. Let me highlight just a few.

At the time of our independence, our health indicators were some of the worst in the world. Today, the progress we have made is the envy of most of the developing nations in South Asia and beyond. Since the 1990s, child mortality in Bangladesh has come down from 133 to less than 53 deaths per 1,000 live births, maternal mortality from 574 to 194 deaths per 100,000 live births, and average life expectancy at birth has risen from 40 to 65. Fertility, which was as high as 6.5 children per woman in 1972, has fallen to 2.3 in 2011.

While it is true that no single organisation can take credit for this amazing turnaround, BRAC can nevertheless take great pride in the role that it has played in support of governmental efforts in bringing about these successes. From immunising children to popularising the use of oral rehydration therapy, from providing

essential healthcare through a cadre of over 90,000 barefoot health volunteers to providing safe places for mothers to give birth, from curing tuberculosis to improving sanitation, BRAC’s work in public health has contributed to each of our country’s achievements in the health sector.

In the last 40 years, Bangladesh has gone from having a literacy rate of just 25 per cent to over 65 per cent. We are also one of the first countries in the developing world to have achieved gender parity in primary school completion and secondary school enrolment the second of the Millennium Development Goals.

In the education sector, similar to health, BRAC’s role in Bangladesh’s progress is significant. To date, almost five million children, more than 60 per cent of them girls, have graduated from BRAC primary schools. An overwhelming majority have gone into the public school system, performing, on average, better than their mainstream peers. BRAC today operates the largest secular non formal education system in the world. Over one million primary and pre-primary school students are currently enrolled. In addition, BRAC University, which celebrated its 10th anniversary in 2011 is fast building a reputation as a centre of excellence

for higher education and research in the country.

At the time of our independence, Bangladesh's total labour force, formal and informal sectors combined, stood at 22 million. Four decades on, although our population has doubled, the total labour force has increased three fold. A large portion of this increase can be attributed to the increased participation of women in the labour market. Once again, BRAC can take immense pride in the work it has done in facilitating employment generation for millions of the poor, through providing access to credit, access to training and inputs, and access to markets.

In our efforts to create jobs for the poor, BRAC has pioneered several industries in Bangladesh and provided the base for private sector investment. These industries include, among others, handicrafts, poultry, dairy and seeds. Our social enterprises and investments have created thousands of jobs and provided market linkages for hundreds of thousands of rural entrepreneurs. Surpluses earned from these social enterprises and investments have also reduced BRAC's dependence on donor funding. Today, in our 2012 budget for Bangladesh, donor funding accounts for less than 30 per cent of our annual expenditure of USD 422 million.

In 2002, exactly 10 years ago, BRAC went international with the start of operations in Afghanistan. Then, just like Bangladesh in 1972, we found a country ravaged by war and struggling to cope with the many challenges of nation building. We realised that our experience of working in similar circumstances and conditions made BRAC uniquely positioned to lend a hand. Our early successes in Afghanistan gave us the confidence to start programmes in Sri Lanka in the aftermath of the 2004 Indian Ocean tsunami, and then in Uganda and Tanzania in 2006. Today, BRAC operates in 10 countries in South Asia, Africa and the Caribbean, adapting and replicating our models in education, health, microfinance and agricultural development.

Though our achievements are many, the challenges that we must now face are numerous and increasingly complex. It is therefore important that we identify our priorities for the decades ahead. While it is true that Bangladesh has shown a magnificent capacity to overcome adversity, we will continue to face new sets of challenges arising out of overpopulation, urbanisation and climate change. In Bangladesh and in other countries where we work, the challenges of the future will require new and innovative solutions. I believe that in order to meet

these challenges of the future, we have to tap the tremendous potential of the younger generation. BRAC is in the process of developing a comprehensive strategy to help the vibrant, innovative and entrepreneurial younger generation of today to realise their potential, and be the agents of change within their communities.

Unfortunately, public education systems in most developing countries are unfit and unsuited to prepare our youth for the 21st century knowledge society that we must aspire to. Outdated approaches to teaching must give way to new techniques that teach our children not to memorise texts, but to think critically and solve problems creatively. We must give greater thought, and direct greater resources towards early childhood development, and social and emotional learning. We must also deploy technology to provide the highest quality of education to the remotest parts of the world. I am happy to report that BRAC has started to work on all of these fronts.

I strongly believe that gender equality remains the greatest unfinished agenda not only of my life's work but of our time. Although we have worked for the last 40 years to try to ensure that all citizens can live with dignity and respect and enjoy equal rights as human beings, I am sorry to say that patriarchy remains entrenched in our social and religious practices. Even today, women work more yet receive less payment than men and are systematically excluded from certain professions and roles. The majority of girls in Bangladesh get married in their teens, and over a third of them become victims of domestic violence.

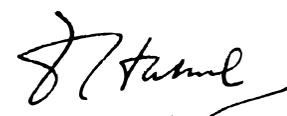
I consider the subjugation of half of the world's population to be the greatest injustice in the history of humankind. In order to right this wrong, we must fight patriarchy in all of its manifestations, and I hope that BRAC and all of us who are associated with it will continue to be at the forefront of this fight.

Over the course of my work, it has become increasingly clear to me that communities and nations develop only when everyone does their part. Particularly in a poor country like ours, we cannot always wait for the government to provide all the essential services, or for the private sector to create all the jobs. At the same time, development can never be achieved by the citizen sector alone in the absence of good governance and a robust private sector. Real, sustainable development is achieved only when the public, private and citizen sectors collaborate together and work in cohort. That is why we at BRAC

have partnered with the government, other development organisations and the private sector on wide-ranging issues from immunisation and tuberculosis control to teachers' training and human rights advocacy. Our experience in these areas speaks volumes about what can be achieved when such collaborations do take place. I hope that we will continue to make necessary linkages and work together with the public and private sectors in Bangladesh and beyond to improve opportunities for our peoples.

In these twilight years of my life, I feel a sense of comfort and satisfaction in knowing that we have an able and competent leadership team at BRAC. I am confident that this team will ensure BRAC achieves even greater success and impact when I call time on providing leadership to this organisation that I have built. To them, I would like to say: BRAC should always pride itself in being a trailblazing organisation, so don't ever slow down, don't ever stop innovating, and most importantly, don't ever lose sight of the mission to extend a hand to those who need it the most.

**“I consider the subjugation of half of the world's population to be the greatest injustice in the history of humankind. In order to right this wrong, we must fight patriarchy in all of its manifestations.”**



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

## Executive Director's Statement

### A spectrum of innovations



Celebrations marked BRAC's 40-year anniversary early in 2012, yet we have barely paused to catch our breath as we enter the organisation's fifth decade. Our work continues apace: in Bangladesh, we are experimenting with new approaches to touch the lives of harder-to-reach populations to ensure that all have the chance to take advantage of this nation's progress. In other parts of the world, from the rebuilt neighbourhoods of Haiti, to the mountains of Afghanistan and the savannas of South Sudan, Tanzania and Uganda, BRAC has become known for a bold and optimistic outlook that sees opportunity where others have seen only need.

The pages that follow highlight BRAC's achievements in 2011 under multifaceted programmes that address the many dimensions of poverty. We also tell the stories of those who have lifted themselves out of poverty. The catalyst in each case was BRAC, but their own hard work and initiative was the driver of lasting change.

Stories like that of Momena, profiled on page 45, exemplify BRAC's achievement in assisting marginalised people, catalysing change and helping to reduce extreme poverty. Here is a hardworking woman who never had the advantage of attending school. Ten years ago, she was barely



able to make ends meet, with no assets, four children and a sick husband. Today, Momena is a one-woman enterprise, with her own land and a larger plot of leased land on which she rears four cows, each giving a litre of milk per day; three goats; and 22 chickens. She also owns a rickshaw van, three tin shed rooms, one tube well to provide safe drinking water for her and her family and a sanitary latrine that helps keep disease at bay. The financial instability of her past is a distant memory.

Momena's story captures the essence of BRAC's holistic approach to poverty reduction, with multiple programmes often targeting a single household. In recent years, however, we have recognised the need to strengthen the integration of various programmes, rather than working in silos. While Bangladesh has made tremendous strides in meeting the UN's Millennium Development Goals (MDGs), we must be vigilant to make sure everybody has a chance to play their part. This year we initiated an integrated development programme in three sub-districts that a recent Unicef survey has identified as lagging far behind the country's overall progress in achieving the MDGs. We aim to identify the constraints the community and the households face in such socioeconomically backward

subdistricts; then, by creating synergies between previously separate programmes, we can channel integrated services to the communities and households as a mechanism for wider and deeper reach.

Meanwhile, BRAC's innovations spectrum continues to widen. In the field of agriculture, the phenomenal success of our tenant farmer development project (see page 12) is expanding to emphasise nutrition, moving from a purely credit based approach toward a 'knowledge plus credit' focus that stresses the importance of crops that provide adequate vitamin A, zinc, iron and other nutritional needs. Our plant biotechnology facility, working outside the constraints of laboratories in the west, has turned into a low-cost 'natural lab' in Bangladesh that opens opportunity to improve the yields as far away as sub-Saharan Africa. Experiments with natural light and temperature have already produced startling cost reductions of 50 per cent and more in the micropropagation of potatoes, bananas and stevia in Bangladesh. We are now planning to set up a facility exporting these gains to Uganda and Liberia, where we shall produce disease free plantlets for important crops in those countries, such as cassava, sweet potato and banana.

The gains described above would have been impossible working on limited projects in isolation from one another, as our partners have recognised. Our relationships with the UK's Department for International Development and Australian's AusAID have moved beyond the traditional donor-recipient model toward a strategic partnership with institution level engagement. Their commitment for assisting the country in achieving MDG targets puts BRAC in Bangladesh in a strong financial position, meeting 60 per cent of our funding needs for the next four years.

Our aim is to spread opportunity to those who need it the most, creating a multitude of stories like Momena's. Forty years of service is good reason for pride in our accomplishments; but let us remind ourselves of the work still to be done to reduce poverty and empower the poor.

**Mahabub Hossain**  
Executive Director

## Managing Director's Statement



### A vision of inclusion

My years at BRAC have seen a seed planted, and without any expectations, reap a bountiful harvest. Originally, our enterprises were started purely as extensions of our vision of alleviating poverty, combating disease and saving traditional crafts from extinction. But we have seen how such businesses can yield more than one kind of profit, including a financial surplus, even while adhering to these social missions.

BRAC's green enterprises, for instance, promote products and services that address current environmental concerns. Other investments increasingly engage in identifying global best practices in opening capital and debt markets to social entrepreneurs. But whether it is social enterprises such as these, or pure development programmes such as education and healthcare, the vision is the same: inclusivity for those previously denied access to basic economic and social systems.



A community that denies access for a significant portion of its citizens to health, education and financial services condemns them to a life of poverty and exclusion. As we have seen time and again, even those with access to a proper education may find it difficult to use this education effectively when excluded from essential health care; and those denied access to education may find it hard to use their limited finances to their best advantage, resulting in mismanagement and debt.

That is why our holistic approach to poverty alleviation is rooted in an understanding of the web of exclusions that makes up the complex causes of poverty. We see this everywhere we work, from the villages and floodplains of Bangladesh, to the mountains of central Asia and the savannahs of Africa.

One often hears talk of growth, but I believe quality of economic growth to be more important than quantity, and that quality of growth is a function of the level of inclusion it generates. Without this expansive vision, economic growth risks creating a more divisive society in which the rich get richer while the fortunes of the poor only worsen.

That is why BRAC promotes inclusivity for those individuals living at the margins of our societies. As you will see in these pages, the BRAC model consists of a collaborative network of development programmes, social enterprises and investments. For each of these, inclusivity is an essential component. While generating surpluses that reduce BRAC's overall donor dependency, our enterprises and investments set themselves apart from purely commercial endeavours by displaying a willingness to accept low profit margins and openness to shouldering considerable market risk in order to stay on course with our social mission.

BRAC is a community of people united by a single objective: to change the world for the better for future generations. Although our efforts may only be akin to a small stone thrown in a huge lake, nevertheless we know the stone will create ripples that will reach out and perhaps show the way for others. We hope to create a sustainable and inclusive world for future generations in which social enterprises that seek to serve the community can coexist with purely commercial endeavours and contribute to a more equitable society.

A handwritten signature in black ink, appearing to read 'Muhammad A. (Rume) Ali', with a stylized flourish at the end.

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

# Harnessing the Past:

Our innovations in the last four decades

## 1970s

### Functional education



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

### Village organisations (VOs)



The most effective medium for catalysing change in disadvantaged communities

### Para-professionals



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

## 1980s

### Homemade oral rehydration solution campaign



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

### Incentive salary system



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

### Education for dropouts and non entrants



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

### Enterprises for value chain support



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

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



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

### Credit ++ approach



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

# 1990s

## Empowerment and livelihood for adolescents



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

## Adolescent clubs



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



## Pre primary schools

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

## Hybrid maize



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

## Popular theatre



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



## Artificial inseminators

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

# 2000s

## Sharecroppers scheme



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

## Challenging the frontiers of poverty reduction



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



## Birthing huts

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

## M-health services



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

## Unique management model



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

# Agriculture and Food Security

Operating in eight countries, BRAC's agriculture programmes work with governments to ensure food security. We build systems of production distribution and marketing of quality seeds at fair prices, conduct research to develop better varieties and practices for the agricultural sector, offer credit support to poor farmers, and promote the use of efficient farming techniques and proven technologies. Using environmentally sustainable practices, we are helping these countries become self sufficient in food production. Agricultural programmes are currently operating in Bangladesh, Uganda, Tanzania, Sierra Leone, Liberia, South Sudan and Haiti.

## A snapshot of success

Every year in Bangladesh, agricultural land is reduced by 1 per cent, while the population increases by 1.9 million. In addition, the country suffers from consistent climate threats, such as cyclones, floods, rising water levels, drought and river erosion. This results in damaged harvests and more landless and unemployed people, contributing to the rising of food prices and creating challenges in ensuring food security. We address these challenges in accordance with the government's national agriculture policy. In the global context, our work

is directly addressing the Millennium Development Goals of eradicating extreme poverty and hunger, and reducing child mortality. Our work with afflictions caused by climate threats is also linked with the Millennium Development Goal of ensuring environmental sustainability.

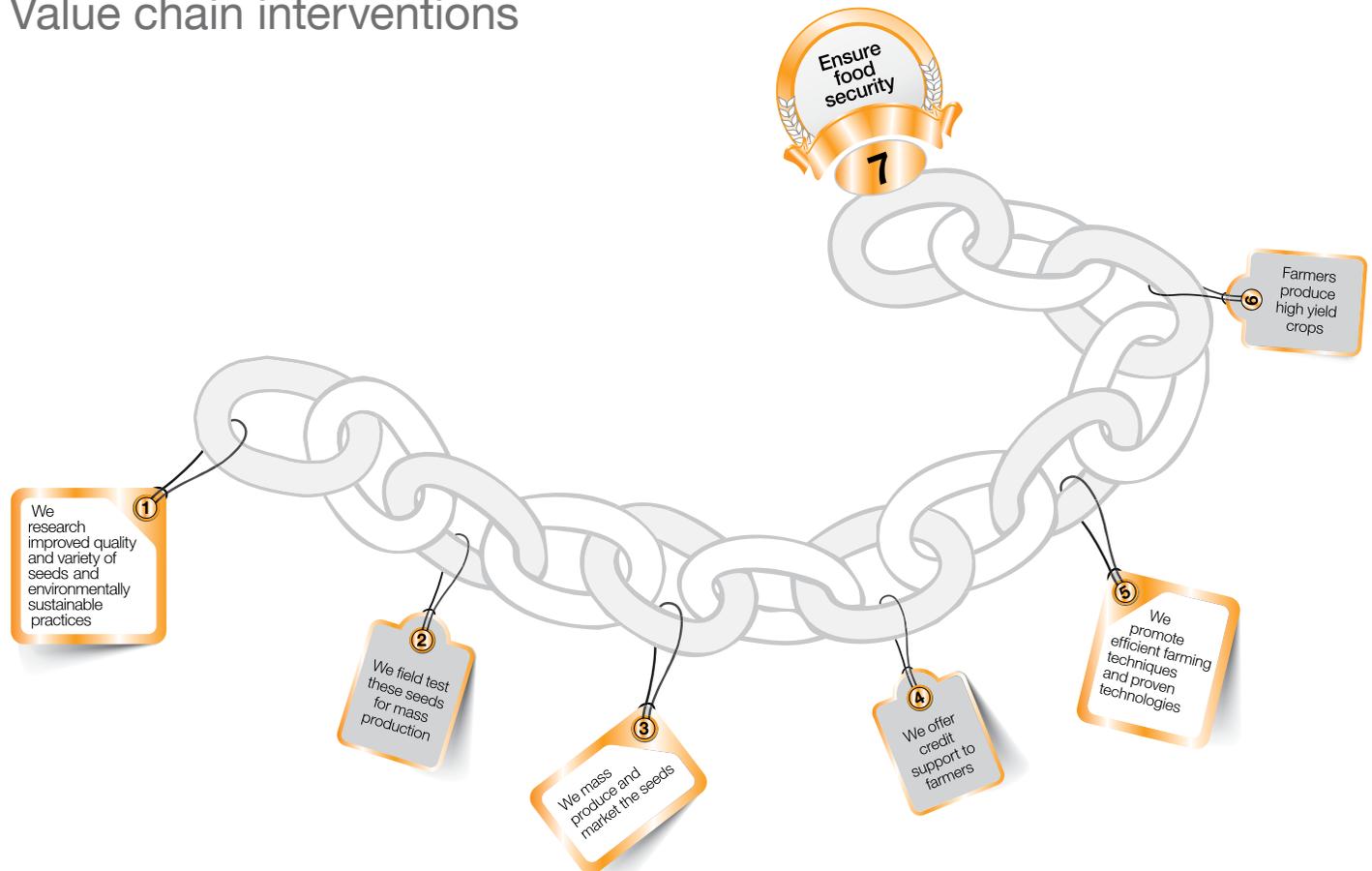
Despite these challenges, BRAC's value-chain approach to agricultural development stands as a successful example now being replicated in other developing countries.



### NEW INITIATIVE IN 2011

Mobile-based technology for the clients of our tenant farmers project, allows farmers to take pictures of their infected crops with their cell phones and send them to sector specialists for analysis and recommendations.

## Our approach: Value chain interventions



**“The agriculture and food security programme of BRAC is successfully implementing a crop intensification project to restore the livelihood of victims of cyclones Sidr and Aila, which affected the southern parts of Bangladesh. BRAC’s effort in these activities is undoubtedly exceptional and a milestone for others performing similar activities in this region.”**

**H. E. Mr. William Hanna**

Honourable Ambassador and Head of Delegation of the EU to Bangladesh

As depicted in the diagram, we address the scarcity of quality seeds in the market by means of cutting edge research to develop better seeds and environmentally sustainable practices, and by building systems of production, distribution and marketing at fair prices. We continue to research and innovate as farmers face new challenges involving climate threats and declining arable lands.

Our research and development unit has recently initiated agronomic management of hybrid rice to expedite its extension in unfavourable environments so that rice varieties are resistant to high temperatures, can tiller under submerged conditions, and can mature faster (95 to 110 days) with improved grain quality. We are also conducting research on tropical sugar beet to supplement sugar production from sugarcane. In our effort to protect bio diversity, we conduct on farm conservation of traditional varieties that are on the way of extinction due to low productivity. In 2011, we collected and preserved 97 rice varieties.

Our seed production and marketing unit consists of two seed processing plants and nine seed farms. It has achieved market shares of 32 per cent in hybrid rice, 50 per cent in hybrid maize, 12 per cent in potatoes, and 5 per cent in vegetables.

Our agricultural extension unit promotes the use of efficient farming techniques and proven innovations to farmers with farmer-participatory experiments and credit support. The unit is currently implementing different projects such as the crop intensification project; Aila rehabilitation project; and agriculture credit projects for farmers in disaster prone coastal regions, the Monga prone northern region, as well as the hard to reach tenant farmers.

The combination of our efforts results in enhanced livelihood and increased food production in the country, which in turn ensures food security and progress towards achieving the MDGs of eradicating extreme poverty and hunger.

## 2011 Highlights

In 2011, we disseminated technology and provided credit support to 47,000 farmers through the crop intensification project, 75,000 farmers through the Aila rehabilitation project, and 53,000 farmers through the agriculture credit project.

As of December 2011, our phenomenal tenant farmer development project has reached 219,997 tenant farmers in 45 districts through 10,826 village organisations, lent out 3.7 billion taka to 156,054 borrowers, and provided extension services through monthly meetings. One fourth of farmers reached are women who take loans for intensification of home gardens, cow rearing, poultry and goat farming.

It also marked a great year for innovations in new short maturing and quality rice varieties, including OM 576, BRAC Thai 03, GSR 9008, GSR 9012 and IRRI GSR I 02 that were brought from China, Vietnam, and Thailand for adaptive research.

Drawing from our experience in Bangladesh, we are currently implementing agriculture and food security programmes in seven other countries, including Afghanistan, Liberia, Sierra Leone, Southern Sudan, Tanzania, Uganda and Haiti. Our highly successful tenant farmers development project is currently running as a pilot project in Pakistan and we anticipate scaling up.

## Innovative technologies

Through our work in Bangladesh in the past years, we have found that working with knowledgeable contract growers is vital to our developing production systems for various hybrid and inbred crop varieties. We have also found working with dealers has made marketing and distributing our seeds easier and more effective.

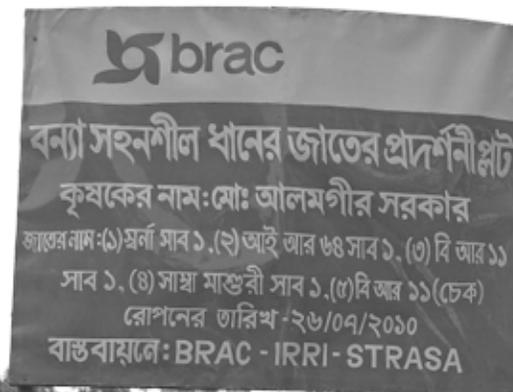
We have discovered we can more easily and efficiently disseminate agricultural technologies and provide credit support to farmers through informed village level associations of farmers. Our block demonstration approach has proven to be more effectual in disseminating new agricultural technologies in the fields.

While upstream research and development by public institutions is important, we have learned through our work that innovative and adaptive research, along with certified new technologies in the fields, is equally essential for overall agricultural development in the country. As we grow and expand our initiatives in agricultural development in Bangladesh and other nations, we are determined to incorporate the lessons learned from the past decades in our journey to assist the government in the fight to reduce hunger and achieve food security.

## Focus on tenant farmers

In the coming year, our research and development unit will invest in researching and developing short duration, cold tolerant, and premium quality high yielding inbred rice varieties. Our seed production and marketing unit plans to market certified salt and submergence tolerant rice. We will also continue our efforts to supply the market with quality rice, maize, potato and vegetable seeds. We shall upscale our successful experiment to produce hybrid maize in moderately saline soil in coastal areas.

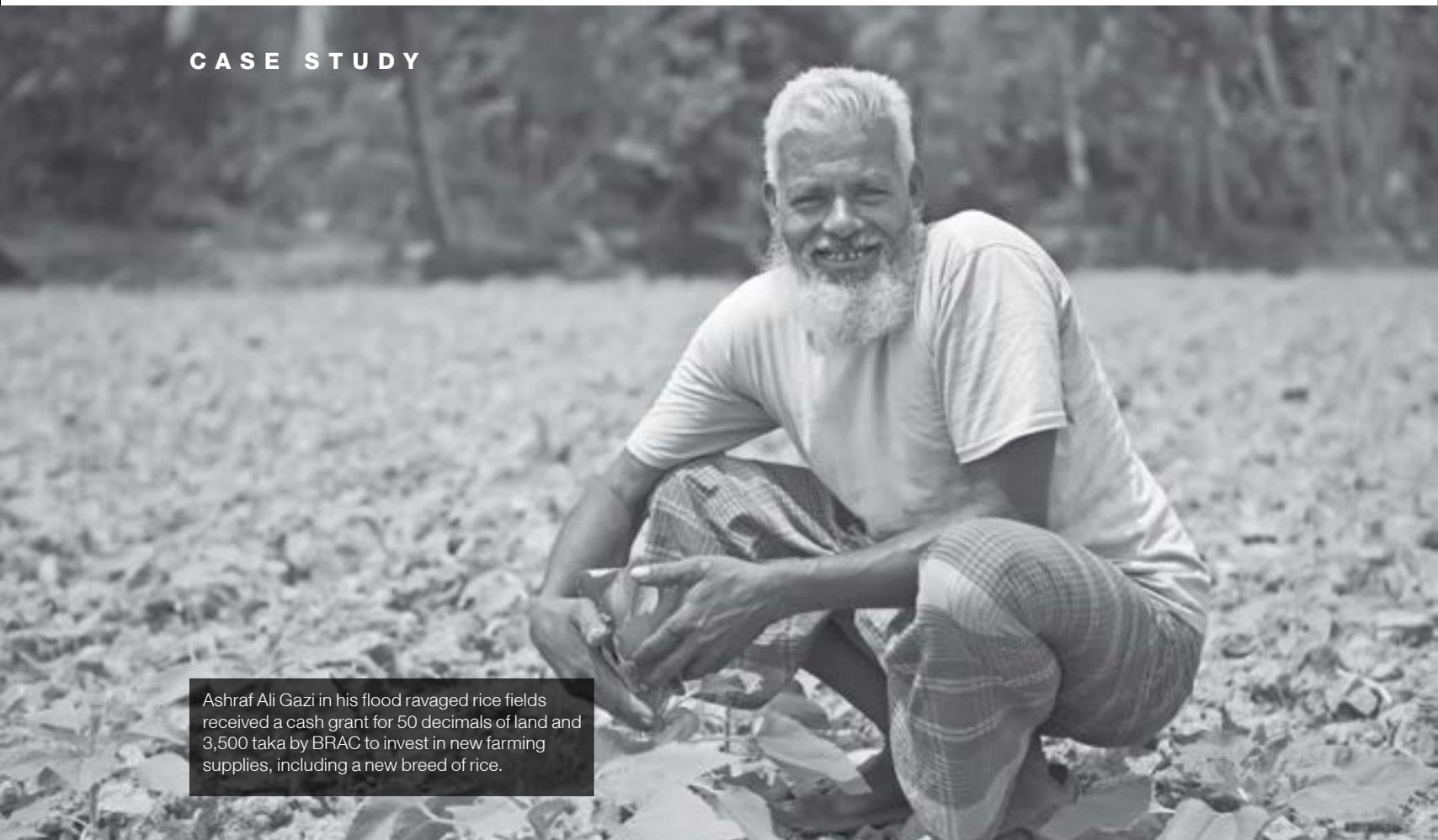
There are seven million tenant farmers in Bangladesh who are almost half of the total farmers in the country. They play a vital role in ensuring the country's food security. Although they cultivate an estimated 35 per cent of total arable land (Agriculture Sample Survey, 2005), they are still excluded from formal financial institutions due to their lack of collateral. We will continue our efforts to assist these farmers through our tenant farmer development project, in collaboration with Bangladesh Bank which provides low cost revolving funds. In the years to come, we aim to meet the demand for agricultural loans worth 4,150 million taka in Bangladesh, and a target of reaching at least 350,000 tenant farmers in 2012.



## NEW INITIATIVE IN 2011

This year we have introduced stress tolerant rice to combat the adverse effect of climate change including submergence salinity and drought.

## CASE STUDY



Ashraf Ali Gazi in his flood ravaged rice fields received a cash grant for 50 decimals of land and 3,500 taka by BRAC to invest in new farming supplies, including a new breed of rice.

### ASHRAF ALI GAZI: Amazed at the yield of salt tolerant rice

**Ashraf Ali Gazi**, a marginal farmer living in the village of Amtola in Khulna district of Bangladesh, is the sole provider for four family members. He earns an income producing and selling rice crops from his land once every year. In 2009, cyclone Aila struck the coastal regions of Bangladesh, leaving behind a trail of ruin and damage. The tidal surges of the cyclone flooded all his crop land, while the saline water stagnation laid waste to his rice fields.

Like many victims of Aila, Ashraf Ali Gazi lost his house and the surrounding trees. No one came forward to help him at first.

But BRAC reached out to the victims of Aila to help them rebuild. As part of the rehabilitation efforts, BRAC initiated a crop intensification programme with funding from the European Union. Working in coastal areas, the programme has helped increase food availability and promote maize and sunflower farming in saline soil unsuitable for growing rice.

Ashraf Ali Gazi received a cash grant for 50 decimals of land. During the monsoon season, he received an amount of 3,500 taka then to buy seeds, fertiliser, irrigation tools and insecticides. Under the supervision and guidance of BRAC staff, he cultivated salt tolerant high yield variety rice. He has expressed amazement at the resulting yield. He had never seen such high productivity of rice in his life. Besides using the rice to feed his family, he was able to buy two goats from the money he generated from the surplus product.

During winter, Ashraf Ali Gazi received an additional grant from BRAC, amounting to 4,500 taka to cultivate hybrid sunflowers. He had never cultivated sunflowers before and was apprehensive at first, but through hard work, determination and the training he received from BRAC staff on crop management, he was able to harvest more than 20 mounds. Now he uses sunflower oil at home instead of palm oil, as it is healthier and tastier, while selling a portion of his production in the local market and receiving a good return on it.

With the profits, Ashraf Ali Gazi was able to send two of his children to school and is now raising a happy and healthy family. He and his family say they are grateful to BRAC and the EU for helping them rebuild their lives.

**“After the cyclone, we had no hope of a good future. BRAC has not only given us hope, but made our dreams come true.”**

# Advocacy

BRAC's advocacy programme seeks to influence policymakers, resource holders, access providers and individuals to implement policies that bring about positive changes in the lives of the poor and marginalised. We use the power of the media to give voice to those who would otherwise go unheard, such as the ultra poor and migrant workers. BRAC's advocacy programme, Advocacy for Social Change, now reaches 13.3 million people in 13 districts in Bangladesh, helping to improve the overall state of human rights in the country.

## Advocating social change

More than one tenth of the population in Bangladesh that lives in extreme poverty is landless and without any source of regular income. The BRAC programme Advocacy for Social Change advocates for the ultra poor to raise awareness, mobilise resources, increase the ultra poor's access to health and education services, empower them through associations, uphold issues related to the national agenda, and ensure budgetary allocations to eradicate extreme poverty nationally. This advocacy programme is also pushing to achieve the Millennium Development Goals (MDGs) of eradicating extreme poverty and hunger, ensuring universal education and achieving gender equality. Tuberculosis, a global emergency, has psychosocial barriers pertaining to 450

annual deaths per million in Bangladesh, while malaria claims the lives of thousands of children and pregnant mothers. To reduce infection and death rates, our advocacy efforts focus on raising social awareness, changing health related practices, ensuring access to services, and maintaining transparency in the service supply chain. Together, these address the MDG related to child and maternal health, combating major diseases, and ensuring environmental sustainability.

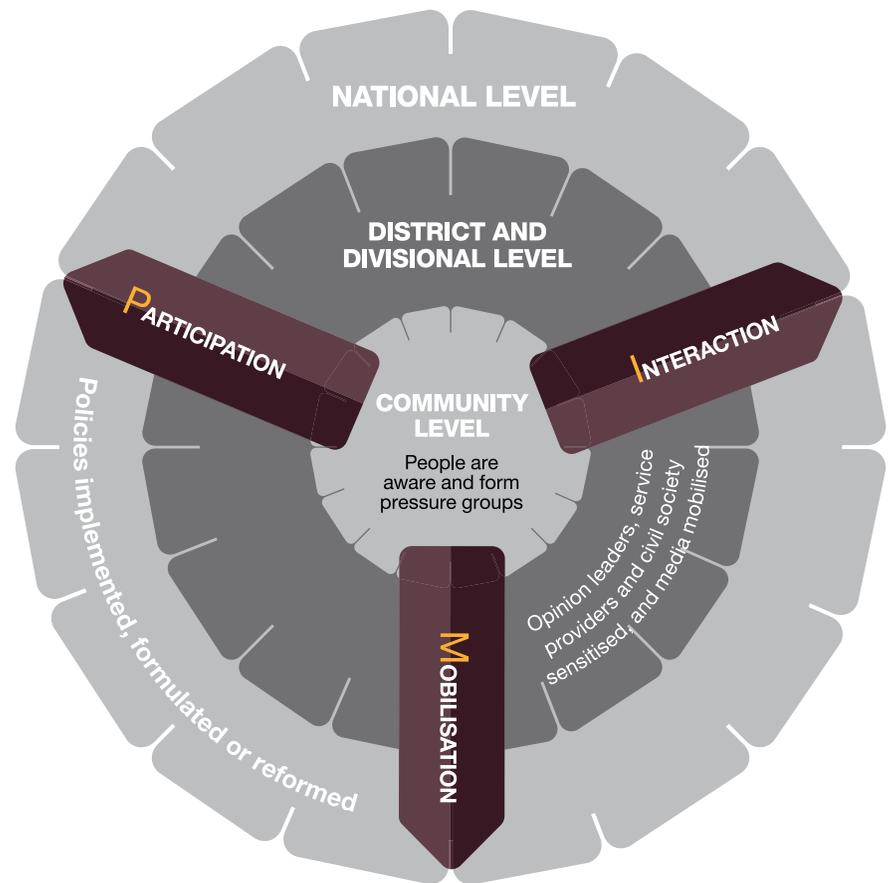
Presently, foreign remittances contribute to 13 per cent of Bangladesh's GDP. Our safe migration facilitation centres raise social awareness, orient migrants to help them make informed decisions, and develop their skills with vocational training.

In efforts to improve the infant and child mortality rate, estimated at 49 deaths before the age of one, and 64 deaths before the age of five for every 1,000 live births, our Communication for Development project has prioritised seven key behavioral issues: proper hand washing, exclusive breastfeeding, care seeking for children with acute respiratory infections, end of corporal punishment at home and school, birth registration, injury and HIV prevention.



The safe migration project works with potential and returning workers, especially women and youths, providing information on safe migration processes, relevant laws and rights, legal support, social arbitration to recover money from middlemen, and skills training. We have formed 380 migration forums which have helped to recover over three million taka (USD 45,300) from middlemen through social arbitration.

## Our approach: A model for social change



As is the case with so many aspects of BRAC, the scale of advocacy work is incredible. ... Along with six new BRAC safe migration centres, [village associations concerned with safe migration] have provided information and support to 1.7 million people seeking or returning from overseas work and family members of those overseas.

**Jeff Unsicker**  
Professor, School for  
International Training (SIT)  
Vermont, USA

Participation, interaction and mobilisation (PIM) are the guiding models for BRAC's Advocacy for Social Change programme. The PIM model works at every stage until a social issue surfacing from the grassroots level is addressed by the implementation of a reformed or new policy.

We initiate our work of advocating for social changes at the grassroots level, in villages and unions, where we create awareness among people in the community using methods such as popular theatre and folk songs. We then develop community forums, which serve as an interactive platform to transform awareness into behavioural changes in individuals. As behaviour changes take place, people in the community work as pressure groups to influence access providers and the local government.

At the district and subnational level, sufficient mobilisation allows us to create platforms where opinion leaders, civil society and media can network and collaborate with community people and raise their own awareness levels. This positively influences the interaction between people and access providers.

At a national level, we create platforms where policy and decision makers address social issues by means of lobbying and conducting dialogue sessions with civil society, youths and community leaders.

## 2011 Highlights

**Advocating eradication of extreme poverty:** we conducted social communication, mobilised media and facilitated policy dialogues with 905,477 programme participants including policymakers, access providers, and civil society. The media covered us 684 times in the year 2011.

Our facilitation and advocacy model influenced the department of livestock to provide 400 million taka in interest free micro loans to ultra poor families. Our efforts have also led the term 'ultra poor' to be included in the national budget and to have a budgetary allocation for the social safety net programme for the eradication of extreme poverty. The successful implementation of our best practices have led to the formation of over 88 community based sustainable voluntary forums, which have mobilised more than 522,000 taka and distributed to 1,091 of the extremely poor to support income generation, education and health.

**Advocating for health issues:** our media mobilisation has covered 3,339 programme participants, while targeted articles and telecasts facilitated a flow of messages that increased awareness against social stigma, myths and odd practices. Our collective effort along with like minded organisations has contributed to increase the duration of maternity leave by six months.

**Communication for development:** a total of 213,406 people participated in our behaviour change communications, community engagement and capacity development activities. As a result we have developed a total of 3,740 community educators and 1,980 youth volunteer educators. We have facilitated workshops, community meetings and discussions, dialogue sessions, and school quiz programmes to cover 200,590 people including opinion leaders and elected local government representatives. We have also successfully established two networks of NGO civil societies named 'Civic Forum'.

**Advocating safe migration:** we have conducted social communications, mobilising media and facilitating policy dialogues among 318,642 programme participants including policymakers, resource holders and civil society members, which have been covered by the media 274 times in 2011.

We have formed 380 migration forums which have helped to recover 3,655,000 taka from middlemen through social arbitration, that have been distributed to 103 cheated migrants. We have provided legal aid support to 22 deceived migrants, and counselling and meal support to 22,500 Libya returnees. Our efforts have helped to get 46 death compensations for deceased migrant's kin. We have also provided need based skill training to 888 migrants and pre-decision orientation to 10,100 people.

## Best practices in advocacy

For the last ten years we have inspired policy makers, resource holders, access providers, organisations, and individuals in communities to bring about changes in the lives of the poor and marginalised. Our networking, partnership and collaborative efforts have become increasingly effective with the participation of policy makers, government agency representatives, the all Party Parliamentary Group on Poverty Reduction, other NGOs and civil society organisations, as well as print and electronic media.

With decades of experience, we have generated a number of best practices, of which three are the most significant:

The most significant best practice is our innovative programme model – PIM, which stands for participation, interaction and mobilisation. PIM is a 'change process strategy' which starts from participation of people at the grassroots level and policy stakeholders that use our various platforms to interact at different levels in mobilising a social issue and making it a national agenda. Social communication

is another best practice, making innovative use of popular theatres as a tool to accelerate action learning for producing positive changes. The third most significant best practice is creating self help groups for motivated actions, which are formed by community initiatives through social communication. These best practices have been tested and scaled up successfully in almost all the projects of our programme and have resulted in tremendous contribution to bring positive changes for the communities and policy stakeholders.

## The next five years

BRAC's Advocacy for Social Change programme has built up a decade of experience, which is helping us set more specific objectives for the next five years in line with our organisation's vision, mission and strategy. In the next few years we have planned to run five advocacy projects and reach eight million people in twenty three districts.

With our project for reducing extreme poverty through advocacy, we intend to influence policy makers to help increase budget allocation for social safety net programmes that will directly benefit the extreme poor and mobilise communities so that they have increased access to resources and services.

To ensure safe migration of Bangladeshi migrant workers, our safe migration programme for Bangladeshi migrant workers intends to improve the migration process through reintegration, replication and smooth access to services countrywide. The TB and malaria control programme, a component of BRAC's health programme, will continue to receive support from the advocacy programme in organising and facilitating media mobilisation activities to achieve the goal of combating these fatal communicable diseases.

## CASE STUDY



Babul Hossain's wife and son, both living a comfortable life in Dhamrai, Savar. With the help of BRAC's Safe Migration Forum which provides legal aid support and social arbitration, Md. Babul Hossain was able to recover most of the money for his migration cost from the middleman.

## A fair deal for **MD. BABUL HOSSAIN**

**Md. Babul Hossain** of Baukhond, Dhamrai, Savar, like everyone, had dreams of living a happy life. As the sole bread winner in a large family consisting of his wife, children and elderly parents, he was inspired to seek employment abroad after seeing migrant workers from his village earning a good income, and being able to provide comfort for their families. A well known migration middleman, Nazrul Islam, informed him of an employment visa in Iraq which required an advance booking money of 270,000 taka (USD 3,300).

Babul Hossain discussed this new development with a member of BRAC's migration forum, who suggested that Babul meet with the local communications workers from BRAC's safe migration programme. They advised Babul not to give any cash to the middleman without a proper receipt. Babul paid a sum of 170,000 taka (USD 2,084) to

the middleman, and received an official contract. Four months followed, during which Babul searched in vain for the middleman to receive information about his departure or to get his money back.

Losing hope, Babul went to seek mediation with the safe migration forum. A series of meetings with both parties convinced the middleman to reimburse Babul. Eventually Babul availed an amount of 147,000 taka (USD 1,797). After following a safe migration process Babul is now working in Dubai and supporting his family in Bangladesh.

**According to his family, "now he is doing fine, doing the job in Dubai and sending money to us. Every week he routinely phones us to check up. Our community appreciates all the work the safe migration forum has done for us."**

# Health

The core of BRAC's approach to healthcare is its frontline community health workers (CHWs); these women hail from poor communities, the villages and urban slums, providing and promoting vital healthcare goods and services to their neighbours' doorsteps. Trained by BRAC, these frontline healthcare workers are self employed entrepreneurs who create an effective bridge between under served communities and formal healthcare systems, providing essential low cost health services to over 100 million Bangladeshis.

## A picture of progress

Bangladesh has made remarkable strides in healthcare in the four decades since independence. Since the 1990's maternal mortality has dropped from 574 to 194 deaths per 100,000 live births, and child mortality from 133 to less than 53 per 1,000 live births. Over four decades, the contraceptive prevalence rate has gone up seven to eightfold. In the 1980's, when immunisation coverage was two per cent, the shared roles and activities of BRAC and the government improved the status to 70 per cent within the last four years. The current status of fully immunised children is at 82 per cent.

Despite the achievements, Bangladesh still suffers a high burden of deaths and diseases. The country is ranked as sixth among the 22 highest burden countries for tuberculosis (TB). Over 70 per cent of people seek care from informal health care providers and 62 per cent of those health providers practicing modern medicine have little or no formal schooling. Two thirds of births take place at home, mostly assisted by unsupervised, untrained birth attendants. Recognising these problems, we have created a pool of frontline health workers, the *shasthya shebikas* and *shasthya kormis*, who strive to address the crisis of human resources in the health sector by playing a substantial role in providing accessible and affordable services to the majority of the population.

Following the broad concept of primary health care, essential health care (EHC) has evolved to be BRAC's core health intervention where our CHWs offer low cost essential health care services to over 100 million people across the country with a special emphasis on ultra poor families.

We have started maternal, neonatal and child health (MNCH) programmes in 10 rural districts with the government and UNICEF and in urban slums with various partners. We have demonstrated that with limited resources, it is possible to change behaviour and practices to lower the incidences of maternal and neonatal deaths within a short period. With the active engagement of community health workers and birth attendants, we ensure high coverage of antenatal and postnatal care while supporting skilled birth attendance. More importantly, a referral system is developed which facilitates transfer of acute emergency cases to hospitals. Within three to four years, we have observed a decline in maternal and neonatal deaths in both urban slums and rural districts.

Bangladesh is on track for achieving the sixth MDG, with TB deaths declining from 76 to 43 per 100,000. The contribution of *shasthya shebikas* in detecting suspected TB cases, collecting sputum for lab diagnosis and ensuring community based directly observed treatment short courses (DOTS) for TB is tremendous. Managing the demand and supply chain and ensuring quality are the major challenges.

Our collaborative efforts reach all the 13 malaria risk prone districts, accounting for direct service provision in four districts. The CHWs identify malaria symptoms, conduct blood tests using the rapid diagnostic test and provide treatment at the community level. Working in close partnership with the government and various NGOs in fighting TB and malaria creates a successful example of public private partnerships.

The situation of malnutrition is gloomy, as for many years it has remained above 40

per cent among under five children. For addressing malnutrition, we have started to implement the community component of Alive & Thrive, a programme for reducing under two malnutrition in partnership with FHI 360. Now, we have reached well over 12 million people in 50 sub districts to reduce stunting by promoting exclusive breastfeeding and complementary feeding, which is alarmingly low in Bangladesh. The prevalence of anaemia is also daunting. In an attempt to prevent and control anaemia of under five children, we distribute Sprinkles for ensuring intake of iron and other essential elements with the support of BRAC's CHWs in 61 districts.

Bangladesh is one of the highest ranking countries in the world when it comes to ocular (eye) morbidity along with tremendously low rates of cataract surgery. About 750,000 people suffer from blindness, 80 per cent due to cataracts with 3.3 million adults with uncorrected refractive error. Aligned with the government's commitment to Vision 2020, we are implementing Vision Bangladesh, which reduces the backlog of cataract blindness by carrying out surgeries in Sylhet. In addition, to correct presbyopia (faulty near vision), we screen people above 35 years and provide them with reading glasses through *shasthya shebikas* in 24 districts. Through our collaborative eye care projects, we strive to avert preventable eye problems.



### NEW INITIATIVE IN 2011

Vision Bangladesh is a groundbreaking partnership between BRAC and Sightsavers with the aim to eradicate blindness across Bangladesh by 2020.

Bangladesh, one of the most densely populated countries on the planet, nearly 150 million people in an area the size of the US state of Iowa, is somehow creating a miracle. Over the last decade the deaths of new mothers has dropped dramatically, by 40 percent! Today Bangladesh is one of just 16 countries on the path to achieve the United Nations' Millennium Development Goals, including cutting maternal deaths by 75 per cent by the year 2015.

Deborah Roberts

Correspondent, ABC News, USA

### Our Approach

Our approach to health combines preventive, promotive, curative and rehabilitative health services to reach poor, disadvantaged, socially excluded and hard to reach populations. We believe that to promote sustainable development in health, empowering communities, developing skills of health human resources, ensuring health services, and creating supporting environments are essential. Across the country, the platform of essential health care (EHC) is used for introducing various health interventions to serve the populations with our knowledge and skills.

We are making significant efforts in contributing to national targets for achieving the health MDGs with the help of our 91,000 *shasthya shebikas*, 8,000 *shasthya kormis*, 16,000 trained birth attendants and 1,000 *pushti kormis*. We are committed to provide health care to over 100 million people.

### 2011 Highlights

#### Mothers, newborns and children:

our *shasthya kormis* provided antenatal care to over 4.4 million pregnant women in 2011. About 390 BRAC delivery centres established in urban slums offered a culturally appropriate, safe delivery option to all slum mothers. The birth attendants and CHWs ensured about 213,000 women to access skilled birth attendance. Essential newborn care was offered to 427,703 babies at birth. The CHWs motivated 837,500 mothers to exclusively breastfeed in the first six months of age, and counselled, coached and demonstrated 607,208 caregivers of under-two children for complementary feeding to aid physical and cognitive development. To prevent and control iron deficiency anaemia, 9,036,309 Sprinkles sachets were distributed among children in 61 districts by *shasthya shebikas*. Collaborating with the government, the CHWs also assisted 1,607,255 children in receiving full immunisation. We also provided treatment to 203,347 ultra poor patients.

**Tuberculosis:** under our tuberculosis initiatives, 93 million people, living in 297 subdistricts of 42 districts are covered with 93,646 TB cases diagnosed in

2011. The current case detection rate at 72 per cent exceeded the national target of 70 per cent and the treatment success rate was 93 per cent, up from the national target of 85 per cent. We have started community based multi drug resistant tuberculosis (MDR-TB) treatment since 2009 and so far 160 MDR-TB patients have been treated successfully with a 64 per cent treatment success rate.

**Malaria:** With regard to malaria, we have not only achieved our targets, but have taken great strides in moving further ahead. Currently, 89.3% of under-five children and 87.2% of pregnant women used long lasting insecticidal net (LLIN) or ITN (insecticide treated net). A total of 21,907 malaria patients have been treated so far in four districts, covering a population of 1.8 million.

**Vision:** We are trying to bring back vision in the Sylhet division through Vision Bangladesh, which completed 38,549 cataract surgeries and contributed to reducing the backlog of cataract blindness at a national level. The reading glasses for improved livelihood programme screened and detected 266,676 cases with presbyopia and provided reading glasses to 118,233 of detected cases by correcting their refractive error.

## New initiatives

**M-health (mobile health):** m-health enables our urban MNCH programme, Manoshi, to design a mobile based platform for CHWs to collect data and provide health services. So far, 34 *shasthya kormis* are effectively operating mobile phone based data collection tools and 12 agents are trained to provide services for emergency support. Approximately 300,000 people in 70,000 urban slum households are listed; this system is currently creating real time data of over 24,000 electronic medical records each month monitored by Manoshi medical doctors. A functional emergency support centre has also been established.

## BRAC healthcare innovations

**programme (B-HIP):** the healthcare innovations programme is an innovative and comprehensive health protection scheme seeking to offer universal health coverage. The James P. Grant School of Public Health at BRAC University, in collaboration with BRAC's health programme, is exploring the strategy and design of B-HIP, which intends to offer health insurance products to the underprivileged people in Bangladesh.

## Community based prevention and control of non communicable diseases (NCDs):

a community based programme has been initiated to provide non communicable diseases (NCDs) services and reduce risk at the community level. The services provided are community education on NCDs, specifically diabetes, hypertension, chronic respiratory illness, and cancer with special focuses on prevention and care. Patients with symptoms of diabetes and hypertension are screened and referred for diagnosis and treatment.

## Army of caregivers

The BRAC healthcare approach of training woman healthcare workers from poor communities has proven to be successful in the resource poor settings beyond Bangladesh. With contextual modifications, BRAC community health workers or health promoters are now active in Afghanistan, Pakistan, Uganda, Tanzania, South Sudan, Liberia, and Sierra Leone.

Our understanding of the critical role a woman plays in raising a healthy family brought our hallmark success in Bangladesh, disseminating knowledge on oral rehydration therapy in 13 million households through groups of trained village women. Since the inception of our health intervention we have never ceased to rely on women in communities. As our health intervention scaled up, the roles and responsibilities of these healthcare agents kept changing from paramedics to family planning organisers to community health workers.

Meanwhile, we have increased the scope of activities for our community health workers in areas such as health promotion, clinical care, and in creating enabling environments for better access to healthcare. Behavioural change for sanitation and hygiene has also become a priority. Our health workers also fight against non communicable diseases, using modern technology to detect diabetes and hypertension, and referring

the severe cases to the nearest health care facility. The CHWs will also be providing technology based health care services, such as monitoring of cognitive and physical development of children.

The increased set of responsibilities will not only empower the health workers within the community, but will also create a career path for themselves, which otherwise remains unaddressed by the job market.

## Equity and efficiency

Recognising the current burden of deaths and diseases and the demographic and epidemiological transition in Bangladesh, we have emphasised the importance of expanding public health programmes, enhancing skills of the community health workforce, improving the quality of services and addressing the equity in health care.

We will be intervening in the areas of maternal and adolescent nutrition, reproductive morbidity and non communicable diseases through our trained community health workers and a network of well equipped referral facilities, which will help to prevent and manage many avoidable deaths and diseases in our target population.

We will address unnecessary referrals to the health facilities and hospitals and offer quality basic health care services at the doorstep using a well trained skilled workforce. This will eventually minimise health care expenditures for our clients.

We are also working relentlessly to make the health system become more efficient with better mechanisms for monitoring and supervision using technological interventions, more specifically our m-health.

To address the equity in health care, our healthcare innovations programme will create transformative options to access comprehensive and quality health care that minimises the risks of economic compromise. Our successful interventions that make significant impacts in our clients' lives will gradually be scaled up, while we focus on maintaining the quality of our health interventions and continue to reach the underprivileged.

## CASE STUDY



Asa and her baby, both healthy and happy in Hossainpur subdistrict in Kishoreganj district. Kanij Fatema, an infant and young child feeding (IYCF) promoter from BRAC's Alive and Thrive project, counselled Asa on exclusive breast feeding and timely initiation of complementary feeding.

## KANIJ'S story

“I was so happy, and appreciated by all the families I have visited for their cooperation. I am also happy for my success in saving many children from becoming victims of malnutrition.”

Since June 2010, **Kanij Fatema** has been working as a *pushti kormi* in the Hossainpur subdistrict of Kishoregonj district, under BRAC's Alive & Thrive project.

When Kanij started her work she was shy and nervous, not confident about her ability to identify the pressing issues relating to child nutrition at the community level. But after training with BRAC, she became confident enough to serve her own community. She helps new mothers in initiating and continuing exclusive breast feeding, demonstrates complementary feeding and identifies the difficulties and solutions. In addition, she also mentors the *shasthya shebikas* to resume counselling in her absence.

Asa was a three-month-old girl who had only been fed *suji* (semolina) mixed with cow's milk. When Kanij asked her mother why she was only feeding Asa *suji*, she said that she had not been able

to produce enough milk for her baby. Kanij then told her it was quite unnatural for a mother not to be able to produce milk. She helped her in positioning the baby correctly to her breast and taught her techniques of breast feeding. She also boosted her confidence through repeated counselling, along with her family members. Within one month the mother was able to establish adequate breastfeeding and discontinued feeding her daughter *suji*.

# Gender Justice and Diversity

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

## A gender sensitive organisation

Our goal is to facilitate individual as well as family and community movement and legal reforms to bring about changes that will help to reduce gender based discrimination and violence against women. Our journey towards gender equality is rooted in the BRAC's Sulla project in 1973, when BRAC, recognising the distinct needs of poor women for empowerment and mutual support, formed the first women only village organisation. Since the late 1980s, BRAC has directed its policies and programmes towards achieving its gender equality goals through sustained interventions targeting women's, especially rural women's, basic needs and strategic interests through health care, legal education, access to credit, gender awareness and training, and more. While addressing various

issues of gender equality and women's empowerment, we focus on both the organisations, BRAC, and the targeted populations it serves. BRAC founder Sir Fazle once said, "Gender equality is a sensitive issue which requires commitment from every level of the organisation and the integration of gender perspective into all activities." Thanks to this commitment, BRAC was one of the first in the development world to introduce a gender policy and form a gender equality diversity team (GEDT) back in the mid 1990s.

Today, the human resource policies and procedures, a rigorous sexual harassment elimination policy, an active sexual harassment redressal committee, and staff open discussion forums (*mon khula katha bola*), along with organisation

wide gender equality goals and action plans, systematise BRAC's work to foster gender sensitivity within the organisation. The GJ&D team also provides support to employees with a day care center, helps programmes incorporate and monitor gender sensitive approaches, and builds the capacity of employees to independently tackle gender based discrimination in the institution and correct gender blindness in programme design.

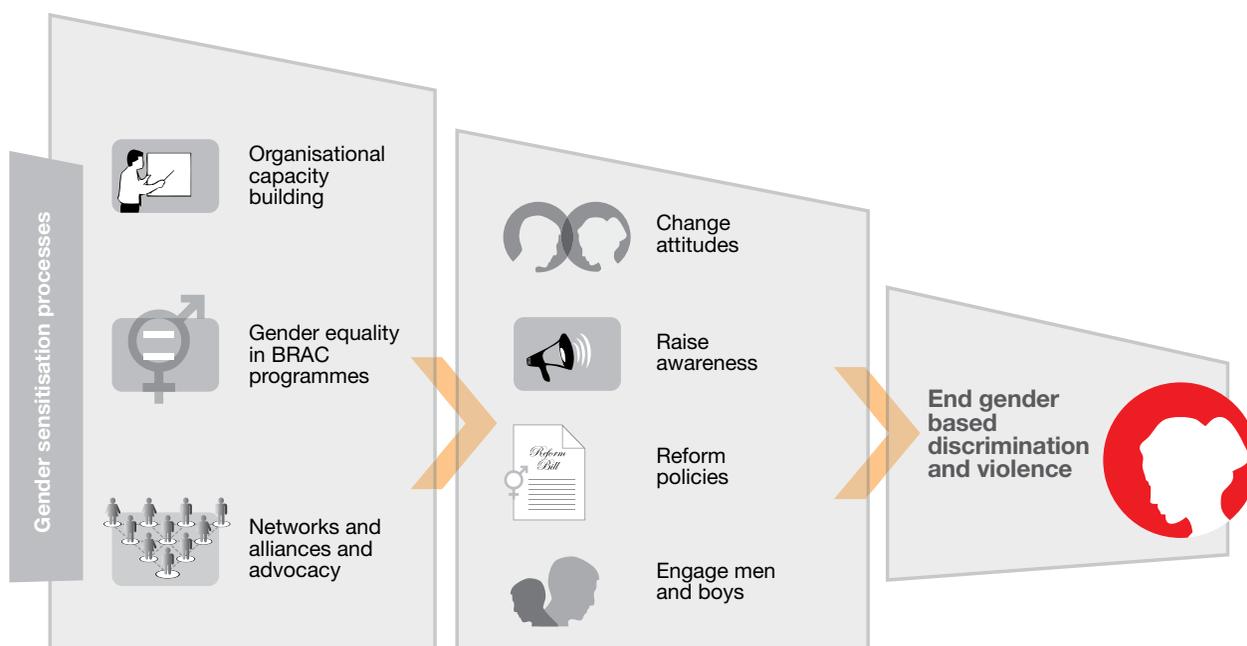
At the programme level, the majority of our development interventions in health, education, microfinance, legal aid, sanitation and hygiene, and community empowerment invest heavily in supporting and empowering women and girls as a significantly marginalised portion of the population.



### NEW INITIATIVE IN 2011

The Mejin (*meyeder jonno nirapod nagorikotto*) programme engages girls, women, boys, men, as well as service providers such as, schools, police and community councils, to create a sexual harassment free community.

## Our approach: Changing attitudes



We also take various approaches to raise awareness and change attitudes among our beneficiaries about gender-based discrimination and violence. For example, though it began as training to help staff members grapple with everyday issues and challenges related to gender in their professional lives, our gender quality action learning (GQAL) approach today helps to bring about significant sustainable qualitative changes within the family and at the community level. Two particularly effective elements of this enhanced GQAL programme are the trained, community peer gender justice educators, and the way men and boys are directly involved, giving them a sense of shared ownership of the gender sensitisation process that helps sustain the programme's results. The GQAL training programme has in fact now been incorporated into the BRAC human rights and legal services (HRLS) programme's basic training for their 'barefoot lawyers'.

BRAC engages in networking and partnership building with national and international campaigns. Thanks to its effective relationships with key ministries, including the Ministry of Women and Children Affairs, the Ministry of Education, the Ministry of Planning, and the Ministry

of Home Affairs, BRAC is frequently at the table when the time comes to formulate and operationalise national policies on issues like women's development, violence against women, fair treatment of women migrant workers, equitable treatment of primary and secondary students, and more.

BRAC has also been able to promote organisational best gender sensitive practices to other multinational and national organisations, such as Gender Policy, the model of BRAC's daycare centre for learning nurturing and advancement (Dolna). The Ministry of Women and Children Affairs of the government of Bangladesh was impressed with the programme BRAC is using to combat sexual harassment in public places that it is partnering with BRAC to scale up the programme. Self motivated watch groups have been initiated in 57 schools and 40 surrounding communalities to prevent and protest sexual harassment.

### 2011 Highlights

**Mejnin:** A programme called Mejnin (*meyeder jonno nirapod nagorikatto*, or safe citizenship for girls) is one of a number of progress areas for 2011. Mejnin built awareness and self confidence among 14,680 students and reached 3,300 parents, teachers and community members. The programme built relationships with and raised awareness about this issue among local administration, police, media, and other influential figures through national level interactions. Moreover, the community watch groups who have volunteered to stand vigilant against sexual harassment organised 70 meetings on the issue with local community members, 124 parent meetings, and 85 student watch group meetings.

**Gender quality action learning (GQAL):** operating in 10 subdistricts, the GQAL programme aims to create a community movement that recognises violence against women as a crime and then actively combats it. The GQAL programme raised awareness among 30,000 household members and trained 3,000 gender justice

educators. BRAC's research and evaluation division documented major achievements, for example increasing women's freedom of public mobility from 8.2% at the baseline to 70.1% by the mid point evaluation alone.

**Position:** This programme, launched in 2011, works with local communities to combat domestic violence and gender based discrimination in ten unions of two subdistricts covering 190,000 households. Position embodies best practices pulled from the GQAL programme.

**Community sensitisation on CEDAW:** A pilot programme involving the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) developed user friendly information, education and communication materials and oriented 6,243 students and 200 community leaders, including media personalities, teachers, government officials and elected representatives in local government.

## Organisation development

**Comprehensive gender audit:** BRAC conducted a review of the ten year status of BRAC's gender equality and women's empowerment initiatives. The 2012-17 gender equality goals and enhanced sexual harassment redressal committee and investigation process are initial outcomes of this process.

**Board and management:** This year, GJ&D held its first ever gender retreat for BRAC's board members, and organised a gender symposium for senior management, both of which strongly complemented the organisation's first gender equality goals and action plans.

**Increased capacity:** GJ&D section continued to build staff capacity through gender sensitisation, gender awareness and gender analysis courses, and the staff are continuously oriented on the gender policy and sexual harassment elimination policy.

**Awareness of violence:** More than four million community members and staff from across all BRAC programmes and departments participated in a month long campaign to raise awareness about violence against women across 500 subdistricts.

## Networks and alliances

**Five year plan:** At the invitation of the Ministry of Planning, BRAC reviewed the national sixth five-year plan through a gender lens and made specific recommendations for improving the plan, as well as for the implementation strategy.

**Microfinance regulation:** The GJ&D team reviewed the Microfinance Regularity Authority (MRA) Act from a gender perspective. This has now been accepted as government regulation.

**New policies.** The GJ&D team also worked actively to help the government enact the national women's advancement policy 2011, the sexual harassment guidelines 2009, and the national education policy 2010.

**International solidarity:** In the past year, BRAC participated in a number of national and international networks and meetings geared to building stronger solidarity around gender and human rights

issues, including the CEDAW conference in Geneva, South Asian Social Forum in Bangladesh, South Asian Human Rights Alliance, World Social Forum, South Asian Network to Address Masculinity, Programme on Women's Economic, Social and Cultural Rights, and South Asia Partnership International.

## Ongoing improvement

For all its considerable progress towards gender equality and diversity within the organisation and across its programmes, BRAC is acutely conscious of how much still remains to be done. In the coming years, BRAC will expand existing activities like staff gender sensitivity training and *mon khula katha bola* forums, and continuously improve its living tools, the policies, procedures and frameworks that help guide its gender sensitive approaches.

The next year will also find BRAC working to respond to the findings of last year's gender audit in new and creative ways, facilitating learning and best practices on gender equality issues for other BRAC programmes, integrating performance appraisal and gender frameworks more thoroughly and consistently into the project and programme management, incorporating qualitative analysis of gender in our monitoring and evaluation system, allocating an enlarged budget for gender mainstreaming and strengthening our advocacy and organisational support for the women's movement at national and international levels.

In addition to continuing to foster gender equality at the household and community levels, and combating domestic violence and sexual harassment of adolescent girls, in the coming year BRAC will also launch social communication 'edutainment' initiatives around the topics of sexual and reproductive health, women's rights and violence against women.

## CASE STUDY



Mariam was able to start her life anew due to the confidence and moral support she received from BRAC's gender quality action learning (GQAL), which counselled her husband to respect his wife and recognise her as an equal.

### MARIAM: Worthy of respect

**“I had no hope. My husband deserted us and stopped paying for our children. I had no voice in our domestic matters. But after the interventions GQAL made, I was able to raise my voice. It gave me confidence and made me believe that I was worthy of respect.”**

**Mariam**, an adolescent girl from Sarmongal village, Rajoir, Madaripur, was married to Bojlur Sheikh when she was 15 years old. After 13 years of marriage, she learned that her husband was having an extramarital relationship with another woman. Not surprisingly, the relationship between Mariam and her husband deteriorated after this discovery. Bojlur decided he wanted to divorce his wife. The problem turned into a crisis for Mariam when her husband stopped providing financial support to the family, on the false assertion that he and Mariam did not have any children and so he owed her no support. Mariam and her three sons did not know where to turn for help.

Someone brought this situation to the attention of BRAC's gender quality action learning (GQAL) programme, since it works with the ultra poor to stop domestic violence and gender based discrimination within families and communities. As soon as the GQAL team was informed, they sent a staff person to approach Mariam and discuss the problems she faced. This GQAL intervention was the beginning of Mariam's new life. The staff encouraged Mariam to raise the issue in a larger venue, which she did during some of GQAL's courtyard meetings and in focus group discussions. Afterward, and thanks to the

influences of other community members, a dramatic change took place in Bojlur's behavior towards Mariam and their children. He started caring for his wife and children and contributing to household expenses again. He realised his wife's value and started showing her respect. Mariam now enjoys a happy conjugal life. Bojlur is attentive to his family and even helps with household chores. They even share more key household decisions. For example, Mariam once suggested that Bojlur buy cattle, which he did, and now the family earns extra money selling milk. Even better, this money is spent on their children's education.

The GQAL has been responsible for bringing gender equality and reducing domestic violence in thousands of households like Mariam's. It works through public discussion forums, community workshops, and training sessions during which the programme raises awareness of gender equality issues that affect the household. The programme has made a significant impact by creating assertive community movements for the rights of women and children, including by increasing men's involvement in and awareness of women's needs for education, nutrition, work, rest, and recreation.

# Microfinance

Innovative, client focused and sustainable, the BRAC microfinance programme is a critical component of our holistic approach to support livelihoods. Over the course of the last four decades, we have grown to become one of the world's largest providers of financial services to the poor, providing tools which millions can use for the betterment of their lives.

## An essential tool to fight poverty

In underdeveloped countries such as Bangladesh, the vast majority of the population has historically had little or no access to the formal financial system. This is because the traditional financial institutions, mainly banks, were not geared towards serving the poor, whom they saw as being too costly, inefficient and risky to serve due to their low and irregular incomes, and lack of tangible assets. However, this scenario began to change four decades ago with the advent of structured microfinance. The microfinance institutions targeted the rural poor, providing them with collateral-free loans and a safe means to save money regularly. This collective effort contributed to greatly increased cash flow in the rural

economy, employment creation, and the development of millions of micro and small entrepreneurs. Bangladesh is now credited with the 'invention' of microfinance and has successfully exported its model to developing, middle income and even developed countries.

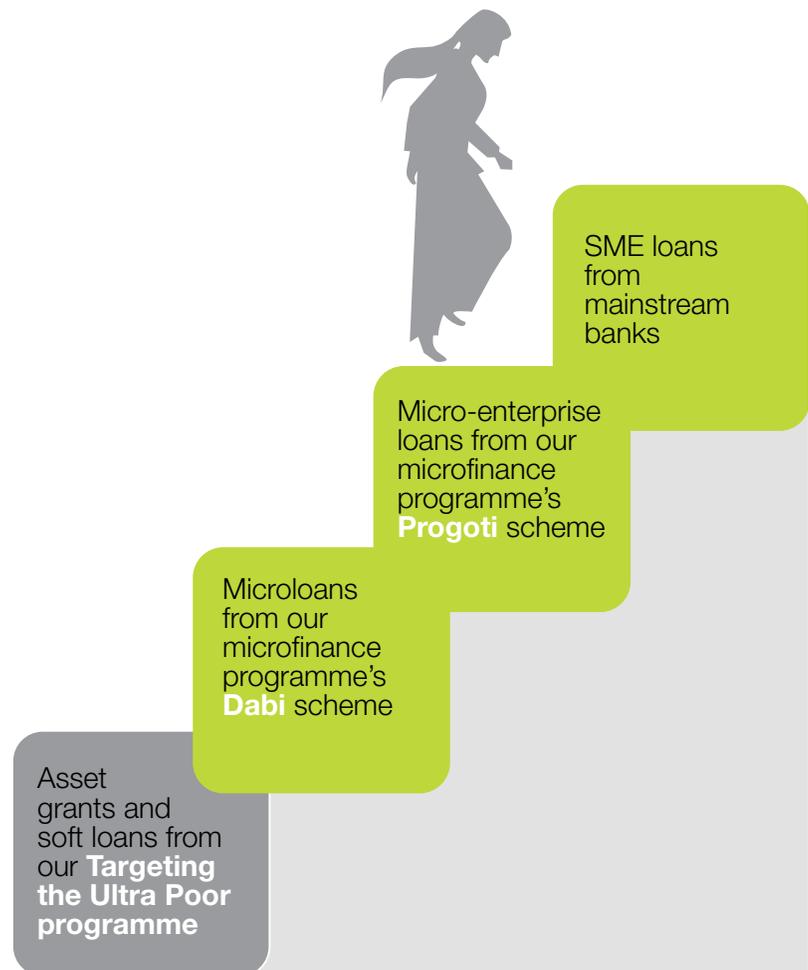
Pioneered in 1974, BRAC's microfinance activities use a unique 'credit-plus approach' addressing the special needs of various target populations, such as rural women, youth and adolescents, migrant workers and small entrepreneurs. So far we have disbursed over USD 8.6 billion to 5.2 million borrowers and maintained a repayment rate of over 98 per cent.



### NEW INITIATIVE IN 2011

We have successfully transitioned from weekly to monthly loan repayment system for our Dabi clients, which provides more flexibility to our borrowers.

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



BRAC's microfinance programme reliably serves millions each year - a rarity anywhere. Recent improvements in products and delivery mechanisms further allow BRAC to deliver better financial services to the poor in the years to come.

### Gregory C. Chen

Regional Representative for South Asia  
Consultative Group to Assist the Poor  
(CGAP)

Our programme provides a range of financial services to the poor, thereby broadening the scope of financial inclusion of those not served by the conventional banking system. Our borrowers, most of whom are women, use the loans to better manage their household finances and engage in various income generating activities to build a livelihood for themselves and their families. We bring our collateral free credit and savings services to the doorsteps of the landless poor, marginal farmers and small entrepreneurs, through our village organisations made up of around 30 to 40 women from the local community. These village organisations serve as a platform for women and allow them to come together, share information and raise awareness on issues concerning their daily lives.

In our holistic approach to poverty alleviation we see microfinance as one of the essential tools to address the root causes of poverty. In addition to providing access to finance, we ensure that our borrowers are supported, have the ability

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

Our services include microloans (Dabi) and microenterprise loans (Progoti). Dabi loans range from USD 100-1,000 and are given exclusively to individual women who are serviced by the village organisations (VO). The VO serves as an informal guarantor through creating peer pressure to ensure timely repayment. Borrowers repay through weekly or monthly instalments and deposit savings during the regular VO meetings. These loans are generally used for small operations in poultry, livestock, fruit and vegetable cultivation, handicrafts or rural trade.

Progoti loans, which range from USD 1,000-10,000 are given to both male and female entrepreneurs to support and help expand existing small enterprises which are too small to qualify for credit from mainstream banks. Borrowers generally use these loans to finance shops and small scale manufacturing activities.

## 2011 Highlights

In 2011, we worked to further tighten internal controls and improve borrower screening. In the absence of a credit bureau in this increasingly mature microfinance market, we felt that there was an ever greater onus on us, the providers of microfinance, to ensure that our borrowers were not becoming exposed to too much credit or risking over indebtedness. We also placed significant emphasis on improving customer service and enhancing the quality of staff-client interface. These efforts have not only further strengthened our relationship with our clients and increased their trust in us; they have also positively affected the quality of our loan portfolio.

We have successfully transitioned from a weekly to monthly loan repayment system for our Dabi clients in roughly 40 per cent of branches in areas with comparatively better socioeconomic conditions. This provides more flexibility to our borrowers and helps to reduce operating costs of our programme. We have also scaled up in 2011 our 'top-up' loan facility for both our Dabi and Progoti borrowers and have introduced a migration loan scheme to facilitate overseas migration of Bangladesh workers.

In 2011, we disbursed over 86.2 billion taka (USD 1.18 billion) and by year end total outstanding loans amounted to over 52.8 billion taka (USD 734 million) and total member deposits with BRAC amounted 22.3 billion taka (USD 306 million).

## Scaling up and adaptation

Microfinance is a long standing BRAC programme, affecting people in all 64 districts of Bangladesh. This initiative has proven successful in improving the socio economic conditions of many people, particularly women, the landless poor, marginal farmers and vulnerable small entrepreneurs by helping them engage in diverse income generating activities. This approach to development paves the way for BRAC to become a delivery platform for health care, education and other livelihood activities. This has a multiplier effect that helps the overall community pull itself out of poverty. The success of this programme has led to replication and similar innovations in other poverty stricken countries.

Over the last 10 years BRAC's microfinance operations have spread in tandem with its international growth, with programmes in Afghanistan, Pakistan, Sri Lanka, Sierra Leone, South Sudan, Uganda, Liberia and Tanzania.

## Lessons learnt

Learning from our past experiences, we realised that those at the bottom 10 per cent of the economic pyramid often remain impervious to microfinance based solutions. This understanding contributed to the founding of BRAC's Targeting the Ultra-Poor programme, which focuses on asset transfers, consumption stipends, savings, social support, financial education and coaching to bolster self confidence. BRAC's research showed that 80 per cent of the ultra poor members have graduated and have been able to maintain their progress after about five years. The majority then proceed to graduate into our mainstream microfinance programme.

Many organisations have replicated BRAC's holistic approach, which amplifies the impact of microfinance services by using its networks of self employed entrepreneurs to provide health, legal and livelihood development services to the community. Also, though the emergence of so many microfinance institutions in Bangladesh over the course of the last two decades has resulted in greater choice for borrowers, this phenomenon has also given rise to the risk of borrower

over indebtedness. In order to mitigate this risk, BRAC's microfinance programme introduced several initiatives including establishment of loan review units in regions with heavy microfinance institution (MFI) concentration, slowing down the rate of programme expansion and investing more in the clients with small enterprises. We are collaborating with other major MFIs to establish a microfinance bureau which will help in reducing the tendency to borrow from multiple sources.

## Meeting evolving needs

Having already created a very large borrower base over the last four decades, our focus in the years ahead will be on continuing to innovate on products which cater to the evolving needs of our clients as well as improving delivery mechanisms and service quality to provide them with greater flexibility and ease. We have already started working on these fronts, with recent product innovations including a 'top-up' loan for our Dabi and Progoti clients, and a specialised loan product for Bangladesh's large segment of migrant workers who often have to sell their assets at home to finance their travel abroad in search of work. We will continue to work with our clients to ensure that their financial and non financial needs are met so that they are able to fully leverage BRAC's holistic approach to support their livelihoods.

## CASE STUDY



Mohammed Mahamud received 300,000 taka (USD 3,730). He now has a job as a welder in Dubai as a migration loan as well as assistance with the visa process and ticket booking from BRAC.

### MOHAMMED MAHAMUD: A loan for migration and a better future

**“This loan has changed my life. I’ll be able to do things for my family I could only dream of before, providing a better future for my children.”**

**Mohammed Mahamud** is from Dohar, a small village on the outskirts of Dhaka where he currently resides. He was married at a young age and has two small school going daughters. Like most fathers, he has always wanted to provide his children with financial security so that they have the opportunities and resources that were not available to him growing up. After working in Bangladesh for many years, Mohammed realised that the majority of his earnings were being spent on day-to-day expenses and his

children’s education, leaving no savings as a security blanket. Many Bangladeshis seek employment in the Middle East due to significantly higher salaries. Although Mohammed explored this option, he did not have the financial means to migrate.

A local BRAC employee informed Mohammed about our new migration loan product offered through our microfinance programme. At first, Mohammed did not believe that any organisation would give him a collateral free loan to assist him with the costs associated with migrating abroad in search of a better paid job.

We provided Mohammed with a loan of 300,000 taka (USD 3,730) and assisted him with the visa validation process. He now has a job lined up as a welder in Dubai in the United Arab Emirates where he will be making far more than he would have been able to make in Bangladesh. This will not only help him to financially support his family but will allow him to save. With his bags packed, papers

ready, Mohammed is enthusiastically ready for his new future in the United Arab Emirates.

Being a densely populated country with a high rate of unemployment, the youth of Bangladesh are always seeking new employment opportunities abroad to ensure a better livelihood for themselves and their families. But most of them lack the finances they require. As a result, they often resort to selling their land and other assets or borrowing heavily from informal sources. As banks and other financial institutions in the country are yet to introduce a targeted loan product to support overseas migration, this is a new segment being served by the BRAC microfinance programme to facilitate employment creation.

# Community Empowerment

BRAC's community empowerment programme empowers the poor, especially women, by mobilising communities to translate awareness into action. We give women the tools they need to bring about positive change in their own lives by increasing their human, social and political assets so they know their rights and can claim their entitlements, resist exploitation, and play an active role in public life.

## Strengthening rural communities and institutions

The community empowerment programme (CEP) aims to achieve BRAC's vision of a world free of all forms of exploitation and discrimination through empowerment of the rural poor. We enable the poor, particularly women, to build, secure, and use socio-political assets to improve their well-being, reduce vulnerabilities, take advantage of new opportunities, exercise their rights, claim their entitlements, and play a more active role in public life.

Our basic approach strengthens rural communities by building community based institutions to raise awareness and strengthen the voices of the poor, while creating a platform for rural civil society and the local government to work together to meet local development challenges.

Furthermore, we strengthen the process by addressing violence against women to create safe communities for women and children. We increase the poor's access to information by using interactive communications tools like popular theatres and community radio.

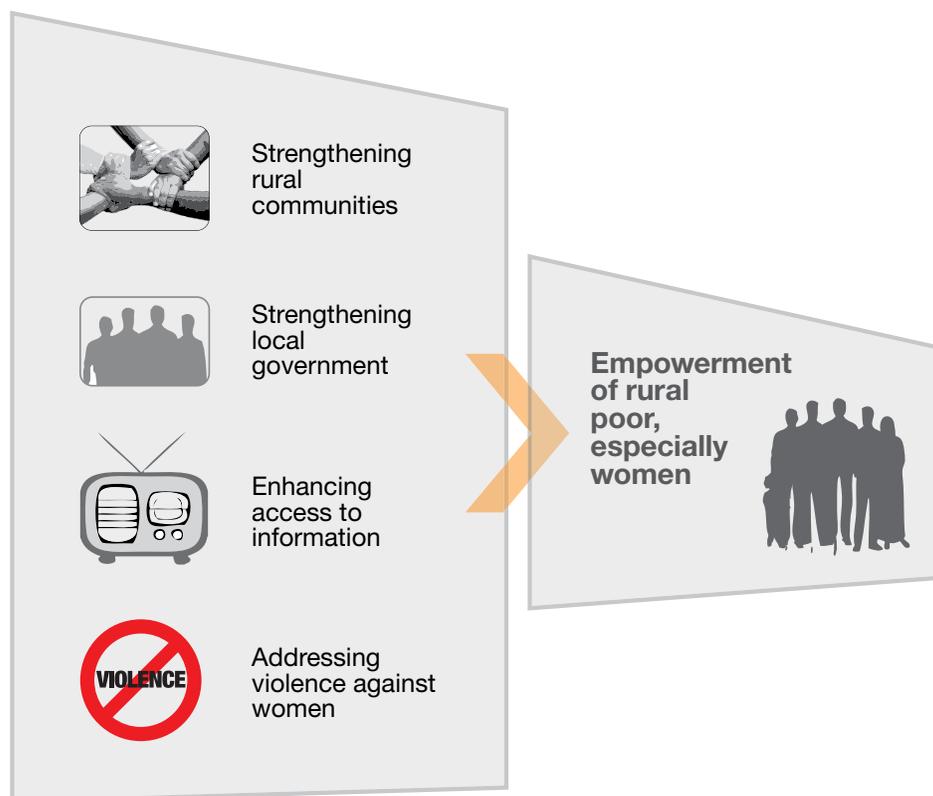
Through different components of our programme, including more than 12,000 community-based organisations known as Polli Shomaj and Union Shomaj, 367 popular theatre teams, forums of local government representatives, and a community radio station, we are reaching nearly 5.6 million people across the country.

### NEW INITIATIVE IN 2011

In 2011 we launched our community radio, Radio Pollikontho, 99.2FM, in Maulvibazar district in an attempt to ensure access to information and strengthen grassroots voices, especially those of women. Radio Pollikontho is reaching nearly 400,000 people.



## Our approach: Grassroots power



We have partnered with BRAC’s community empowerment programme in an innovative experiment to create what we call ‘MDG Unions’. The experiment involves empowering people at the grassroots level, especially women, to be authors of their own future under the catalytic leadership of elected Union Parishad representatives. We thank BRAC for its very important role in this pioneering initiative, which is producing encouraging results.

**Dr. Badiul Alam Majumdar**  
Vice President and Country Director  
The Hunger Project—Bangladesh

### 2011 Highlights

In 2011, our efforts resulted in over 600,000 rural poor women being organised through 11,234 Polli Shomaj and 1,217 Union Shomaj, mobilising resources such as vulnerable group development cards, vulnerable group feeding cards, seasonal employment and other safety nets for the poor and ultra-poor. Polli Shomaj and Union Shomaj have taken actions against 76,328 incidents of social injustices and violence against women, such as child marriage, dowry extortion, illegal fatwas and acid attacks. Furthermore, over 32,000 poor women assumed positions in local power structures including the Union Parishad.

As part of our interventions to strengthen local governance, we have provided capacity building support to around 20,000 members and the chairmen of the Union Parishad. In addition, we have successfully piloted initiatives to increase community participation in local governance, such as open budgeting and Union Parishad performance monitoring by communities.

Using our unique violence reporting mechanism we have identified and reported over 12,000 incidents of violence, of which over 8,000 violence survivors have received support that we coordinated, including emergency medical aid, shelter home and rehabilitation.

Our 367 popular theatre teams have reached nearly 4.3 million people per year by staging nearly 142,000 drama shows on these issues.

## New initiatives

**Strengthening grassroots voice with community radio:** A major new initiative in 2011 is the launching of our community radio, Radio Pollikontho, 99.2FM, in Moulvibazar district in an attempt to increase access to information and strengthen grassroots voices, especially those of women. Radio Pollikontho is reaching nearly 400,000 people in four subdistricts. Its programmes focus on women's rights, health, education, agriculture, local history and culture, entertainment for children, environment, news, and other socioeconomic issues. To ensure greater community engagement with the radio station, 769 listeners clubs have been formed. Radio Pollikontho has created a huge opportunity for other BRAC programmes to reach the communities through information dissemination and awareness building.

**Creating awareness on Right to Information Act:** To strengthen our efforts to empower the rural poor with effective understanding of the Right to Information (RTI) Act, and to improve local governance, we initiated the Creating Awareness on RTI Law for Community Empowerment (CARE) project in Gazipur and Mymensingh districts in 2011. Through this initiative, we created a cadre of 145 community volunteers serving as infomediaries to assist the rural poor in accessing information using the RTI Act. Key activities of the initiative involve information and communication campaigns through popular theatres, posters, and handbooks, organising RTI clinics, community mobilisation and capacity development, and bottom up advocacy activities.

**Joint programme to address violence against women:** In 2011, we partnered with UNDP for implementation of the UN Joint Programme to address violence against women. The project is being implemented in six districts with an aim to capacitate over 24,000 rural poor women to address issues of violence. The key components of the project include strengthening capacity of community and local institutions, providing emergency support and rehabilitation to victims, building awareness and mobilising civil society to establish campaigns on violence against women, activating subdistrict and district level mechanisms for ensuring survivor support. We are also establishing a database on violence against women, and advocating for ensuring stronger implementation of national laws against incidents of violence against women.

### Platform for the poor

BRAC's CEP was launched in 1977, focusing on issues related to physical violence, gender discrimination, adult education, and social inequalities. Over the years, CEP evolved to become more closely aligned with the needs of the poor and marginalised, particularly women, by addressing their role in society through a blend of rights based approaches and a social accountability framework.

In 1998, CEP initiated the formation of Polli Shomaj to create awareness and organise the poor so they have a platform to claim their rights and entitlements and strengthen their civic engagement. Today, more than 11,000 Polli Shomaj are enabling poor women to raise their voices, participate in the local power structure, and hold the local government responsible for fair and transparent allocation of services and resources to the poor. The same year, we also began using popular theatre, an innovative information dissemination medium initiated to generate better access to information on a wide range of issues that affect the lives of the disadvantaged. Today, 367 popular theatre groups are now actively engaged in bridging this information gap.

In 2004, CEP began efforts to strengthen local governance by making the local government institutions more attuned to the needs of the poor and the marginalised. This involved building the capacity of Union Parishad officials, organising elected women representatives through *Upazila* (Subdistrict) forums,

engaging civil society groups in Union Parishad performance monitoring, and advocating for pro-poor governance.

In addition, CEP initiated interventions to address violence against women. This involves actively engaging communities in violence prevention, as well as coordinating support services for survivors, including emergency medical aid, counselling, rehabilitation, and social re-integration. Since 2010, CEP has been supporting BRAC's microcredit borrowers' groups to enhance their social capital. Recently, CEP launched Radio Pollikontho, a community radio station to further improve the poor people's access to information.

### Unmet needs

Looking ahead, CEP is focusing on the unmet needs of the poor and marginalised, including areas of extreme deprivation, protecting the rights of indigenous peoples, and expanding, strengthening and coordinating advocacy initiatives at the national level. We want to strengthen our support to survivors of violence, especially female victims, by forging linkages within BRAC as well as with other organisations for greater impact and sustainability. Expanding our initiatives to enhance social capital will strengthen the microcredit borrowers' groups (village organisations). We will also focus on engaging men and the youth in the process of women's empowerment for prevention of violence against women. We will expand our initiatives towards strengthening local governance based on our learning and past experience. Through our efforts, we will persist in vigorously pursuing interventions to promote the rights of the poor and marginalised.

## CASE STUDY



Sufia Khatun, president of the Etbapur Polli Shomaj, is actively taking a stance against violence against women in her community, winning the Union Parishad election in 2011.

### SUFIA KHATUN: Out of silence, a voice for change

“I feel it is my duty to give a voice to those who have none, who have been oppressed into remaining in silence. Little things like confidence and self-esteem can do so much in improving a person’s life, giving them the hope they need to make changes in their lives.”

In 2011, **Sufia Khatun**, the president of Etbapur Polli Shomaj and a local popular theatre artist, won the Union Parishad elections for the second term. She has aspirations to continue her development work with more vigour, representing the voices of marginalised women in the local government. Born in 1967 in Comilla, Sufia was married off at the tender age of 13. In 1989, she started making positive changes in her life, when she joined her local BRAC village organisation (VO) and was nominated for presidency. Simultaneously, she was elected as the President of the local Landless Women’s Organisation.

Gaining self confidence through her community involvement, she took the initiative against her illiteracy and received formal education through BRAC’s adult education centre in 1991. This in turn helped her become a paralegal volunteer with BRAC, bringing in key legal education and advice to the doorsteps of the village women. In 1998, Sufia was elected as the president of her local Polli Shomaj through members’ consultation and consensus. That same year, she started acting in

BRAC’s popular theatre shows. Being a part of different BRAC platforms over the years has given Sufia the courage and strength to be an active agent of change within her community.

Using the Polli Shomaj as a platform, Sufia started to raise her voice against negligence and mis-handling of resource allocation by the local government, playing a crucial role in different development activities. Sufia, once a silent victim of domestic violence herself, has actively taken a stance to fight violence against women in her community. As a result of her constant social activism and her dedication to the advancement of women’s development issues, Sufia was nominated from Bangladesh for the global project ‘1,000 Women for the Nobel Peace Prize 2005’. She has also been profiled in the book ‘1,000 Peace Women Across the Globe’.

# Education

With education programmes in six countries, BRAC has built the largest secular, private education system in the world, with over 700,000 students worldwide enrolled in BRAC primary schools. These schools are designed to give a second chance at learning to the disadvantaged students left behind out from the formal education systems. Complementing mainstream school systems with innovative teaching methods and materials, BRAC's education programmes open primary schools in communities unreached by formal education systems, bringing learning to millions of children, particularly those affected by extreme poverty, violence, displacement or discrimination. At the pre-primary level, we also target underprivileged children to prepare them for mainstream primary school entry. At the secondary level, we provide need-based trainings, student mentoring initiatives, and e-learning materials to improve the mainstream secondary education system. We are giving increasing attention to adolescent and youth as a special group and offering life skills, livelihood and skills development training, as well as saving and financial services such as savings accounts. Our multipurpose community learning centres promote reading even to those who cannot move from their houses through mobile libraries. In our 26 years of history we have provided basic education to around 10 million students in Bangladesh, with graduates from our non formal primary schools numbering nearly five million.

## A river of change

Currently, the primary school enrolment rate is over 90 per cent in Bangladesh. However, there is a high dropout rate of approximately 30 per cent, most of which happens before reaching class five. The dropout rate is especially high in the schools situated in hard to reach areas, and amongst children from poor families, those with special needs, and ethnic minorities. To reduce the dropout rate in government primary schools, BRAC's pre primary schools graduates more than 360,000 students who are directly admitted to government schools, completing grade five on time. Following the success of the pre primary school operations by NGOs, the government decided to introduce the initiative in government primary schools. Our initiative has led to 90 per cent of students

completing primary education with a pass rate of 99 per cent. To boost the attendance rate and reduce the dropout rate in high schools, BRAC has implemented mentoring programmes which involve students in extra curricular activities.

While the standard teacher-student ratio is 1:45, the reality in many schools is 1:60, sometimes as bad as 1:150. In such instances, these difficult ratios are due to the lack of classrooms. Nevertheless, it is not possible for even the best teachers to provide a quality educational environment to such large numbers of children in one class. As such, BRAC is working to train teachers in classroom management, and also maintains a teacher-student ratio of 1:33 in BRAC pre-primary and primary schools.

A major challenge for the government is providing an adequate learning environment in schools to ensure quality education. We took the initiative to train teachers and school management committees in rural areas on capacity building, and have so far trained around 37,000 high school teachers and more than 15,000 school management committees. As a result, we have seen significant improvements in these schools in achieving good results in board examinations.

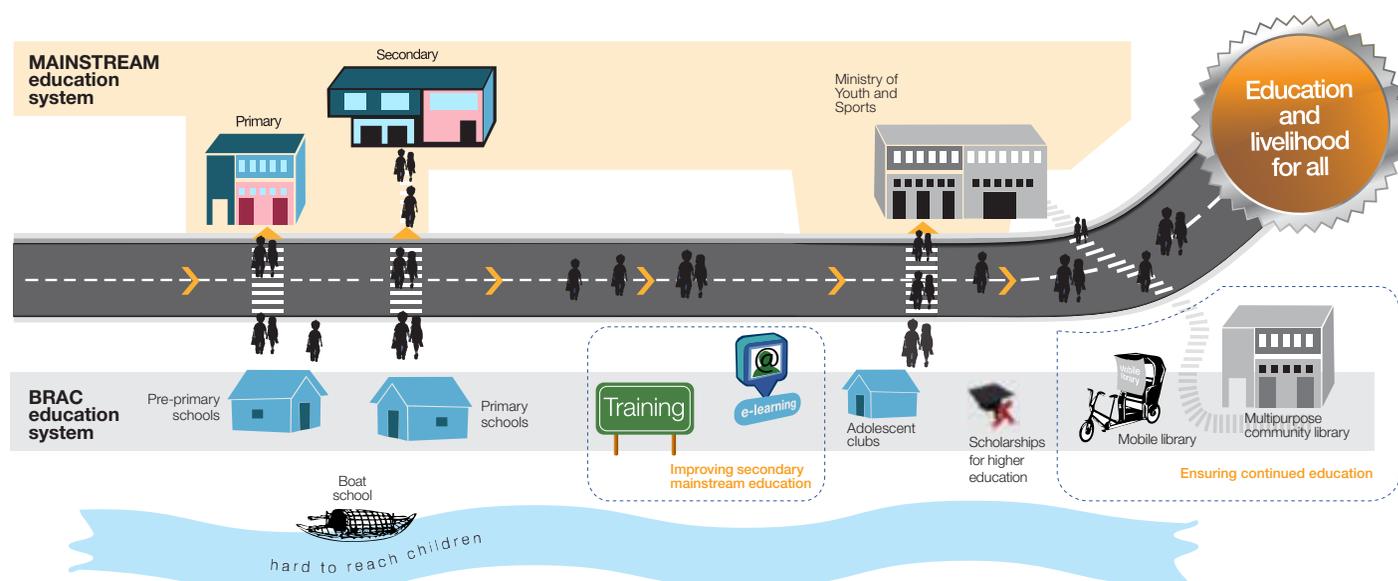
Life skills and education for adolescent girls is also another challenge. Their issues are not being addressed by any specific government ministry or policies and they have little or no access to education and livelihood skills. In response, BRAC has trained 36,000 adolescent girls in rural areas on livelihood development skills.



### NEW INITIATIVE IN 2011

We have brought primary school education to children in seasonal submergent areas by introducing boat schools, which pick up teachers and registered students from the nearest Hati (settlements on tiny islands) and drop them off in their homes after classes.

## Our approach: The road to educational inclusion



### Elements of learning

Our hands on, rhythmic and kinaesthetic development approach, especially in pre-primary and primary education, has brought phenomenal success in reducing the number of dropouts from formal education systems. Strong community engagement is another key element in our efforts. Our work focuses on bringing those left out back into the mainstream.

Our approach to education has been driven by the organisation's overall mission, vision and values and its holistic approach to poverty reduction and empowerment of the poor. We follow a pro-poor, pro-girl and people centred strategy, which is cost effective, demand driven, and tailored made for targeted populations. We believe that to empower the underprivileged there is no tool more powerful than education and no greater catalyst to bring about positive changes in communities.

### 2011 Highlights

#### Complementing formal education system:

In Bangladesh, as of December 2011, we operated 24,398 primary schools (including 4,263 schools operated by local partner NGOs) with 748,175 students and 13,054 pre-primary schools, with 362,466 students. As part of the success of our education programme, 109,684 students from our primary schools sat for the Primary Terminal Examinations in

2011, achieving a remarkable average pass rate of 99.86%. BRAC's education programme has also been working with 300 non government secondary (leading to total of 3,389) schools, and as part of our computer aided learning initiatives, we have launched two CDs, one on mathematics (for classes 6-10) and one on English (for classes 9-10) and a free source of web learning. For flash flood affected areas we have introduced 10 boat schools.

To ensure the consistency and improve the quality of education of mainstream secondary schools, we have launched training and workshops programme. So far, 1,395 school management committee members and head teachers have received orientation, with a further 351 head and assistant head teachers receiving management training. Also, 300 teachers received value based trainings, and 1,908 teachers have received training on English, mathematics and science.

#### Providing financial and tutoring assistance:

Our Medhabikash is an innovative intervention designed to provide support to talented students. They receive financial support to pay for their college or university tuition fees, at home or abroad, as well as capacity-building assistance. To date, 659 high school students, and 456 undergraduate students have received our scholarships, while 10,558 students have been trained as student mentors, and

a further 1,052 volunteers have offered tutoring services.

**Empowering adolescents:** In 2011, 1,183 new adolescent clubs were introduced leading to a total of 8,037 clubs with 206,647 members. Over 1,900 girls received leadership training in 2011. In addition, over 2,000 girls and boys received life skill-based education, 73 girls received cosmetology training, 690 members received training through interactive popular theatre, and 50 adolescents have been trained as community swimming instructors.

Through a pilot initiative, social and financial empowerment of adolescents (SOFEA), over 1,900 girls received training in income generating activities ranging from poultry and livestock rearing to salon activities; over 1,500 girls received training on financial literacy with members saving a total of BDT 4,455,661 (USD 54,473) and over 1,600 girls among them have borrowed to invest in their own or family enterprise.

**Facilitating continued education for communities:** BRAC opened a total of 120 new learning centres leading to a total of 2,425 in 2011, with 50 leading to a total of 71,165 of them being equipped with computers and offering computer training. We have also established 25 centres leading to a total 665 new mobile libraries.

## Scaling up and adaptation

Currently, we operate the largest non formal school system in the world, functioning in Bangladesh, Afghanistan, Pakistan, Uganda and South Sudan. BRAC has successfully transferred its knowledge, lessons and experiences from Bangladesh, though it has not replicated the model in the strictest sense, adapting to local needs and conditions. Currently it is also looking to the Philippines to provide access to pre-school educational opportunities for underprivileged children in an autonomous region in the south.

## Growth story

BRAC has developed an education system which serves as a 'high-impact, low-cost model' for teaching children who have never enrolled or have dropped out of the mainstream primary schools. Our pre-primary schools are supporting mainstream primary schools through better learning and higher retention. The reasons behind our growth lie in professionalism and timely responses, and this has led to the establishment of a

mechanism to support poor performing rural secondary schools through improved teaching and a better school management system, the operation of an adolescent programme with diverse activities, life skills education and talent hunts, and finally a small rural library system across the country, which provides the provisions for skill development.

The primary factor contributing to the success of the education programme is community participation, with management committees formed comprised of parents and village locals. Locations are chosen, and operations are opened with needs and demands taken into account, reaching students and teachers in some of the most remote areas of Bangladesh. Research and monitoring of the school environment is consistently conducted, searching for new and innovative measures to be adopted in our approach. One of the recent initiatives implemented is the application of e-learning methods in secondary schools, which has an engaging and visually stimulating effect.

## Future: remote areas and e-learning

We intend to increasingly align our education interventions with priorities set in the government's National Plan of Action 2003-2015, while responding to the needs and conditions of various targeted communities in Bangladesh. In 2012, we will focus on reaching more geographically remote locations, as it is more difficult for the government to reach children in those areas. We will be opening 10,000 pre-primary schools and 20,655 primary schools to reach children in remote locations, urban slums and ethnic areas. We are planning to provide training to 300 secondary school teachers in rural areas in English, mathematics and science and school management.

The other major initiatives we will undertake include developing e-materials for classroom teaching and learning in secondary education system, operating 5,500 adolescent clubs to accommodate 137,500 adolescent members, and establishing 120 community libraries in rural areas to accommodate around 400 potential users. In collaboration with the directorate of youth, we will equip 50 community libraries with IT facilities and provide IT and skills training in a range of trades.

### ACHIEVEMENT IN 2011

The inaugural WISE Prize for Education was awarded to BRAC Founder Sir Fazle Hasan Abed in recognition of his 40-year career dedicated to alleviating poverty through education.



## CASE STUDY



Afsana Akhter, a former BRAC primary school student and active member of BRAC's Kishori Club, received assistance from BRAC University to get a scholarship to study medicine in China and pursue her dream of becoming a doctor to serve her community.

### **AFSANA AKHTER, future doctor: one girl's path from poverty**

**“My family and I are thankful to BRAC for giving me the incredible opportunity to fulfill my childhood dream of becoming a doctor. I never thought it would be possible to achieve one's dreams, especially one that is so ambitious, but BRAC's support and their belief in me has had a tremendous effect on me.”**

Afsana Akhter has been studying medicine in China for the past two years. She received a full scholarship to study for her medical degree from the Chinese government. While she may seem like countless other students across the world, her humble beginnings make her stand out. She was able to rise from her situation of abject poverty to becoming a recipient of a prestigious scholarship, which gave her the opportunity to fulfill her lifelong dream of becoming a doctor.

Afsana has three elder sisters and a younger brother. Growing up, she did not have much hope for a better future because her family lived in poverty, and opportunities were few and far between, especially for girls. Even though she and her sisters all attended BRAC primary schools, her sisters were married off before they were even given the chance to complete their secondary school.

In high school Afsana joined BRAC's adolescent girls' clubs (Kishori Kendros) which are sharing places that give girls

the chance to socialise, play indoor games, sing, dance, exchange views, and experience all the activities that were frowned upon in their homes. The lessons learnt in the club have remained with her even to this day.

When Afsana scored high marks in her board examinations, BRAC University selected her for a scholarship, bearing the full cost of her post-secondary studies. After completing one semester in BRAC University, BRAC's Centre for Language helped her get a scholarship in China. She has learned Chinese and is doing well in her studies.

Afsana has a dream to return to her villagers and provide them with medical assistance and access to proper health care. She believes that education is the key to unlocking a girl's true potential. Without the assistance and support from BRAC, Afsana fears she would not have been able to achieve her childhood dream.

# Water, Sanitation and Hygiene

BRAC's water, sanitation and hygiene (WASH) programme is aimed at achieving the seventh Millennium Development Goal of reducing the proportion of people without access to safe drinking water and basic sanitation by half. The programme, which has reached over 38 million people, provides sustainable and integrated WASH services in rural and isolated areas, breaking the cycle of contamination caused by unsanitary latrines, contaminated water and unsafe hygiene practices. We ensure sustainability of these interventions by encouraging community ownership, developing linkages with local governments, and encouraging local entrepreneurs to supply low cost hardware.

## Sanitation for all

In Bangladesh, due to lack of awareness and access, only 54 per cent of the population uses hygienic sanitation facilities, while 86 per cent has access to safe drinking water. In adopting the Millennium Development Goals, Bangladesh pledged to reduce the proportion of people without access to safe drinking water and basic sanitation by half. BRAC's WASH programme is a member of the National Sanitation

Taskforce, which facilitates the government's activities to meet the national commitment to 'sanitation for all by 2013'. With support from the government of the Netherlands, BRAC launched the WASH programme in 2006. Operating in 150 subdistricts, we have since provided hygiene education to 38.8 million and sanitary latrines to 25.6 million people through mobilisation, loans and subsidies.

Limited access to safe drinking water is exacerbated by arsenic and saline contamination of ground water. As a

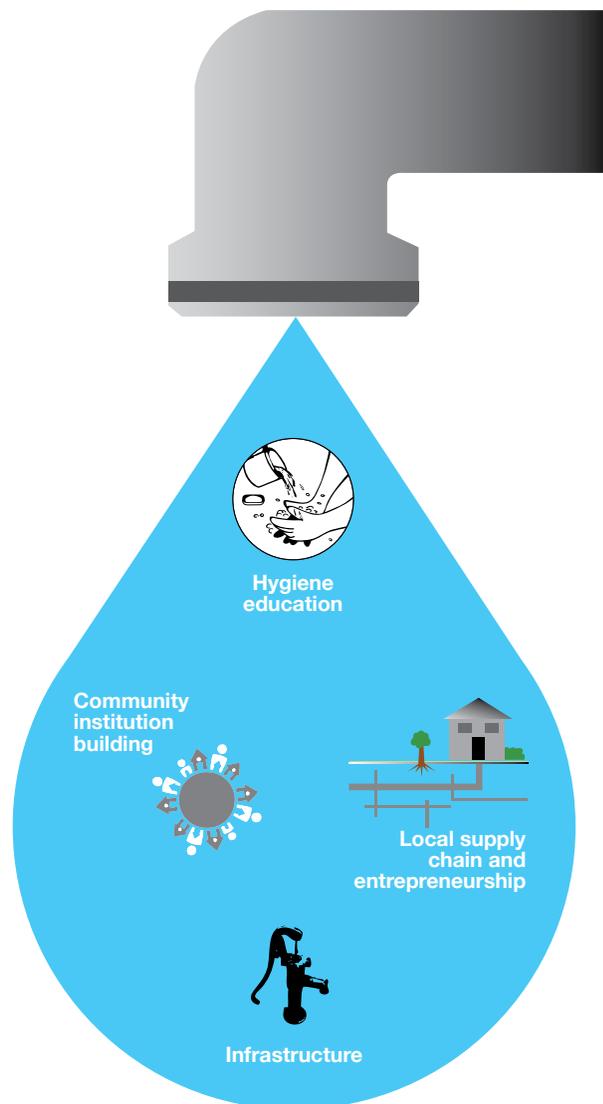
result, women and girls, who are typically burdened with the responsibility of water collection, are forced to travel longer distances in search of safe drinking water. BRAC's WASH programme has prioritised its operations in saline and arsenic prone areas, and is ensuring supply of safe drinking water to 1.94 million people by installing new or repairing existing water sources.



### NEW INITIATIVE IN 2011

Two and three headed tube well is a recent innovation of our WASH programme, which uses a single safe aquifer to provide a large population with safe drinking water.

## Our approach: Access to safe-water and sanitation



Just scaling up pilots or isolated village projects is not going to get us where we need to go. Instead, we need to identify approaches that will work at scale right from the start. For lack of a better phrase, we currently call these approaches ‘delivery systems’. We’re pleased to support valued partners like BRAC to focus on creating demand for affordable sanitation among the poorest.

### Jan Willem Rosenboom

Senior Program Officer  
Demand-Led Sanitation  
Bill & Melinda Gates Foundation

Before initiating the implementation phase, baseline assessments on water, sanitation and hygiene practices were conducted through household census and social mapping exercises and surveys done by BRAC’s research division. The assessments were used to select clients, allocate resources, and measure our coverage.

In phase one of the WASH programme (2006-2011), we developed and implemented a strategy that integrated the three main components – sanitation, hygiene and water, and focused on stakeholders’ participation and collaboration at the village level where hygiene practices are closely linked to improved sanitation and safe water supply facilities. Bottom-up participation and planning was facilitated through village WASH committees, which were established in villages with representation from a cross section of the community and local stakeholders – particularly the poor and women, as well as other rural institutions, agencies or NGOs that are active in the region. The programme was

focused on ensuring close collaboration with local government agencies. BRAC trained the village WASH committees, with approximately 11 members including six men and five women, to play a central role in helping the programme provide hygiene education, identify targeted clients, and access safe water.

Phase two of the programme (2011-2014) was initiated in October 2011, with the aim to expand outreach into isolated and underserved areas in 31 new subdistricts, while continuing to serve the existing 150 subdistricts. The new phase has increased the programme’s scope of activities to five major components – water, sanitation, hygiene, public-private partnership, and school sanitation and hygiene education.

The water component focuses on renovating existing or traditional water sources, as well as educating and providing communities with innovative new technologies for safe water supply. With our sanitation component we are continuing to install and maintain sanitary latrines and provide credit and

subsidies to our clients. Our hygiene component focuses on behaviour-change communications, advocacy, hand-washing campaigns, social marketing and formative research activities.

We are engaging in dialogues and projects with local sanitation entrepreneurs, local government institutions, Department of Public Health Engineering, religious institution and other stakeholders through public-private partnerships, while we are reaching the young population through our school sanitation and hygiene education.

### 2011 Highlights: expanding sanitation services

In 2011, our sanitation efforts have provided a total of 16,430 clients with sanitation support, converted 84,617 unhygienic latrines to sanitary latrines, and installed 708 latrines in schools.

Our safe water supply efforts in 2011 included installation of 706 deep tube wells and five pond sand filters.

To promote hygienic practices we held 322,524 meetings with male participants, 3,357,509 with female participants, 313,170 with adolescent boys, 621,177 with adolescent girls, and 520,656 with children. We also provided orientation to school management committee in 209 schools and leadership training to 3,443 students on hygienic practices.

As of December 2011, we held advocacy meetings in 15 districts, 150 subdistricts, and 1546 unions.

We also held 150 all woman conventions, forming 1,546 women's forums and 39,780 village WASH committees.

We held 4,624 training sessions for ring slab entrepreneurs, 77,302 leadership trainings for village WASH committees and 14,463 for health volunteers.

For Muslim religious leaders we held 18,555 leadership trainings and 200 'training of trainers' sessions.

## Geographic challenges

Our experiences from the last five years in implementing the WASH programme show that although we have reached out to a number of people beyond our initial target, we could not ensure access to safe water and sanitation in isolated areas. These areas are also not covered by the government and development agencies due to the same geographic challenges. As a result, people in these areas continue to face faecal and water borne diseases due to lack of sanitation and access to safe water facilities.

One of the most critical conditions is faced by the people living in low lying *haor* (wetland) areas, with water logging making it impossible to install durable and low cost sanitation technologies. This prompted us to adapt our strategy and experiment with new technologies and practices as we scaled up in six subdistricts of Sylhet district which fall in *haor* areas, to ensure sanitation and access to safe-water facilities for the population in the region.

## A preventative approach

BRAC's WASH programme has emerged from a series of lessons learnt over the years in providing various water sanitation services at the grassroots level. The programme has become one of the most important components of BRAC's health interventions.

One of BRAC's greatest achievements in health has been its success in disseminating a simple method of addressing dehydration due to diarrhoea through oral rehydration therapy (ORT). Across Bangladesh, 13 million women have learnt to save the lives of their children when they suffer from diarrhoea. BRAC pioneered the education and management approach of ORT, which reduced child and infant mortality dramatically. However, the ORT saves lives from dehydration due to diarrhoea, but does not prevent it. Preventing children from contracting diarrhoea required a different approach.

We thought the supply of safe water, improved sanitation, and practice of hygienic behaviour would reduce the risk of contracting diarrhoea. Therefore, we started to provide access to safe water supply and sanitation using our health programme's main agents, the *shasthya*

*shebikas* (community health volunteers) and *shasthya kormis* (health workers), who help to generate demand for safe water and sanitation facilities through household visits and health education forums. The success of our efforts was first demonstrated when we achieved 100 per cent sanitation coverage in the sub district of Shibpur in 2005.

## Phase two: reaching the underserved

While our coverage has been high, the use of facilities and behavioural change has not been uniform; maintenance and cleanliness of facilities remain a challenge. In addition, the population in isolated and underserved areas that are usually at the border and coastal areas of the nation have not benefitted from our efforts. Finally, the scarcity of safe water in different parts of the areas creates demand that exceed supply.

The goal of phase two of BRAC's WASH programme is to address these challenges. This has been done by expanding, in collaboration with government and other stakeholders, to 20 new subdistricts in isolated areas consisting of underserved populations, while continuing to make advances in the areas originally covered in the first phase.

Another WASH project, the Innovations in Sanitation Initiative, has been undertaken in developing a sustainable and scalable model of operation by developing a compost business model from faecal sludge that delivers cost effective sanitation services and technology to the ultra poor across 150 subdistricts covered in the first phase and five new sub districts identified in the second phase.

## CASE STUDY



Hosne Ara is the member secretary of the village WASH committee in the Shibpur village in Faridpur district. She was elected because of her extensive participation and knowledge on the water and sanitation situation of the village.

### HOSNE ARA: From housewife to government

“Participating in WASH opened my eyes to the needs of my village and that there were solutions to preventing illnesses. I received leadership training that helped me advocate for my community and get access to funds from the government. And because of that people respect me now. ”

Hosne Ara's journey takes her from being a housewife to becoming a member of the local government in the Boalmari subdistrict. She lives in a village called Shibpur, in one of the poorest regions in Bangladesh. Like many rural areas in Bangladesh, households in Shibpur faced poor sanitation, arsenic and saline contaminated water and unsafe hygiene practices. This raised concerns, and in 2007 BRAC's WASH programme started working there, providing comprehensive WASH services through the village WASH committee.

Hosne actively participated with other villagers in the WASH programme from the onset, helping with the social mapping of her village. Hosne was then selected as member secretary of the village WASH committee after her extensive participation and knowledge on the water and sanitation situation of the village. She increasingly became involved in other projects such as mobilising resources

from the local government's Annual Development Fund allocated for the poor. This required her to liaise with the local government institution, the Union Parishad, and its chairman and members. Initially, they did not allow her to be a part of the project, but after she received training from BRAC, her confidence was evident and she was well accepted by everyone. Now, she can make her arguments and raise her points without anyone questioning her capabilities.

Over time, her popularity increased, and in 2011 Hosne Ara was elected as one of the 841 women members to the Union Parishad.

## Targeting the Ultra Poor

BRAC's groundbreaking ultra poor programme focuses on improving the economic and social situation of those at the base of the economic pyramid. Living in extreme poverty, this group struggles to meet its minimal dietary requirements and has proven difficult to reach with more mainstream anti poverty programmes like microfinance. To help this population reach the bottom rung of the economic ladder, our process includes a deliberate sequencing of interventions including asset grants, skills development and personalised healthcare support. According to the latest impact assessment study (*Addressing Extreme Poverty in a Sustainable Manner: Evidence from CFPR Programme. Working paper no. 19*), about 95 per cent of those in the program 'graduate' from extreme poverty – and have stayed out, six years after the programme ends. Most go on to take advantage of more mainstream opportunities like microfinance. The programme is now being adapted by other organisations in countries around the world.

### Reaching the base of the pyramid

About 23 per cent of the population in Bangladesh lives below the lower poverty line: 15 per cent are very poor and 8 per cent are even poorer, living in chronic extreme poverty. BRAC's targeting the ultra poor (TUP) has reached ultra poor households in 34 of 64 districts in Bangladesh. So far the program

has invested in 1.3 million households: 400,000 with full grants and 600,000 with grants plus credit.

Realising the heterogeneity even among the ultra poor, we have divided our target population in two to address their diverse needs. For those living in chronic extreme poverty (8 percent) we have developed the specially targeted ultra poor programme

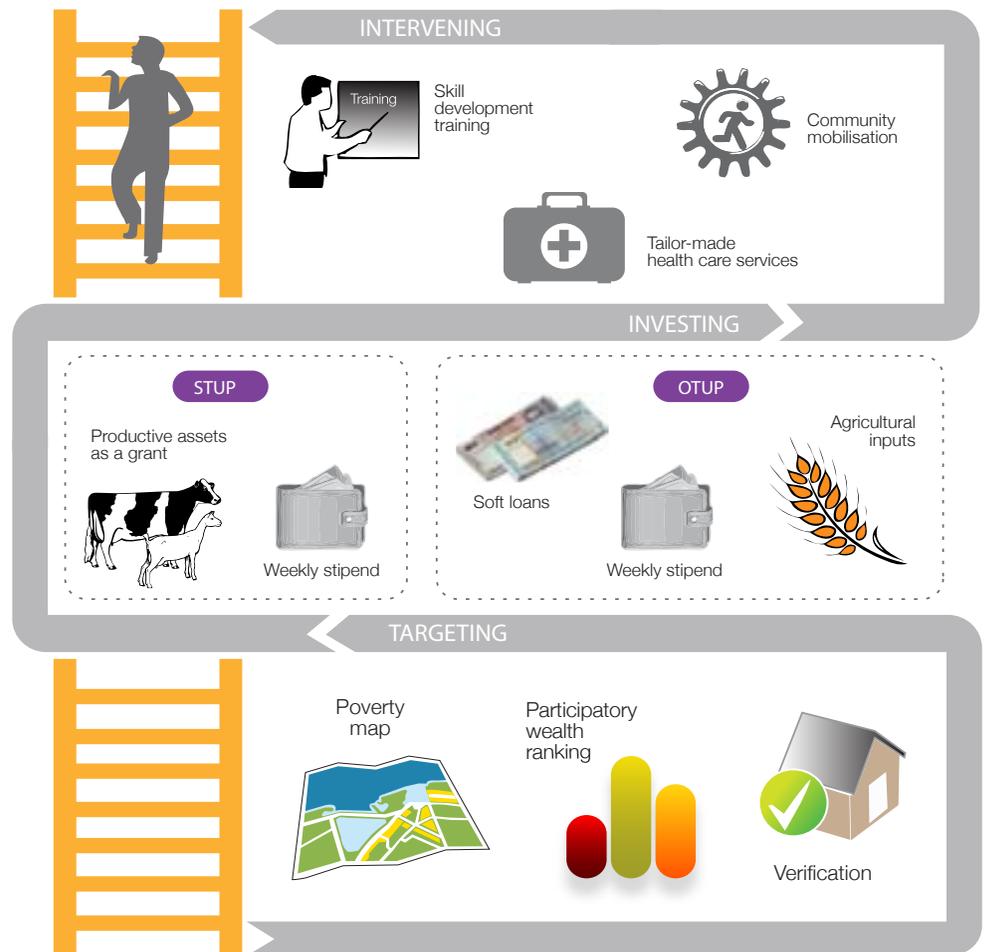
(STUP). The other 15 per cent constitute the other targeted ultra poor (OTUP). The 'grant plus credit' approach serves the clients of the OTUP programme, while our grant based approach serves the clients of the STUP programme.

#### NEW INITIATIVE IN 2011

Slums in Dhaka are accommodating about five million people, which is almost 40 per cent of the total population of the city. Realising the dire need for addressing extreme poverty in urban slums, CFPR-TUP has started a small pilot in Dhaka slums in 2010.



# Our approach: A ladder out of extreme poverty



The UK is a proud partner of BRAC in supporting some of the poorest people in Bangladesh. BRAC's programme targeting the ultra poor provides grants to women to develop income generating activities, offering people a 'hand up' out of extreme poverty, not just a hand out. This eventually leads to them being able to send their children to school, feed them nutritious food, increase the family's income and give them a brighter future.

**Gwen Hines**

Country Representative  
UK Government Department for  
International Development  
Bangladesh

We work to achieve economic and social changes in ultra poor households, assist them in getting access to mainstream development programmes, and creating aspirations among severely disadvantaged group.

We carefully select the target population, provide them with intensive integrated support including asset grants, enterprise development life skill training and tailor made healthcare facilities. We ensure them of social integration through community mobilisation. A village poverty reduction committee is formed with representatives of local elites to provide asset security and to help create an environment at the community level in order to integrate the ultra poor in to the wider community.

After completing the two year grant phase, the ultra poor members participate in BRAC's mainstream development programmes. This helps them to have continued access to financial services, as well as our other development interventions such as human rights and legal aid, community empowerment, and healthcare.

## 2011 Highlights

60,800	Ultra poor households received enterprise development training
43,800	Ultra poor households received income generating assets from STUP programme
17,000	Ultra poor households received soft loans from the OTUP programme
16,999	Ultra poor households received inputs for agricultural activities and small enterprise development from the OTUP programme
60,800	Ultra poor households received subsistence stipend
203,347	Ultra poor households received tailor made healthcare services

## Success in bangladesh and abroad

The TUP programme's success has received significant attention from various organisations in Bangladesh and abroad. Governments and NGOs in nine countries including Ethiopia, Honduras, Peru, Yemen, India, Pakistan, Afghanistan, Ghana and Haiti, have drawn a significant amount of inspiration from our programme and adapted the methodology in their respective projects under the auspices of the Consultative Group to Assist the Poor (CGAP) and the Ford Foundation.

It is difficult for the poorest people to benefit from microfinance. However, a larger proportion of the poorest population need not be seen as permanent charity cases. They need a carefully sequenced set of supports that provide livelihood security, confidence building, skill development, asset transfer and support for and institutionalisation of their improved position within the local economy and society. The poorest households can develop the capacity to engage with the economy in ways that permit them to sustain their improved position without further subsidies or transfers.

During the implementation of our programme we have learnt that capturing the heterogeneity amongst the poorest is critical for improving their livelihoods. Intensive handholding is another must, requiring an exclusive monitoring mechanism. One innovative aspect of our ultra poor programme is the substantial asset transfer – a one off gift of a micro business, so that they have the material resources (e.g. poultry, livestock, animal sheds, land for vegetable farming, veterinary support, etc.) and non material resources (e.g. technical skills and social support) required to start a business. In addition to that, weekly stipends and health services provide basic security for programme participants. Another innovation that contributes to the success of this programme is the village poverty reduction committee, where local elites are engaged in volunteering to support TUP participants and other vulnerable groups in the community to help and sustain our intervention.

## Plans for 2012-2016

Our plan for 2012-2016 is to cover 250,000 ultra poor households under the 'full grant based' approach and 150,000 ultra poor households covered under the 'grant plus loan' approach. The programme will be expanded to urban slums and ecologically disadvantaged areas such as *chars* and *haors*.

Addressing the recent issues associated with climate change, TUP is constructing a specially designed programme to reduce the vulnerability and adversity of the poorest population living in the coastal belts. Initially by 2012, the programme will be implemented in Khulna, with plans to expand in a few other coastal areas.

## CASE STUDY



Momena, a livestock rearer, credits BRAC's Targetting the Ultra Poor programme in helping her and her family rise out of financial instability.

### MOMENA'S STORY: Ten years later, her hard work has paid off

**“I had no hope for myself and my family for a better future. When BRAC's TUP selected me to be a part of their ultra poor programme, they gave me the confidence and hope to build a brighter future for my entire family.”**

Momena had never been fortunate enough to attend school. As the third child of a day labourer, her father's wages were not even enough to provide two meals a day for a family consisting of six members. After her marriage to Momdel, Momena dreamt of a better life where she could at least provide three meals a day for her four children, but life did not meet her expectations. Momdel was very ill, and most of the days he remained at home, making it very difficult for him to make a stable income. Momena soon fell into a vulnerable condition. She, along with her four children, took up domestic work for their survival. Two of her daughters' marriages were organised with help and donations from the local villagers.

In 2003, Momena was selected as a vulnerable ultra poor participant. The programme representative brought her to a discussion on different enterprises offered by the programme to find one suitable for her. She chose cattle rearing, after which she received classroom training and was told she would receive

two cattle to commence her business. However, where she would accommodate the cattle was an issue, as she lived in a one room shanty and the cows needed to be housed in a shed. This matter was soon resolved when she received three corrugated iron sheets from the programme and the village poverty reduction committee helped her with rope and bamboos and lent her a hand in building the shed.

As the programme had been designed to support its members intensively, Momena received a weekly subsistence allowance as a short term income support, along with vaccines, medicines and vitamins for her cattle. She also received hands-on training by the programme organiser through weekly home visits, which included learning social issues, writing her name, and the do's and don'ts of cow rearing. When she was ill, she also received medical care and financial support from the programme.

Through her hard work, Momena began to make an earning by selling the cow's milk, receiving a daily income of 24-30 taka (\$ 0.29-0.36) from selling the milk. From this money, she bought chickens to add to her income with the selling of eggs. Soon after, with the money from the sale of eggs, milk, and cow dung she bought a goat. This way she managed to ensure a steady flow of income which, though not quite large, was enough to provide sustenance for her family. After 20 months in the programme, Momena received confidence building training to learn more about her rights and

access in the community, and how she could engage herself in more income generation. As soon as she graduated from the programme, she joined BRAC's village organisation, where she could regularly save money and take out loans when needed.

Ten years have passed since Momena received support from the TUP programme. Today, Momena owns four cows, producing four litres of milk every day, as well as three goats, 22 chickens, about 1,000 square metres of leased land, 162 square metres of her own land, one rickshaw van, three tin shed rooms, one tube well for safe drinking water and a sanitary latrine. All this was accomplished with the help of BRAC's ultra poor programme, and later on from access to microfinance, which gave her the confidence to take out loans to buy and lease land to add to her income-generating activities. In the last eight years Momena was able to take five microfinance loans to strengthen her asset base.

The carefully designed support package from BRAC's TUP programme and its effort in graduating her into the mainstream programme has changed her life and given her the freedom to move forward and continue her achievements.

Momena's story reconfirms the core philosophy of the TUP programme – the poorest should not be seen as permanent charity cases but they need someone to hold their hands to get on to the path of a better life.

# Disaster, Environment and Climate Change

BRAC's disaster management programme helps communities become more resilient to natural disasters. We develop prevention and adaptation strategies while building the capacity of communities to respond rapidly and effectively. Our approach includes educating communities by blending indigenous knowledge with modern technologies for sustainable livelihoods. We provide training, simulation sessions and situation reports to both our staff and communities to improve preparedness. When disaster strikes, our emergency relief and rehabilitation support help communities restore their lives and livelihoods.

## Responding to disaster, readying for change

Bangladesh is known as ground zero for climate change. Frequent natural disasters and rising sea levels adversely affect the lives and livelihoods of tens of millions of Bangladeshis, threatening to slow down and even reverse the nation's progress in poverty alleviation. In a country increasingly faced with such hazards, BRAC's disaster, environment and climate change (DECC) programme is working to make communities resilient to the impacts of natural calamities. We provide financial and technical support for innovative livelihood strategies such as crab fattening and salt tolerant rice cultivation. These help affected people recover their losses from

natural disasters and incorporate them into the mainstream development process. We also provide training to enhance the communities' capacity to respond to natural disasters more effectively. Our initiatives also include building disaster resilient habitats. In addition to DECC's efforts, BRAC's interventions in the agricultural sector, such as salt tolerant rice, maize cultivation and crop diversification, are ensuring food security in disaster prone vulnerable areas.

From programme design to implementation, we always give priority to the parallel development of women and men in our sustainable development interventions. Moreover, we also raise awareness at the community level through various trainings where women are the prime focus, something that contributes towards ensuring gender equality, the third Millennium Development Goal.

Finally, we strive to achieve environmental sustainability, the seventh Millennium Development Goal, through our solid waste management plant. The plant will not only reduce environmental pollution but will also help mitigate the effects of climate change.



### NEW INITIATIVE IN 2011

We are involved in designing a model disaster resilient habitat (DRH) settlement in the southern part of Bangladesh by involving communities, using local materials and indigenous knowledge. With the help of BRAC University and UNDP, we have constructed 42 DRHs where community members will be able to take shelter during disasters. We have also started to contribute technical and financial resources to the construction of a disaster resilient school.

# Our approach: Disaster management planning



BRAC is exceptionally well positioned to champion the cause of climate justice, which links human rights and development to achieve a human centred approach to climate change. BRAC has accepted the principles of climate justice and can become a leader in integrating them into its work, particularly on livelihoods, disaster preparedness, climate resilience and provision of affordable renewable energy to the poorest.

**Mary Robinson**

Former President of Ireland  
President, Mary Robinson Foundation – Climate Justice

In our three tier approach, we respond to climate change with measures to prevent, adopt and adapt.

Our adaptive measures include activities to raise awareness and educate communities on the vulnerabilities associated with climate change, blending indigenous knowledge with modern technology to provide low cost solutions and research for developing sustainable livelihood options.

Our preventive measures include disseminating weather forecasts and real time updates, as well as training our staff, community leaders and members, health volunteers, and village organisation members on disaster management, thereby allowing them to respond promptly during disasters.

As post disaster measures, we provide relief and assist people to rehabilitate their livelihoods to normality so that they can participate in the development process.

## Looking ahead: adaptation and early warning

Along with disaster management we are also considering climate change issues. Afforestation, solid waste management and adaptation measures will also reduce the adverse impact of climate change. In addition to capacity building, DECC has adopted new techniques such as simulation, popular theatre and documentary film to ensure retention of knowledge on disaster management. Finally, DECC is working with BRAC school children to teach them to protect their environment and build a climate change resilient community.

With BRAC's ICT department, we have initiated a new system named Integrated Collaboration and Rapid Emergency Support Services (iCRESS) to minimise disaster risk and ensure proper management, an effective early warning system, with appropriate information dissemination. We are also planning to

arrange refresher trainings for teachers in the education programme, volunteers in the health programme, and community leaders and members so that they can effectively recall key messages. We will also create a documentary highlighting all activities (before, during, and after) of disaster response, which will reinforce the roles of the BRAC staff. BRAC plans on disseminating this documentary to other disaster prone areas. Considering the importance of popular theatre, we will arrange shows in flood and cyclone prone areas that will influence the community members and raise awareness about disaster management and climate change adaptation processes.

With the help of our education programme, we will take initiatives to include disaster management and climate change related issues in the existing school curriculum, and also introduce a rapid reader book with climate change related stories.

Grants, technical support and skilled based training for livelihood opportunities will be provided to women in cyclone, flood and drought prone areas of 40 subdistricts. These groups will receive training on operation and maintenance of water and sanitation technologies in improving capacity to manage water and sanitation in times of disaster and make gender friendly water and sanitation points at shelters.

## 2011 Highlights: Forecasting with indigenous knowledge

In 2011, DECC focused primarily on capacity development on disaster risk reduction, both at the institutional and community level. Over 8,000 staff of different BRAC programmes, 50,000 members of the Polli Shomaj (our community empowerment bodies), 40,000 teachers of BRAC's education programme, and 78,000 community health promoters (*shaysthya shebikas*) were trained on disaster preparedness, first aid and disaster response.

Through these trainings, we gathered indigenous knowledge to create a seasonal calendar, which includes hazard mapping and community response planning for forecasting threats.

We were involved in implementing a pilot disaster resilient habitat (DRH) settlement in the southwestern coast using local materials and indigenous knowledge. With the help of BRAC University and the United Nations Development Programme, we constructed 42 DRHs where community members will be able to take shelter during disasters and live during normal times. We targeted 9,000 of 20,000 village organisation leaders from BRAC's microfinance programme to orient them on

fundamental disaster terminologies and preparedness.

We have organised five simulations in the vulnerable and disaster prone areas of Bangladesh, giving priority to cyclone prone areas with support from Bangladesh Red Crescent Society volunteers, and have made preparations to undertake these simulations in the flood prone areas. A memorandum of understanding was signed during the review period to establish effective cooperation between the Regional Integrated Multi Hazard Early Warning System for Africa and Asia (RIMES) and BRAC on an end to end multi hazard early warning application. It aims to reduce disaster risks in Bangladesh through the application of early warning information at different timescales, specifically for translation of early warning information into impact outlook and response options.

## CASE STUDY



Shamsunnahar, a teacher at a BRAC school, was trained by BRAC on disaster preparedness which helps her act as a mediator in her community's disaster management activities.

### SHAMSUNNAHAR: Minimising risks

**“This training has helped me, my family, and my community to reduce the risk of disaster coming from natural calamities in our lives.”**

**Shamsunnahar** is a school teacher at a BRAC school in Binonderpara, a village in the Jamalpur district. Through the DECC programmes, she learned about natural disasters, such as floods, droughts, cyclones, tornadoes, and earthquakes. She was also taught how to minimise the risks of natural tidal surges in her community. Her tools include the disaster calendar which illustrates the likelihood of certain disasters throughout the year, and describes warning signs she should look for in order to anticipate an impending disaster.

The training Shamsunnahar received has also emphasised the specific steps one can take during the three phases of a disaster – before, during and after. She learned about the need to move livestock to an elevated area to ensure their safety, the importance of preserving dry food, obtaining water purifying tablets, having necessary medicines, and listening to mass media news to receive status updates on the disaster. Prior to receiving

this training, she had no knowledge about disaster preparedness.

Before the training, Shamsunnahar responded to disasters in a reactive way. She can now proactively mitigate the effect of such calamities. Villagers also used different terminologies relating to disasters without knowing the appropriate meaning. Through the information provided by the training, Shamsunnahar is now able to understand disaster terms and their proper usage. Therefore, this training has not only improved Shamsunnahar's knowledge, but also BRAC's capacity to respond effectively to upcoming disasters.

Upon the completion of the training, her perception of disaster management has dramatically improved to the point where she shares her newfound knowledge with both students and their parents, thereby disseminating the information to the entire community.

# Human Rights and Legal Aid Services

BRAC empowers the poor and marginalised by informing them of their legal and human rights. Our 'barefoot lawyers', the pioneering troop of the world's largest NGO-led legal empowerment initiative, delivers legal services to the doorsteps of millions. By organising legal education classes, we give the poor the knowledge they need; by providing legal aid through our staff lawyers, we help them assert their rights; and by engaging local community leaders to foster more widespread awareness of legal issues, we help them transform themselves into agents of social change.

## Awareness of rights, access to justice

The poor and marginalised in Bangladesh continue to struggle to gain access to human rights protection services and the justice system as a whole. They are deprived of access to such services due to a general lack of knowledge and awareness, lack of representation, complex procedural systems, corruption, lack of trust in law enforcers, and infrastructural and economic barriers that exist within the country.

BRAC's human rights and legal aid services (HRLS) programme works to remove these barriers through education

and awareness raising by our 'barefoot lawyers', employing staff lawyers to provide free services, including practical and logistical support to communities through 530 legal aid clinics in 61 districts. We also utilise alternate dispute resolution services.

BRAC's HRLS programme aligns its rights based interventions with the Bangladesh Constitution and principles of national and international treaties and conventions including those that the government of Bangladesh has ratified. These include the Universal Declaration of Human Rights; the Convention on the Elimination

of All Forms of Discrimination Against Women; the International Covenant on Economic, Social and Cultural Rights; the Convention Against Torture; the Child Rights Convention; the UN's Millennium Development Goals (especially the third MDG, the promotion of gender equality and empowerment of women); the Convention of the Rights of Disabled Persons; and the Bangladesh National Women's Development Policy. With the above frameworks in place, the HRLS programme addresses social issues that cut across Bangladesh, including gender inequality and the unequal access to justice of a traditional patriarchal society, to promote behavioural change and a healthy justice seeking environment.



### NEW INITIATIVE IN 2011

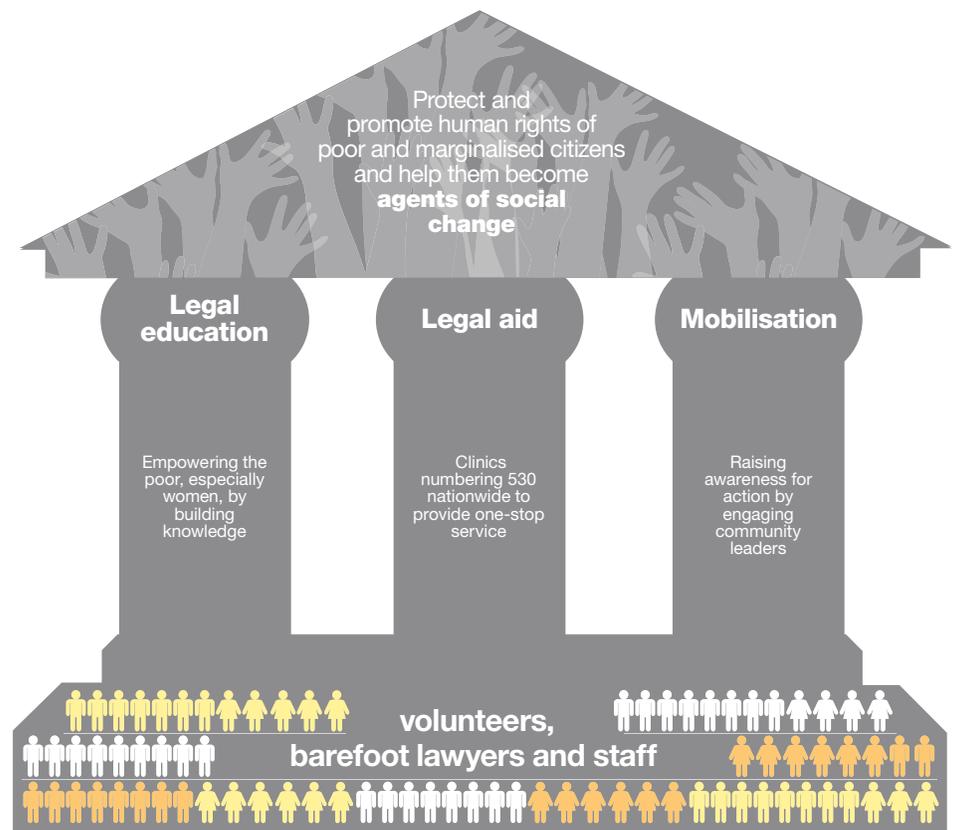
Our newest technological intervention, iCRESS, provides a range of services to connect different points in the delivery of human rights services.

## Our approach: Three pillars of rights and justice

BRAC's work in human rights and legal aid services (HRLS) is one of the most impressive large scale legal aid programmes in the world today. A passion for justice is felt throughout the BRAC team, from the head of HRLS, Dr. Faustina Pereira, to every shebika (barefoot lawyer) who cares for their clients. But most importantly, when travelling with BRAC, you realise that clients trust BRAC completely as a professional organisation: they share their stories readily without fear of reprisal, and while expecting that their grievances will finally be heard. Not only are they heard, but these cases are mediated and even adjudicated.

**Stephanie Cohn Rupp**

Principal, Investments  
Omidyar Network



BRAC's HRLS programme provides an enabling environment for people to seek equitable justice through formal and informal systems. Our blend of legal literacy initiatives throughout the country, with comprehensive legal aid services, helps to spread the awareness necessary to mobilise communities in advocating against injustice, discrimination and exploitation.

Our legal education initiatives aim to empower people by building knowledge among women in particular, informing them of their basic legal and human rights so that they can defend themselves and resist discrimination and exploitation within their communities. We have 530 countrywide legal aid clinics run by field organisers. These 'one stop' service centres provide holistic legal aid and support services to clients who seek justice.

Our community mobilisation activities engage community leaders through workshops to improve gender perceptions and build awareness for practical action in light of rights violations that occur

within the community. Participants from the local community leaders' workshops form Human Rights Implementation Committees dedicated to strengthening the existing constitutionally guaranteed rights in the community.

Our barefoot lawyers are critical leaders and key access points within communities who make legal representation and awareness-building sustainable. Our *odhikar shebis*, or legal aid volunteers, are trained to help clarify the legal process and make it easier for the disadvantaged to achieve justice in the wake of human rights infringements.

Our legal aid services rely on a large network of panel lawyers for litigation, ensuring transparency in the formal legal sector and monitoring case results to ensure that clients' cases are processed and receive fair judgement.

An extensive network of like minded partners helps us conduct the writing of petitions, public interest litigations and knowledge generating exercises to collectively achieve mutual strategic goals.

Our achievements so far include 101,222 human rights and legal education graduates and 19,252 local community leaders' workshop participants. We have received 17,732 complaints, and from those we have put an end to 2,294 cases of illegal *shalish* (informal adjudication), and helped 62,701 individuals have their land measured. HRLS also provides assistance to those seeking registration services from the government, and so far we have registered 26,011 births, 15,582 marriages, 9,440 deaths, and 2,101 divorces.

Clients belonging to marginalised communities received a variety of targeted legal aid services from HRLS in 2011. We have provided assistance to 69 individuals with disabilities, 275 members of various ethnic minority communities, and 156 extremely economically and socially marginalised people, such as tea garden workers, Dalits (traditionally regarded as "untouchable"), Hijras (transgendered people), and Bedes (river gypsies).

## A rights based lens

The HRLS programme started out with an idea of transformative social and behavioural change inspired by Paolo Freire, the Brazilian philosopher and educator. BRAC took that idea of change from within to develop what is today the world's largest NGO-led legal aid programme.

Standing at the vantage point of 25 years of achievement and retrospection, one of the more significant lessons that BRAC in general and HRLS in particular have learnt is that the two approaches to human development – the supply side (needs based approach) and the demand side (rights based approach) must interconnect if a holistic improvement in the human condition is to be achieved. The three prongs on which the HRLS programme rests attests to this intersection. They are a combination of rights and claims aimed at evoking justice seeking behaviour, which is then acted upon through hands on and strategic services, both through the informal and formal justice system.

But, while the space for these two approaches to intermingle has increased over the years in BRAC's work, a corresponding lesson is that there needs to be visible and persistent inculcation of a rights based lens in all of BRAC's activities and within the larger development paradigm – a paradigm that has until now been driven mostly by a desire for tangible and measurable outcomes. More foresight

## 2011 Highlights

**Property Rights Initiative.** In 2011, HRLS partnered with Omidyar Network, a philanthropic investment firm, to pilot a new property rights initiative. We have developed a revised human rights and legal education (HRLE) curriculum which shifts the paradigm from a purely legal literacy focus to one of rights articulation centred on property rights. We have also trained a batch of 192 land measurers, or land entrepreneurs, who provide services in the form of boundary determination, possession confirmation, partitioning, and small plot assessments.

**Capacity Development.** The HRLS programme's capacity was enhanced in the year 2011 via new recruitment of field organisers across the country. These new field personnel received orientation training and an extensive refresher session one month after they joined the programme.

**Policy Advocacy.** HRLS joined the Citizen's Initiatives Against Domestic Violence, a group of like-minded organisations responsible for the drafting of the 2010 Domestic Violence (Protection and Prevention) Act as well as the rules that will apply to the implementation of this act.

**Joining DLACs.** In 2011, HRLS joined the network of the government administered District Legal Aid Committees (DLACs). As a member of these committees, the programme will assist the government to enhance its capacity in providing legal aid services in the 61 districts comprising the HRLS coverage areas.

**Membership in Asian Consortium.** BRAC officially joined the network of the Asian Consortium on Human Rights-Based Access to Justice in 2011, a group of government, academic and civil society entities working on concerns related to access to justice in Asia.

and work is needed to interweave these worlds of 'hard' and 'soft' results. This is the best way we can ensure that the voices and perspectives of those whom we aim to serve are heard. Otherwise we will be speaking for them and not with them.

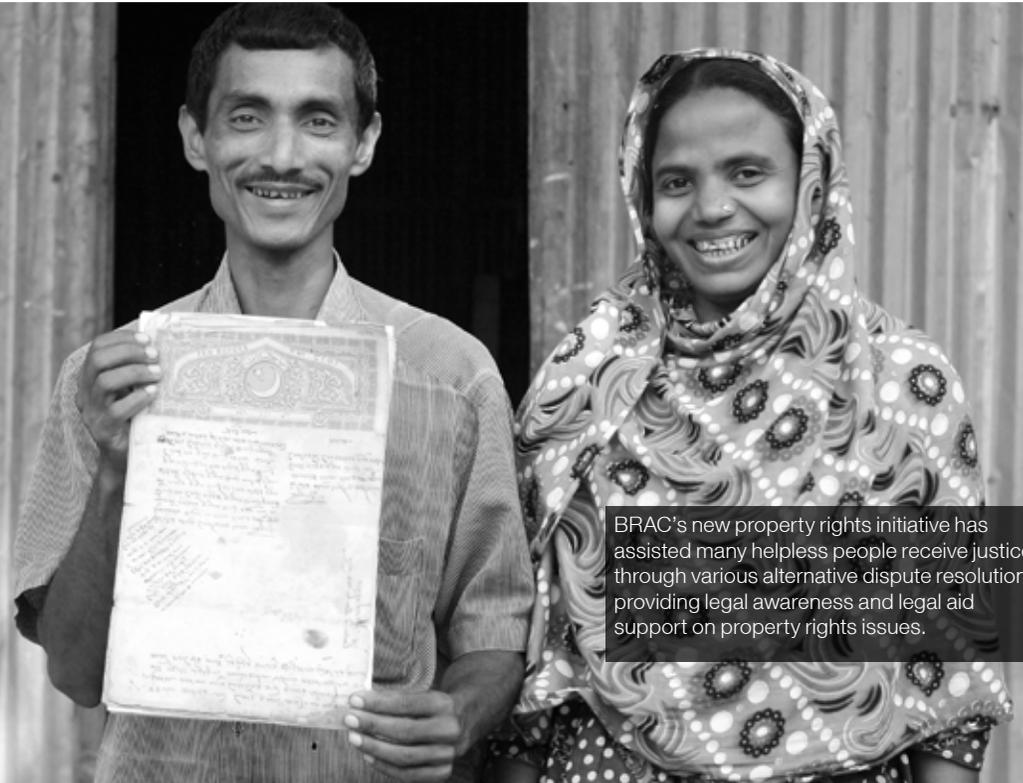
## Shifting mindsets

One of the biggest learnings from our work at the grassroots over 25 years has been the need for a shift in the mindsets of our own staff members. Staff members have by now come a long way in learning to uphold professionalism in imparting services, and going beyond judgmentalism and bureaucratic tendencies. In fact, we have been looking critically at our own service delivery mechanisms and intend to develop our capacity so as to impart the finest balance between professionalism, skill and compassion. Capacity development initiatives will include hands on training, exposure workshops, secondments and incentive schemes. We have also undertaken to assess clients' satisfaction of our services and learn from their feedback. In the coming years we also intend to examine the feasibility of taking our services to the urban poor, and to provide more targeted services to

marginalised communities and increase the use of ICT in justice delivery services.

More specifically, we have given ourselves three clear targets over the next five years. One is to provide the best possible service delivery on legal aid at the national level, one that meets international standards of operation. Our service delivery model will be a combination of two themes, one being the Scouts motto of always being prepared, and the second being our '3P' model of human rights action, resulting in a model of "Be Prepared: To Prevent, Protect, Protest". Our other target is to emerge as a thought leader and demonstrator on innovative models of legal empowerment of the poor, both at the regional and international arena. Our final target is to build strong, meaningful and complementary partnerships with national and international actors in areas of access to justice, rule of law and human rights.

## CASE STUDY



BRAC's new property rights initiative has assisted many helpless people receive justice through various alternative dispute resolutions, providing legal awareness and legal aid support on property rights issues.

### ZAKIR AHMED's property: Lost and recovered

**“This land has immense value, far beyond its monetary worth. I have established my right to my paternal property.”**

**Zakir Ahmed** was a timber trader from Kismat Holdia, a village in Sundarganj subdistrict. For over 15 years, he was locked in conflict with his paternal cousin over property issues arising from inherited land that Zakir's father left behind 20 years before. Zakir inherited eight decimals of land from his father, but he believed he was entitled to more property. The situation became increasingly complex with the claims of multiple inheritors of the same property, some of whom had already sold off their land. As the tension mounted, Zakir, along with other family members, fell victim to violence by his cousin and his associates.

Zakir lodged a complaint with the police, but he lost so much money on legal costs that he eventually had to give up his business. In desperate straits, Zakir sought work as an agricultural day

labourer. Zakir soon sought justice by presenting his case to local influential leaders, who felt his case was genuine. These local elites referred Zakir's case to the local government Union Parishad, who organised an arbitration session. During this session, Zakir's rivals physically attacked and seriously injured his wife Monira and grandmother after failing to produce legal documents before the Parishad. Zakir then filed a criminal case.

Eventually, Zakir's wife Monira, who is also a BRAC village organisation member and a member of BRAC's community empowerment body, the Polli Shomaj, came to know about the new property rights initiative launched by BRAC's HRLS programme, which provides legal awareness and legal aid support on property rights issues to poor and vulnerable people, especially women. Both Zakir and Monira eagerly visited a nearby BRAC legal aid clinic, where local field organisers guided them through the process of lodging a complaint. “Everything was going to happen sequentially and peacefully, which, to be very honest, was beyond our expectation,” says Zakir.

Within a span of 15 days, the clinic sent two notices to Zakir's cousin, inviting him to resolve the ongoing dispute via an

alternative dispute resolution (ADR). In two consecutive ADR sessions, both parties presented their documents and placed their arguments before the field organiser handling the case. The field organiser, along with influential local people from the previous arbitration at the Union Parishad, carefully analysed these documents and deliberated over the arguments made by both parties. In addition, the field organiser reviewed relevant land laws and procedures around adverse possession and recovery of possession to all those present.

In November 2011, a mutually agreed resolution was adopted in favour of Monira and Zakir. The opponent handed back to the couple their rightful possession of land. “The second party and his supporters accepted BRAC's services after noting HRLS's previous track record in resolving disputes centred on family issues and violence against women through ADR and litigation,” says Monira. “We did not pay any fees for the services we received. This is really praiseworthy.”

Soon after recovery, the couple decided to build a house on their land.

# Enterprises and Investments

## Surplus for sustainability, profit for the poor

The “BRAC model” comprises of a collaborative network of development programmes, enterprises and investments, all of which together serve the comprehensive vision and objective of serving the poor. BRAC’s wide range of development programmes ensure that the organisation’s social and philanthropic missions run as fully funded, non surplus ventures. While BRAC enterprises began as support mechanisms for these development programmes, the surplus generating model of BRAC enterprises allows for 50 per cent of the financial surplus or ‘profit’ from the enterprises to help fund BRAC’s development programmes, often run at high cost. The remaining 50 per cent is reinvested in the enterprises themselves.

BRAC investments, meanwhile, consist of financially profitable investments and financial service businesses geared towards generating financial returns while adhering to underlying socially

responsible causes such as low income housing, microfinance, small enterprise loans, information technology and clean development mechanisms. Dividends from BRAC investments support the financial sustenance of both BRAC enterprises and development programmes by acting as a hedge or safety net against future liquidity crises. The synergetic effect of this integrated model has contributed significantly to reducing BRAC’s dependency on donors and external funding.

Bangladesh’s BRAC is perhaps the most fully realised ‘integrated’ provider [of microfinance and related services], offering financial services along with schools, legal training, productive inputs, and help with marketing and business planning. If you are in Dhaka these days, for example, you can buy Aarong brand chocolate milk, which is produced by a BRAC Dairy marketing affiliate. A different BRAC subsidiary produces Aarong brand textiles made by poor weavers, and another subsidiary runs craft shops that sell the goods of microfinance clients

*The Economics of Microfinance*

**Beatriz Armendáriz**

Lecturer in Economics  
Department of Economics, Harvard University

**Jonathan Morduch**

Professor in Public Policy and Economics  
Wagner Graduate School of Public Service  
New York University

### NEW INITIATIVE IN 2011

#### Crafting Hope, Weaving Dreams

The fashion retailer Aarong is one of Bangladesh’s biggest chains, and its flagship store in the Uttara district of Dhaka is the largest retail space in the country. Yet this chic brand began as a humble means to an end for a quiet organisation fighting to uphold the dignity of the marginalised. In 1976, when BRAC first began encouraging sericulture for women in Manikganj, their only buyers were a few scattered retailers in Dhaka. Weeks, even months would pass between supply and payment, until BRAC intervened. Aarong was born to ensure these penniless silk farmers were paid on time to feed their families. The artisans of Aarong remain at the cutting edge of social enterprise – an example to the world of how the poor, when organised properly, can generate a financial surplus to support other development work.



Now I recognise that social investing is more difficult than ordinary investment because of the double bottom line, but I do not consider this difficulty to be a deterrent; on the contrary, I treat it as a challenge. Countries we are trying to help need not only aid but also investment, and we are getting increasingly involved in social investing. In many cases, notably Pakistan, Sierra Leone, and Liberia – with the Papua province of Indonesia now under consideration – we bring in BRAC. ...they are better prepared and better positioned to work in very poor countries than anyone else in the developed world.

**George Soros**

Chairman, Soros Fund Management

## The BRAC advantage

Through its unique model and integrated operations, BRAC achieves five distinctive advantages across its enterprises: synergy, cross-collaboration, cross-subsidy, continuous innovation, and holistic support.

### Synergy, or the '2+2=5' effect:

The integrated network of BRAC enterprises, development programmes and investments together begets a unique synergy and essentially creates what we call a "2+2=5" effect. BRAC development programmes typically serve as inspirations and opportunities to identify gaps, where BRAC enterprises can come in and increase the productivity of people, assets, generate a surplus for the organisation, create job opportunities, and provide a better quality of life for poor people and their communities.

For example, the BRAC's sanitary napkin and delivery kit enterprise was launched in response to an observation that a significant number of young women in BRAC schools would miss classes during menstruation, due to a lack of basic sanitary products. This enterprise became successful, and its products became viable through BRAC's primary distribution channel of its existing enterprise and programme members.

The surpluses generated by the enterprises make BRAC more self-sustaining, allows financing of innovative pilots and help grow the businesses themselves so that increasing numbers of poor people can become self-reliant. Meanwhile, the dividends from BRAC investments such as BRAC Bank contribute toward financial sustenance of both BRAC enterprises and development programmes. This synergetic approach as a whole maximises BRAC's impact and contribution toward poverty alleviation.

**Cross collaboration:** BRAC enterprises maximise synergy, impact and value by their targeted outreach and integrative products and services across multiple enterprises. For example, BRAC's microfinance or ultra poor programme may allow a poor villager to own a cow and produce and sell the milk. BRAC feed mills can offer the nutrition required to tend for the cow while BRAC's dairy enterprise can ensure that the villager can supply milk sustainably and receive a fair market price. Additionally, the BRAC artificial insemination programme can step in to train the villager to breed more cows and thus produce more milk and cattle and move further ahead on the path to financial solvency.

## NEW INITIATIVE IN 2011

bKash Limited is a joint venture between BRAC Bank Limited in Bangladesh and Money in Motion LLC in the USA. bKash wants to provide a complete mobile financial service solution to increase access to a broader range of financial services for every citizen of Bangladesh and promote sustainable savings to achieve the ultimate goal of financial inclusion.



**Cross-subsidy:** Although BRAC enterprises aim for financial returns while fulfilling social and environmental missions, not all enterprises are equally profitable. Aarong, for example, is one of BRAC's most profitable enterprises. BRAC's sericulture enterprise, on the other hand, is running at or below cost, creating low or no surplus. The cumulative surplus from BRAC enterprises combined are used to reinvest in BRAC enterprises and support the development programmes, on an 'as needed' basis, not on a pro rata basis across enterprises. This allows a highly beneficial cross-subsidy model where the profitable enterprises are able to support the non and less profitable enterprises. Moreover, the closing of an enterprise due to lack of profitability and subsequent job losses can be prevented while the different social and environmental missions across the enterprises continue to be fulfilled. For example, in 2009 the dairy enterprise was faced with this need in order to remain a viable enterprise. It had considered mechanising some of its production lines, but that would have resulted in considerable job losses and shutdowns of unprofitable milk chilling stations in ultra poor areas. Instead, BRAC invested in 16 of these chilling stations and increased their capacity by five per cent to 15 per cent. Because of BRAC's integrative network support and operational model, such measures were possible.

**Continuous innovation:** BRAC's extensive network of enterprises, with the capacity to address major social needs, allows BRAC to continually create innovative solutions to fulfil those needs and create necessary market linkages. For example, in response to the severe iodine deficiency observed among the members of BRAC's health programmes and concurrent lack of hygienic iodised salt in the market, BRAC created a salt enterprise. In the subsequent years, however, primarily due to the increased number of new market entrants, the salt enterprise started to lag behind in terms of surplus creation. Termination of the enterprise became a possibility. Instead, BRAC focused on an innovative way to utilise its surplus salt production by producing a salt based, high nutrient cattle feed called MinaMix. This product innovation not only proved financially profitable but also allowed BRAC to retain its employees and entrepreneurs and redirect their skills and resources towards a sustainable enterprise.

**Holistic support:** Because of its integrated network and unique model, BRAC has the advantage, ability and capacity to provide holistic support and truly take care of its stakeholders, who are the entrepreneurs involved with BRAC enterprises. For example, in 2011, due to market infeasibility, BRAC was compelled to shut down its sanitary napkin and delivery kit operations in Chinmari, an area where workers had little or no entrepreneurial skills. Instead of terminating these people and leaving them in abject poverty, or providing them with cash severance that they had no knowledge of how to invest or protect, BRAC enrolled them in its Targeting the Ultra Poor (TUP) programme. Under TUP, each of these people were given 10,000 taka worth of assets, such as cattle and chickens, were provided education,

training and resources to take care of their animals, and were even provided training under BRAC's artificial insemination programme. As a result, instead of getting lost in abject poverty and unemployment, each of these BRAC members received the opportunity to remain on track for financial solvency and increase their capital and skills in the process

## Enterprises: Creating market access

The unique model under which BRAC enterprises operate is completely home grown and has evolved in isolation from the international dialogue on social enterprises. BRAC's enterprises in Bangladesh were initiated as interventions to serve a need or create market access for the poor. Although they initially served as a support mechanism for BRAC's development interventions, a majority of them have grown in the last four decades into surplus generating ventures, even while maintaining their ongoing commitment towards a holistic approach to alleviating poverty. Today, BRAC operates 18 financially and socially profitable enterprises in Bangladesh, plus one pilot, across health, agriculture, livestock, fisheries, green energy, printing and retail sectors (see box), making a significant contribution to the local economy through the creation of market linkages, entrepreneurs and employment opportunities. These enterprises no longer operate with the sole purpose of supporting our development programmes and creating market access. By targeting profitable and scalable businesses, these enterprises are able to fulfil their

### NEW INITIATIVE IN 2011

BRAC Kanon, an outlet of BRAC Green Enterprises, is a green initiative aiming to encourage city dwellers and corporate offices to help save energy, save money and save our planet. In this time of rapid urbanisation, BRAC Kanon hopes to serve as a platform to promote green initiatives. Located on the Gulshan-Tejgaon Link road, this solar powered sales and display centre is the country's first ever green retail outlet featuring products and services from BRAC Solar, BRAC Nursery, BRAC Recycled Handmade Paper, and BRAC Sericulture.



social missions at a greater scale while increasing financial surpluses that reduce donor dependency. In most cases, our enterprises create new opportunities in under served markets, create space for new entrants, and foster healthy competition.

BRAC takes a holistic approach in conceptualising and developing each of its enterprises. As BRAC enterprises have expanded from programme support mechanisms to surplus generating enterprises with financial and social missions, each enterprise has ensured that it complies with the four fundamental objectives of a BRAC enterprise: creating job opportunities, generating surplus for BRAC in order to minimise donor dependency, ensuring long term support and contribution toward the sustainability of BRAC's development interventions, such as education and skills development, and becoming viable investments in the long run in order to act as a hedge against future liquidity crises and donor dependency.

## BRAC ENTERPRISES

Aarong  
BRAC Dairy  
BRAC Artificial Insemination  
BRAC Poultry  
BRAC Feed Mills  
BRAC Fisheries  
BRAC Salt  
BRAC Sanitary Napkin and Delivery Kit  
BRAC Cold Storage  
BRAC Printers  
BRAC Printing Pack

### Green enterprises:

BRAC Sericulture  
BRAC Solar  
BRAC Recycled Handmade Paper  
BRAC Nursery

## BRAC INVESTMENTS

BRAC Bank Ltd.  
Delta BRAC Housing Finance Corp. Ltd.  
BRAC Tea Estates  
BRACNet  
Documenta TM Ltd.

## Strategic review and challenges ahead

Looking ahead to 2012, the forecast for the macro economic and political environment makes it a challenging year, and there needs to be a thorough review and restructure of the enterprise and investments team for 2012, as well as an audit of all regulatory compliance requirements for enterprises.

The main objectives include: for Aarong, launching an online sales business in Bangladesh, opening an outlet in Comilla and shifting the Gulshan outlet to a new location; for BRAC dairy, introducing electronic testing at collection points plus two new products, expanding evaluation, and launching a re-branding initiative; for BRAC tea estates, diversifying other investment opportunities and introducing green energy; for BRAC feed, exploring opportunities in floating fish feed while diversifying product range; for BRAC fisheries, introducing catfish species and other new products while expanding operations.

BRAC nursery will enter plant rental and landscaping areas, while BRAC artificial insemination will invest in embryo transfer technology to improve the quality of bulls and, three years down the line, enter commercial embryo production. BRAC sanitary napkin and delivery kits will explore opportunities in machine made products. BRAC recycled handmade paper will install machinery for recycled paper. BRAC solar will start solar irrigation and a solar mini grid with Infrastructure Development Company Limited; BRAC cold storage plans to open small scale cold storages in various locations so that farmers can store their produce.

BRAC Bank Limited will roll out SME risk management countrywide, launch a new 'customer-centric' retail model, target lower portfolio at risk (PAR) and non-performing loans (NPL), grant approval to use SME unit offices for further functions to promote inclusivity. BRAC EPL Investment Limited will focus on advisory services to counter the volatility of the stock market, build capacity on sustainable business. BRAC EPL Stock Brokerage Limited will tie up with foreign fund managers for more brokerage agreements. B-Kash will increase brand awareness, increase customer base and agent network, and partner with key strategic players.

The strategic direction that the various BRAC enterprises will be looking to in the upcoming year will primarily focus on creating opportunities for growth of entrepreneurship with a focus on women entrepreneurs (for artificial insemination, horticulture, solar, fisheries and sericulture), creating a regional or global brand for Aarong, reviewing possible opportunities of linkages with agriculture and livestock for enterprise development, promoting green based enterprises, becoming a role model in terms of workers' welfare, and assist BRAC International in establishing social enterprises. BRAC Bank will form the basis of further development of supporting SME entrepreneurs, promoting sustainable and impact investments.

BRAC Bank is also sponsoring an initiative by the Global Alliance for Banking on Values to develop impact metrics to measure sustainability of financial institutions and their impact on communities or environment.

The challenges that lie ahead for BRAC enterprises and investments are managing the risk of downturn in the country's economy, upward trends in prices in commodities and energy markets, and unpredictability in the financial sector, which creates new risks. Some of the long term challenges include managing perceptions and avoiding 'mission drift' as the competition intensifies.

## Enterprises in 2011: Efficiency and profitability

For enterprises, the primary objective in 2011 was to increase efficiency and profitability of all enterprises. Aarong expanded distribution, opened a flagship outlet (the largest retail space in Bangladesh) and their eleventh store in Moulvibazar. The enterprise is also automating the design process with a design management system. BRAC dairy conducted a feasibility study of setting up a production facility in North Bengal, achieved a production target of 100,000 litres per day, and received a ISO 22000 certification. BRAC poultry increased production capacity by 22,000 parent birds. BRAC tea estates invested a significant amount of money on the workers' welfare, which includes schools, tube wells, day care centres and latrines, as well as irrigation to counter weather dependency.

BRAC fisheries, which won a first prize award from the Fisheries Department, Ministry of Fisheries and Livestock, moved from prawn PL concentration to tilapia and food fish. BRAC chicken introduced value-added products, such as nuggets, wings, drumsticks and burger patties. BRAC salt introduced a new product, MinaMix, which is a feed additive for cattle. BRAC feed increased efficiency in capacity utilisation and market expansion. BRAC sanitary napkins and delivery kits improved quality of products and increased efficiency in production.

BRAC Kanon was launched this year, a retail space to showcase the green initiatives of BRAC, housing products from four BRAC enterprises – solar, nursery, recycled handmade paper, and sericulture. BRAC solar restructured sales, collections and pricing to reduce non performing loan risk. BRAC nursery introduced ornamental plants and reduced seasonality of earnings, while receiving an award from the Forest Department, Ministry of Environment and Forest. BRAC sericulture restructured and reorganised to introduce new products, including woven material. BRAC recycled handmade paper increased production capacity and introduced new products.

## Investments in 2011: Maximising impact

BRAC investments are comprised of financially profitable investments and financial service businesses geared towards generating economic returns while adhering to underlying socially responsible causes such as housing, microfinance, small enterprise loans, information technology and clean development mechanism. Dividends from our investments support the financial sustenance of both our enterprises and development interventions by acting as a hedge or safety net against future liquidity crises. These investments contribute significantly to reducing our dependency on external funding and enable BRAC to maximise the impact of its mission of alleviating poverty.

For the performance of BRAC investments, it was a relatively good year. BRAC Bank Limited was affected by liquidity, stock market and inflation issues in the banking industry and BRAC EPL Investment Ltd & BRAC EPL Stock Brokerage Ltd were hit by the stock market volatility, but b-Kash, BRAC Bank's mobile banking unit, was successfully launched and BRAC Sajaan Exchange made a turnaround and is making profits after capturing a 16 per cent market share. BRAC Net has also turned around and is now profitable.

BRAC Bank received the award for the best bank of the year for 2010 from the Financial Times-IFC and Asian Banker and took steps to promote inclusivity, including the launching of financial and non-financial products and arranged financial training for small and medium enterprises (SMEs) and women. It also undertook public-private partnerships initiatives with Rupali Bank.

BRAC EPL Investment Limited launched a sustainable/impact financing division, while BRAC EPL Stock Brokerage Limited was ranked number one on a broker ranking, capturing 90 per cent of foreign investments into Bangladesh's capital markets. It is now the third largest stock brokerage firm in terms of volume. This year, they signed a brokerage agreement with Macquarie Bank, Harvest Capital, Templeton Securities, Exotic Capital, and Morgan Stanley, and worked as an agent for ADB for share offloading. BRAC Soft conducted user acceptance test for integrated software solutions for BRAC International in 2011, and finally, a Delta BRAC Housing Finance Ltd received the AAA rating for the fifth year in a row.



### NEW INITIATIVE IN 2011

Mainul Islam is using BRAC Bank's Krishak card, a debit card with a revolving loan facility at a lower interest rate to buy agricultural materials.

## CASE STUDY



Dr. Md. Abul Hasan Haider, serving at a remote village of Barabo in Kapasia, Gazipur, was not only one of the first users of solar panels, but also brightened the lives in his community with access to electricity.

## SOLAR ENTERPRISE: Lighting up lives

“BRAC’s solar initiative has provided our village with something we never dreamed we would have access to - electrical power in our homes. Now we no longer have to live in darkness.”

After schooling in Dhaka, Dr. Md. Abul Hasan Haider returned to his home village of Barabo, in a remote part of Gazipur, to practice medicine. One problem was that Barabo had no electricity. At night, the residents lived by the light of hurricane lamps. For Dr. Haider, this was particularly difficult; although he had a power generator in his chambers, it only provided enough power for one light bulb. He was unable to properly treat patients or perform operations at night due to insufficient light, thus limiting the service he could provide to the village residents. During the day, he could only perform two or three operations – not enough to meet demand. Being the best known doctor in the area, his patients sometimes walked up to five kilometres to see him.

About ten years ago, he came across a circular in the newspaper, advertising BRAC solar panels. He decided to install them in his house. A few years later, he purchased a solar panel to provide power in his medical chambers and pharmacy, too. This solar panel provides enough energy to power eight five watt bulbs and one fan in his practice. The installation of the solar panel has provided him with the opportunity to extend his services, see patients during later hours, and even perform operations at night.

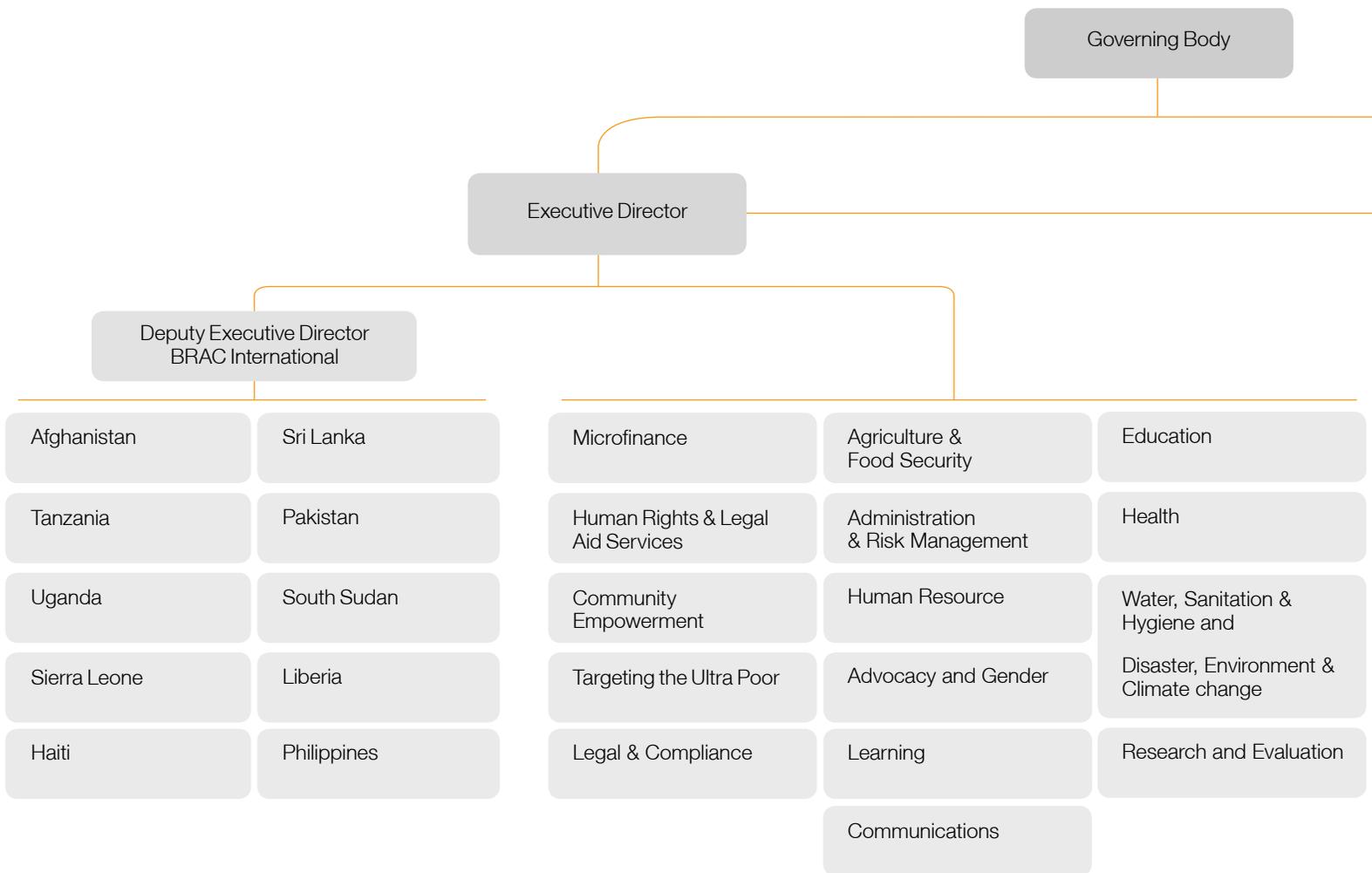
Dr. Haider was one of the first people in his village to purchase a BRAC solar panel. After seeing the immense benefits of solar panels that provided power in both his home and place of work, other residents in the community slowly started to become interested in purchasing them as well.

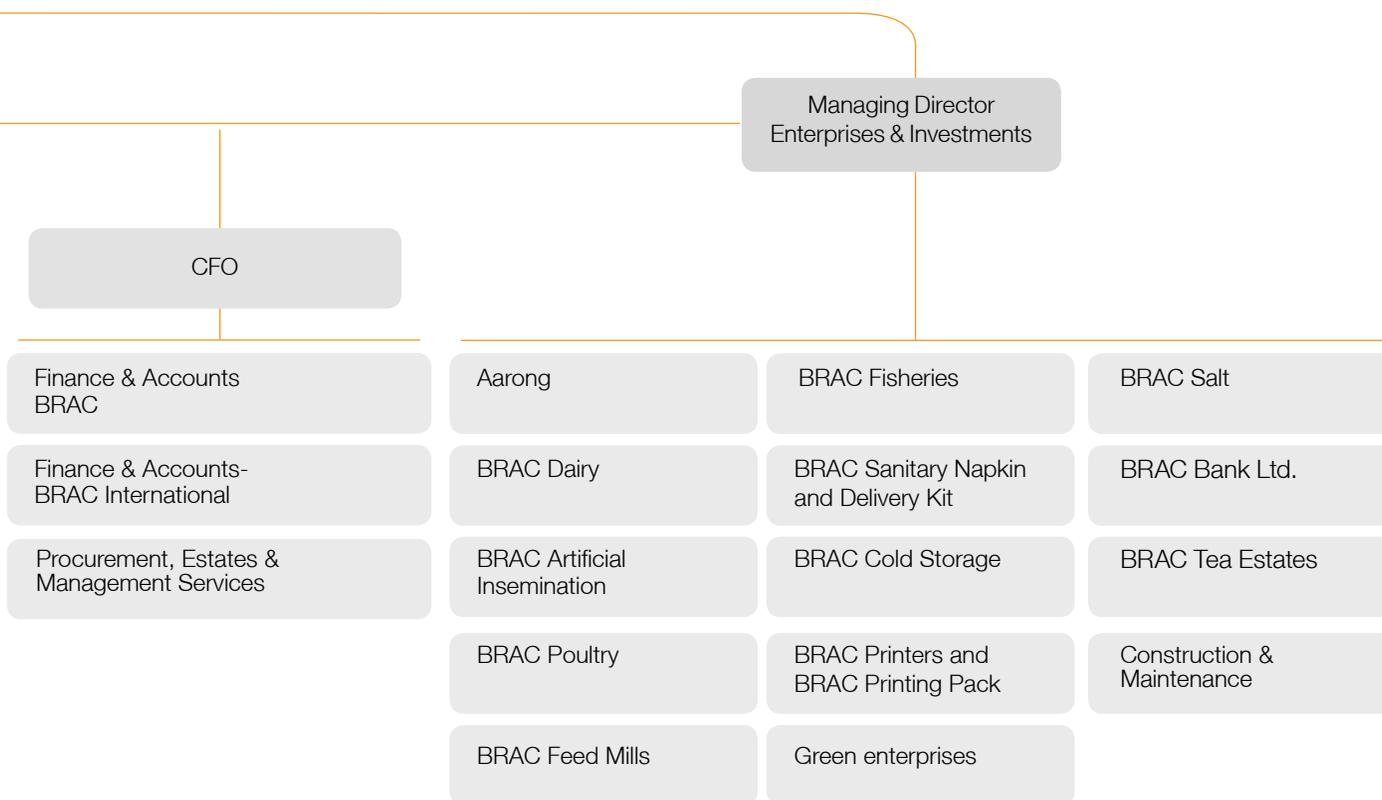
Neighbours eventually acquired the resources with assistance from Dr. Haider, who talked to BRAC staff members on behalf of the community. Now the majority of the houses and shops in Barabo now have solar panels, each one of which can generate power for light bulbs, television and mobile charger, enriching their lives with these simple additions.

Village life has changed tremendously due to the solar panels provided by BRAC at an affordable cost. Dr. Haider looks forward to continuing his passion to serve his community through his practice and, along with BRAC, contributing to the development of his own village and the surrounding areas.

# Inside BRAC

## Good governance, good practices and enhanced capacity





At BRAC we work hard to be effective and efficient in everything that we do and adopt best practices wherever possible. We strive to uphold the integrity of our work, and be respectful of those we work with and serve. Our goal is to provide assistance contributing towards the betterment of society. Good governance, therefore, has become an integral part of carrying out our organisation's mission. Our internal management system is designed to assure the effectiveness and efficiency of our operations, reliability of financial data, and compliance of applicable rules, regulations and

procedures. Our management's integrity, approach, actions, and ethical values help to raise awareness amongst employees. We implement clear policies, procedures and guidelines, which allow us to be accountable and transparent as an organisation.

Considering that internal management is a continuous process, our management periodically reviews and modifies its mechanisms as needed. The governing body ensures the effectiveness of our internal management system and mechanisms for upholding the

benchmarks of accountability and transparency. Our affiliates, subsidiaries and investments possess specific accountability and governance systems that operate independently of BRAC, but are aligned with our principles of good governance.

In 2011, we witnessed some major shifts in paradigms and expansion in scope of internal management and operations systems which are highlighted in this section of the annual report.

## Administration and risk management

BRAC's administrative and risk management (ARM) department has an administration unit which primarily works to obtain approval from the director general of the NGO affairs bureau for foreign donated projects. The department also undertakes registration processes for BRAC's enterprises, as well as work permits and visas for expatriate employees.

ARM undertakes internal audits, including risk based audit and compliance, through its internal audit unit in order to maintain transparency and accountability of the organisation based on international standards. The internal audit department independently examines and evaluates organisation wide activities to assist our management with advice on operational efficiency, as well as with assessment of the effectiveness of our management and governance.

The monitoring and investigation unit, under the wings of ARM, conducts periodic analysis using varying indicators for different issues, enabling management to determine whether key activities are being carried out as planned and are having the expected outcome on the target population. The department also investigates grievances related to all our stakeholders, thus ensuring transparency and accountability at the operational level across our development interventions.

### New initiative

In 2011, a partnership strengthening unit (PSU) emerged to strengthen relationships and coordinate among BRAC programmes and with external stakeholders such as: government agencies, NGOs, media (print and electronic), and public representatives. The PSU has created district BRAC representatives in all 64 districts, who undergo a 10-week long special training. PSU has also been mandated to prepare annual district development reports. Primarily, PSU and the representatives have been assigned to provide information under the newly enacted Right to Information Act, 2009.

## 2011 Highlights

In addition to conducting internal audits, the internal audit unit also carries out physical verifications of inventory and special auditing requests by the management. Findings are brought to the attention of the Audit Review Committee for further action. In 2011, a total of 8,643 such reviews and audits were conducted. The monitoring and investigations unit, on the other hand, conducted 172 monitoring issues arising at the operation levels in our development interventions and 220 investigations for grievances received. The unit formed a quality assurance team in 2011 to enhance its transparency and acceptability within BRAC and among its stakeholders. The primary responsibility of the quality assurance team is to ensure authenticity of data that monitoring officers collect.

## Human resources

Our human resource division (HRD) has established a state-of-the-art human resources management and practices at BRAC by adopting a qualitative and strategic approach in managing its workforce. The key focuses of HRD are procedural justice, transparency, equality, respect for diversity, and recognition of potential.

HRD has developed and implemented its HR policies and guidelines to ensure uninterrupted services to and spontaneous participation of employees, which in turn facilitate achieving organisational goals as well as fulfillment of individual employee needs.

The revised human resource policies and procedures came into effect in January 2011 (reprinted on April 2011). HRD also revisited the performance appraisal form to ensure an effective performance appraisal system in BRAC.

A change management process has been initiated in HRD to introduce the best HR practices in BRAC. The HR Line of Sight 2012-2013 has been developed to ensure the successful implementation of these changes and a relevant team-engagement workshop has been carried out for the HRD staff.

The department also participated in various career fairs to represent the organisation. BRAC was rated as the best employer by a premier job search company in Bangladesh, bdjobs.com.

## Legal and compliance

We are among the few southern-based development organisations to have a full legal and compliance department, which acts a guardian to protect the organisation's legal interests and promotes good governance within. In addition to providing litigation support and legal training to employees in the headquarters and field and country offices, the department also has the mandate to help ensure that all BRAC entities comply with relevant laws, policies and regulations. The goal is to ensure that our development interventions, people, assets and reputation maintain the highest legal and ethical standards.

## 2011 Highlights

In 2011, we witnessed the tremendous growth in the legal and compliance department. It focused on building a team of over 50 employees and experts, and in an effort to strengthen the legal culture, built a network of representatives in various departments to educate fellow co-workers on legal issues and inform the department of legal needs throughout the organisation.

### New initiative

The legal and compliance department has initiated the process for building a central database which will contain all legal matters of the organisation.

## Financial

Our finance and accounts department performs a crucial role within the organisation in improving operational efficiency, while enhancing management and decision making capabilities. The department is also responsible for preparing budgets for development programmes, managing costs, financing investments, as well as analysing cash-flow, profitability, effective management and transparency of financial data and reporting of BRAC's development projects, enterprises, investments, donor grants, properties, employee gratuity, salary, tax loans etc.

### Recognition in 2011

The finance and accounts department's effort in maintaining transparency and disclosure standards, have earned us the trust and confidence from all those with whom we work. The department's annual financial statements are prepared in accordance with international reporting standards for which, in 2011, we received awards from the Institute of Chartered Accountants of Bangladesh (ICAB) and the South Asian Federation of Accountants (SAFA).

### New initiative

A finance committee and an investment committee comprised of BRAC's board members with relevant expertise, have been formed to scrutinise budgets and inspect investment proposals before presenting to the governing body members for further recommendations.

## Procurement and estates management

With a total of eight units comprised of procurement, estate, road safety, security, logistics, central store, telecommunication, and visa and protocol, the department of procurement and estate management services is engaged in activities that are vital for good governance and successful implementation of our development interventions and enterprises. The key services that the department endeavours to ensure are procuring and delivering goods punctually, while managing over 1,700 acres of land, ensuring road safety for employees and communities, and security of BRAC's properties.

### 2011 Highlights

Procurement guidelines and procedures were assessed and revised in 2011 in order to attain international standards and meet some of our development partners' requirements.

### New initiative

The community road safety programme works to raise awareness about road safety among BRAC employees and communities who are affected by road accidents. In view of the alarming increase in road accidents, and responding to the call of the government, the department of procurement and estate management developed a new driver training project in 2011, where 12 trainers will be recruited and trained by Hubert Ebner (India) Pvt. Ltd – a reputed Indo-Austrian road safety organisation. The trainers will educate instructors in driving schools throughout the country, along with novice drivers drawn from the youth population.

## Training and consultation

Our training division was renamed the BRAC learning division (BLD) in 2011. The strong view of this virtual paradigm shift lies in the department's existing learning principles, activities and practices which are perfectly in line with an interactive learning mode. Renowned American scientist and author Peter Senge's vision is shared by BLD in being a division in which people continually expand their capacity to create the results they desire, where new and expansive patterns of thinking are nurtured, collective aspirations are set free and people are continuously striving to work as a team. The department is responsible for augmenting the capacity and professionalism of BRAC employees and programme participants through a wide range of human development and management training, and contributing to other government and development organisations working in Bangladesh and abroad. It executes training and learning programmes through 19 residential BRAC Learning Centres, which have the capacity of accommodating approximately 3,000 participants per day in different parts of the country with modest amenities. Nearly 98 faculty members are working relentlessly in the department to provide need-based and tailor-made training support and consultancy services to BRAC employees across the world.

### 2011 Highlights

In 2011, BLD especially emphasised leadership development, social capital development and sustainable development as its academic pillars, and accommodated 124,364 participants in learning centres for training, meetings and workshops, covering a total of 741,329 participant days.

## Research and evaluation

In its course of evolution, our research and evaluation division (RED) has become a multi-disciplinary independent research unit within the framework of BRAC. With its primary responsibility to provide necessary research and analytical support, RED has been playing an important role in designing BRAC's development interventions, monitoring progress, documenting achievements, and undertaking longitudinal and impact assessment studies. RED conducts programme driven research in agriculture, poverty, food security and nutrition, applied and reproductive health, communicable and non-communicable diseases, education, environment, microfinance, social development, gender and human rights. The findings of BRAC research help the programmes achieve their objectives through modifying and/or improving strategies and identifying new programmatic issues. Outside of BRAC, our RED has established itself as a reliable resource for policy formulation and academic purposes. RED is also involved in empirical research on key national development issues in close collaboration with a large number of reputed national and international institutions throughout the world including government organisations and United Nations (UN) bodies.

In 2011, RED produced 14 journal articles, three books, seven monographs, 16 working papers, and 14 popular articles. All these publications are available on our website ([www.brac.net/research](http://www.brac.net/research)) for free download.

## New initiative

Our impact assessment unit (IAU) was formed in 2011 with seven staff members from the research and evaluation division (RED). The unit works within RED and reports to the executive director's office. Initial training on impact assessment for the IAU team and other selected members of RED was arranged with the World Bank Development Institute in partnership with BRAC for South Asia, in December 2011. Further contacts within universities and international research institutes will be established in the future to ensure independence and quality of assessment.

## Communications, innovations and partnership management

The communications department aims to actively promote, protect and enhance the reputation of BRAC through strategic communication. It fosters innovation and synergy between programmes through the effective exchange of ideas and information both internally and externally. It aims to maintain consistency and uniformity around all communications going out externally. Communications is continuously developing channels and activities to promote better understanding of BRAC and to raise the organisation's global profile. Some of the key responsibilities of the department are developing the communication strategy for BRAC and BRAC International and successful implementation of this strategy, deriving key messages from the programmes, designing key offline and online communication materials for BRAC, managing local and international PR events and organisation's media engagement, managing web content and social media presence, archiving audio visual records, facilitating internal communications, building and maintaining relationships with development partners through the donor liaison office, harnessing synergy and partnership management through the

social innovation lab, managing high-profile national and international visitors through the visitors unit, managing internship programmes for national and international interns and volunteers, and promoting BRAC values internally.

## 2011 Highlights

The communications department expanded its capacity with the integration of design, publication, branding, visitors and internship unit integrating into it.

Communications' re-branding efforts continued to focus on internalising the organisation's brand values and projecting the same to the external audience. It enhanced its efforts for BRAC International and various countries where it operates.

The flagship newsletter for internal communication Shetu was re-launched with a more employee centric content structure and efficient distribution process that ensures delivery to remote areas. The annual values award ceremony also started in 2011 to recognise employees who best embody BRAC's values.

These increased efforts resulted in new opportunities and partnerships, increased presence and issue oriented profiling of BRAC in national and international media, as well as better relationship with government and development partners. BRAC's media coverage expanded from local papers to the *Guardian*, *International Herald Tribune*, *Le Monde*, *Al Jazeera*, *BBC* etc.

BRAC is very open about sharing its knowledge and learning. The visitors unit, to that effect, facilitated many high profile visits including officials from various development organisations, NGOs and governments. We also co-hosted events with other organisations. Some of the most significant visitors were:

**Ban Ki Moon**

United Nations Secretary General

**Mary Robinson**

Former President of Ireland

**Dr. Judith Rodin**

President of the Rockefeller Foundation

**Bill Farmer**

Former Ambassador to Indonesia and Government Secretary

**Jim Matheson**

US Congressman

**James B. Logan**

Deputy Minister of Planning and Development, Ministry of Agriculture, Liberia

**Ousman S. Tall**

Assistant Minister, Planning and Policy, Ministry of Agriculture, Liberia

**Mitul Desai**

Senior Advisor, US Department of State, South and Central Asian Bureau

**Judy Cheng-Hopkins**

UN Assistant Secretary General

## Partnership management

In 2011, our donor liaison office (DLO) was heavily involved in developing a comprehensive results framework for all BRAC development programmes, as well as the formulation process of strategic partnership agreement with AusAID and DFID.

DLO primarily creates an information flow between donors and BRAC to manage and coordinate technical assistance, coordinate evaluations, review missions, keep track of donor fund release, and provide assistance in consortium meetings and their follow-up. The DLO assists the Chairperson in managing each BRAC consortium and is particularly responsible for donor coordination, preparation of terms of references for evaluations, and the reporting and dissemination of information.

## Innovations management

Our social innovation lab came into existence in 2011 to institutionalise innovation at BRAC and create an accessible space where ideas can be shared, generated and nurtured. It supports programmes in identifying existing innovations, running pilot programmes, and facilitating dissemination of experiences, as well as, seeking new partners with promising solutions to work with BRAC in tackling complex issues. Through its activities, the social innovation lab builds programme capacity for managing internal innovations, fosters an exchange of dialogue among cross programmes, and supports the initiative of new ideas on how to advance BRAC's mission.

## ICT for development

Our information and communications technology (ICT) department is not only making technological interventions to automate the organisation's internal business processes, but is increasingly establishing itself as a centre of excellence for innovative solutions to complement our effort in the local and global development arena. The department comprises of four units – software development, network, hardware support and mid-range coverage desk.

## Recognitions in 2011

ICT, along with BRAC's health programme, were recipients of the Manthan Award for best m-health solution in south Asia. They were also awarded the NGOAB project as project leader, and the MOVE-IT project, funded by HMN-WHO, to lead and design application solution. BRAC ICT formulated the first ever cloud-based interoperability architectural platform for BRAC and its entities. A new data centre was inaugurated in 2011 and is now fully operational. In the same year, ICT developed its policy and business automation was officially inaugurated by the introduction of the online transport requisition process. BRAC ICT has also successfully handed over eight different business solutions for BRAC internal departments. As part of the ICT4D project, ICT implemented the iGRESS application for the HRLS programme in Rangpur and e-education for PACE project in 2011. BRAC ICT was also invited to Los Banos, Phillipines, to demonstrate its progress on platform development and mobile technologies.

# Management

**Mahabub Hossain**  
Executive Director

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

**Moushumi M Khan**  
Director  
Legal and Compliance

**Asif Saleh**  
Director  
Communications, Chairperson's Office,  
Social Innovation Lab

**Ahmed Najmul Hussain**  
Director  
Procurement, Estate and  
Management Services

**Rabeya Yasmin**  
Associate Director  
Targeting the Ultra Poor

**Shabbir Ahmed Chowdhury**  
Director  
BRAC International

**Faruque Ahmed**  
Deputy Executive Director  
International Programmes

**Ishtiaq Mohiuddin**  
Director  
Microfinance

**Tanwir Rahman**  
Director  
Finance, International  
Programmes

**Sheepa Hafiza**  
Director  
Gender Justice and Diversity  
Advocacy for Social Change



**W. M. H Jaim**  
Director  
Research and Evaluation Division

**Tamara Hasan Abed**  
Director  
Aarong  
BRAC Dairy  
Ayesha Abed Foundation

**Faustina Pereira**  
Director  
Human Rights and Legal Aid Services

**Saieed Bakth Mozumder**  
Director  
BRAC Tea Estates

**Shib Narayan Kairy**  
Group CFO

**Sukhendra Kumar Sarkar**  
Director  
Administration and Risk Management

**Kaosar Afsana**  
Director  
Health

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

**Anna Minj**  
Director  
Community Empowerment

**Safiqul Islam**  
Director  
Education



# Governance



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

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



**Martha Alter Chen**  
Lecturer at the Harvard Kennedy School and International Coordinator of WIEGO.

Dr. Chen is a lecturer in public policy at the Harvard Kennedy School and co-ordinator of Women in Informal Employment: Globalising and Organising (WIEGO), a global action-research-policy network that seeks to improve the status of the working poor, especially women, in the informal economy. Dr. Chen has worked extensively with BRAC for many years.



**Tahrunnesa Abdullah**  
Social scientist and gender specialist.

Active in the women’s development movement in Bangladesh since the early sixties, Ms. Abdullah is the current chairperson of Gono Bishwabidyalay, and ASA. She worked at the Comilla Academy for Rural Development for nine years as an instructor heading the women’s education and home development programmes. She oversaw the development of the National Plan of Action for Children, 1997-2002 and has served as chair of the Bangladesh Shishu Academy and Bangladesh Jatiyo Mohila Sangstha.



**Faruq A. Choudhury**  
Chairman, Delta-BRAC Housing Finance Corporation

Mr. Choudhury played a significant role in developing the Bangladesh foreign office and was appointed the first chief of protocol. As Bangladesh’s foreign secretary in 1984, Mr. Choudhury was instrumental in the creation of the South Asian Association for Regional Cooperation (SAARC), subsequently serving as secretary-general of the first SAARC summit.



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

Mr. Hassan is a businessman who has been involved in marketing of garments produced in Bangladesh to Europe since 1986. He is the managing director of Echo Sourcing Ltd UK. He was born in Baniyachong, Bangladesh in 1958 and received his MSc in process analysis and development from Aston University, Birmingham, UK.



**Shabana Azmi**  
Actor and social activist

Ms. Azmi is an internationally acclaimed actress who was a member of the Indian Parliament and a UN Goodwill Ambassador. She has undertaken campaigns on various issues, particularly social justice, women’s rights, slum dwellers’ concerns and AIDS awareness. Ms. Azmi was chosen by Time magazine as one of 25 Asian heroes and was the only woman amongst the four Indians included.



**Luva Nahid Choudhury**  
Director General, Bengal Foundation

Ms. Choudhury is an architect who was a part of the Bangladesh government service

for 10 years and currently heads Abashan Upodeshta Ltd, an architecture practice in Dhaka. She is the director general of the Bengal Foundation, a trust that supports and promotes the arts in Bangladesh. She also heads ICE Media Ltd., a leading publishing concern.



**Kazi Aminul Huque**  
Founder Trustee, Transparency International, Bangladesh Chapter

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



**Sylvia Borren**  
Director, Greenpeace Netherlands

Ms. Borren is director of Greenpeace Netherlands; co-chair of the Global Call for Action Against Poverty (GCAP) and of its Dutch Chapter, EEN; independent chairperson of a programme with Education International, a global trade union; co-chair of Worldconnectors, a Dutch network of concerned citizens; and former executive director of Oxfam Novib.



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

Dr. Hossain is an internationally renowned development economist. He was the head of the social sciences division and a programme leader for the rain-fed ecosystems programme of the International Rice Research Institute (IRRI), Philippines. He was also the director general of Bangladesh Institute of Development Studies. Dr. Hossain was awarded the first gold medal from the Bangladesh Agricultural Economist Association in 1985.



**Syed Humayun Kabir**  
Founder, Sajida Foundation

Mr. Kabir currently serves as a trustee of the Centre for Policy Dialogue (CPD), and the chairman of Renata Ltd. Previously, he was the chairman and managing director of Pfizer in Bangladesh for 21 years. He also served as chairman and president of the Metropolitan Chamber of Commerce and Industries, Bangladesh Employers Association, Foreign Investors Chamber of Commerce and Industries, American-Bangladesh Economic Forum and Transparency International-Bangladesh. Mr. Kabir has had board level association with BRAC since 1972 and was its chairman for over 20 years.



**Rokia A. Rahman**  
Founder, Women Entrepreneurs  
Association Bangladesh and  
Women in Small Business

Ms. Rahman founded Dhaka's Presidency University in addition to several marketing outlets owned and managed by women under the name Mini Marts. In 2001, she was appointed advisor to the caretaker government of Bangladesh. Ms. Rahman is also the founder and president of Bangladesh Federation of Women Entrepreneurs and chair of Airlinks Group and Mediaworld Ltd.



**Latifur Rahman**  
Chairman and CEO, Transcom  
Group

Mr. Rahman is president of the Metropolitan Chamber of Commerce and Industry, Dhaka, and vice-president of the International Chamber of Commerce, Bangladesh. He served as president of Bangladesh Employer's Federation and has been involved with the government's fiscal and trade policy-making bodies. Mr. Rahman was awarded Business Executive of the Year 2001 by the American Chamber of Commerce, Bangladesh, and the prestigious "Oslo Business Award for Peace 2012".



**Susan Davis**  
Founding President and CEO,  
BRAC USA

Ms. Davis is a founder and current president and CEO of BRAC USA in New York. She was a founding board member and chair of the Grameen Foundation. She has led Ashoka's Global Academy for Social Entrepreneurship and co-founded the University Network for Social Entrepreneurship. Ms. Davis serves on Ashoka's international board committee and is a senior advisor to New York University's Reynolds programme on social entrepreneurship.



**Dr. Debapriya  
Bhattacharya**  
Macro-economist and public  
policy analyst

Dr. Bhattacharya is a Distinguished Fellow at the Centre for Policy Dialogue (CPD) and had been the Special Adviser on LDCs to the Secretary General, UNCTAD (2009-2010). He was the Ambassador and Permanent Representative of Bangladesh to the WTO, UN office, and other international organisations in Geneva (2007-2009). Dr. Bhattacharya was the President of UNCTAD's governing board as well as the coordinator of LDC Group in the UN System in Geneva. He was also the first Executive Director of the CPD and worked as a Senior Research Fellow at Bangladesh Institute of Development Studies (BIDS) (till April 1999).



**Irene Z. Khan**  
Director General, International  
Development Law Organisation

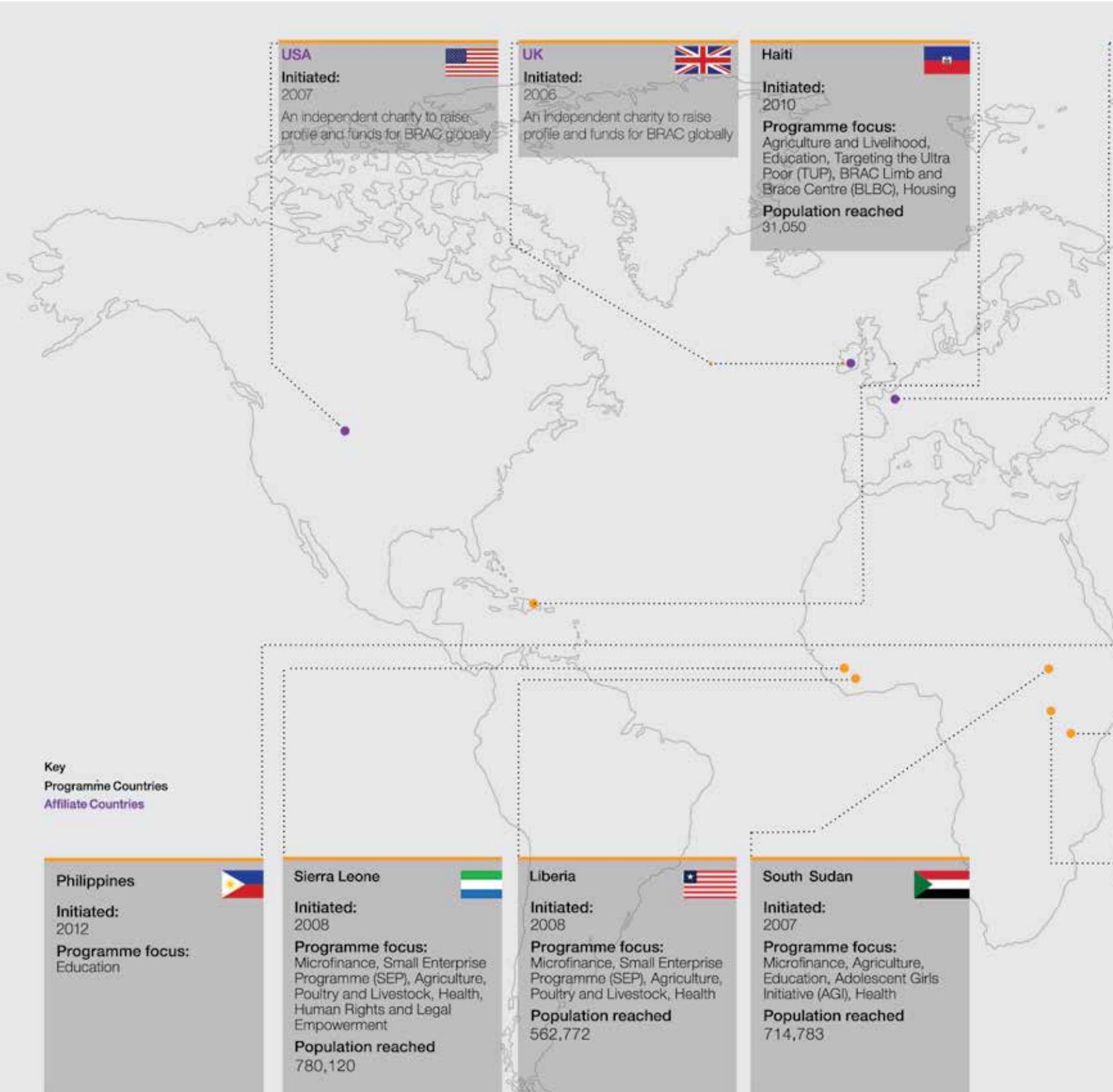
Ms. Khan serves as the director general for International Development Law Organisation, and was the secretary-general of Amnesty International (AI). She has launched worldwide campaigns to stop violence against women, control arms, and counter terror with justice. Ms. Khan contributed to the development of the INGO Accountability Charter and establishment of the Berlin Civil Society Centre. She is currently a member of the Advisory Council of Transparency International. She received the Sydney Peace Prize in 2006 for her work to combat violence against women and girls.



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

Mr. Ali is the vice chairman of Bangladesh Association of Banks. He served as the deputy governor of Bangladesh Bank, and the country head and general manager of Grindlays Bangladesh, becoming the first Bangladeshi to head a major international bank within the country. Currently, Mr. Ali is a part of several organisations' boards of directors and is a member of the global steering committee of the International Finance Corporation's performance-based grants initiative.

# BRAC across the world





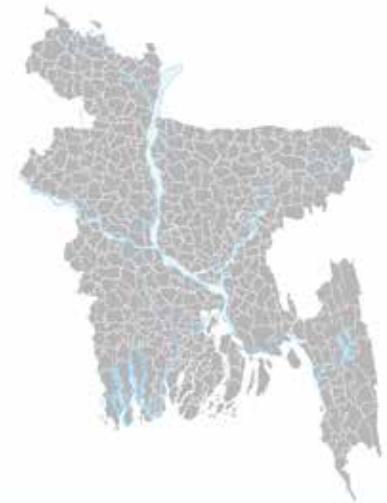
## Bangladesh



**Initiated:** 1972

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

**Population reached:** Over 113 million



Over **113 million** people served  
**90,693** employees  
 Annual expenditure USD **572 million**  
**370,300** women received assets and **849,500** received subsistence allowance  
**6.77 million** Village organisation members  
 USD **9,233.10 million** cumulative loans disbursed  
**91,000** Shasthya shebikas  
**4.4 million** pregnant women received anti-natal care  
**0.86 million** women received post natal care (PNC)  
**313,513** Malaria cases tested  
**464,334** TB patients treated  
 Operating **37,452** schools with **9.28 million** graduates  
**1,032,904** members in our community libraries  
**206,647** members in our Adolescent Development Centres  
**12,451** community institutions (Polishomaj and Union Shomaj) built  
**20,012** Union Parishad members trained  
**141,972** shows staged by our popular theatre groups  
**20,494** cases of human rights violations addressed  
**3.71 million** Graduates from our human rights and legal education  
**167,519** legal complains received  
**39,780** village WASH (Water, Sanitation & Hygiene) committees formed  
**3.4 million** Sanitary latrines installed  
**2.0 million** convert unhygienic latrine to sanitary latrine  
**3,976** deep tube-wells installed

# Development partners

## Strategic Partners



## Major Institutional Donors



## Government Alliances

Ministry of Fisheries & Livestock  
Ministry of Food and Agriculture  
Ministry of Health and Family Welfare  
Ministry of Social Welfare of Bangladesh  
Ministry of Foreign Affairs  
Directors General of Health Services

National Institute for Local Government  
Tongi Paurashava  
All Party Parliamentary Group  
Bureau of Manpower Employment and Training  
Ministry of Expatriate Welfare and Overseas Employment  
Bangladesh Overseas Employment and Services Limited  
Bureau of Manpower, Employment and Training

## Knowledge Partners

 Yuan's Hi-tech Seed Co., Ltd.



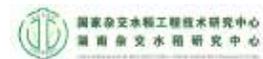
 International Water and Sanitation Centre



**fhi360**  
THE SCIENCE OF IMPROVING LIVES

+ **gmmb**  
cause the effect

 **CENTRE FOR POLICY DIALOGUE (CPD)**  
B A N G L A D E S H  
a civil society think-tank



 **TRANSPARENCY INTERNATIONAL BANGLADESH**  
Social movement against corruption

 **INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE**  
sustainable solutions for ending hunger and poverty  
Supported by the CGIAR

**SIT Study Abroad**  
a program of World Learning



**BRAC**

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

**Independent Auditors' Report  
and  
Audited Financial Statements**

**For the year ended 31 December 2011**

**Baker Tilly Pitcher Partners**  
Chartered Accountants  
Sydney, Australia

**ACNABIN**  
Chartered Accountants  
Dhaka, Bangladesh





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## INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF BRAC

### Financial Statements for the Year Ended 31 December 2011

#### Report on the Financial Statements

We have audited the accompanying financial statements of BRAC (registered in Bangladesh as a society under the Societies Registration Act 1860 and operating as a non-government development organisation), which are set out on pages 01 to 38, and which comprise the balance sheet as at 31 December 2011, and the statement of income and expenditure, statement of changes in net assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Governing Body of BRAC's Responsibility for the Financial Statements*

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

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

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the applicable international auditing standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures



that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

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

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

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respect, the financial position of BRAC as of 31 December 2011 and the results of its operations and its cash flows for the year then ended in conformity with the accounting policies summarized in Note 2 to the financial statements.

*Baker Tilly Pitcher Partners*

**Baker Tilly Pitcher Partners**  
Chartered Accountants  
Sydney, Australia

*ACNABIN*

**ACNABIN**  
Chartered Accountants  
Dhaka, Bangladesh

14 March 2012

**BRAC**

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

**Balance Sheet**

as at 31 December 2011

	Notes	2011 Taka	2010 Taka
<b>ASSETS</b>			
Cash in hand and at banks	3	10,726,197,131	10,423,106,239
Advance, deposits and prepayments	4	2,257,580,907	2,007,050,318
Inventories	5	3,109,682,789	2,617,486,777
Grants and accounts receivable	6	1,522,043,694	1,540,876,086
Microfinance loans	7	48,399,046,115	38,946,761,741
Motorcycle loans	8	743,562,017	823,406,928
Investments in securities and others	9	235,000,000	170,550,000
Investments in related undertakings	10	7,399,808,731	6,966,792,236
Property, plant and equipment	11	7,838,616,600	7,491,768,947
<b>TOTAL ASSETS</b>		<b>82,231,537,984</b>	<b>70,987,799,272</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
Liabilities for expenses and materials	12	4,029,999,595	2,666,901,064
Bank overdrafts	13	5,120,907,332	3,199,576,993
Term loans	14	11,165,623,568	13,067,575,022
Members' savings deposits	15	22,364,367,269	19,966,011,588
Members project & current account		16,695,598	15,706,367
Grants received in advance account	16	5,762,859,156	1,507,216,363
Securitized financing	17	-	645,297,797
Deferred income	18	216,957,532	254,558,723
Other long term liabilities	19	6,374,465,005	5,563,709,403
Provision for taxation	25	640,941,030	490,941,030
<b>Total Liabilities</b>		<b>55,692,816,085</b>	<b>47,377,494,350</b>
<b>Net Assets:</b>			
<b>Capital fund</b>			
-unrestricted		25,679,805,212	22,812,130,179
-temporarily restricted		858,916,687	798,174,743
		26,538,721,899	23,610,304,922
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>82,231,537,984</b>	<b>70,987,799,272</b>

The annexed notes form an integral part of these statements.



Chairperson, Governing Body  
BRAC  
Dhaka, March 14, 2012



Group CFO  
BRAC



Executive Director  
BRAC

**BRAC**

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

**Statement of Income and Expenditure**

for the year ended 31 December 2011

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2011 Taka
<b>Income</b>				
Donor grants	20	2,297,640	10,044,483,277	10,046,780,917
Revenue from:				
- Income Generating Projects		7,342,675,873	-	7,342,675,873
- Program Support Enterprises		3,372,806,327	-	3,372,806,327
Service charges on microfinance loans		11,851,912,448	-	11,851,912,448
Interest on bank accounts and fixed deposits	21	230,537,415	135,292,609	365,830,024
Investment income	22	545,994,809	-	545,994,809
Other income	23	517,944,253	766,834	518,711,087
Income from House Property		90,861,598	-	90,861,598
<b>Total income</b>	30, 31	23,955,030,363	10,180,542,720	34,135,573,083
<b>Expenditure</b>				
Income Generating Projects		6,353,877,329	-	6,353,877,329
Program Support Enterprises		3,157,743,553	-	3,157,743,553
House Property		80,197,303	-	80,197,303
Education Programme		73,051,304	3,360,953,720	3,434,005,024
Ultra Poor Programme		54,188,500	2,083,148,616	2,137,337,116
Community Empowerment Programme		3,681,981	157,618,323	161,300,304
Human Rights and Legal Services		-	136,546,758	136,546,758
Health Programme		94,751,304	2,646,985,983	2,741,737,287
Water, Sanitation and Hygienic Programme		-	829,577,150	829,577,150
Gender, Justice and Diversity Programme		9,776,923	90,062,688	99,839,611
Micro Finance Programme		10,497,901,219	-	10,497,901,219
Food Security and Climate Change		38,901,638	437,089,680	475,991,318
Other Development Projects		8,212,534	395,870,066	404,082,600
Grants	24	306,040,276	-	306,040,276
<b>Total expenditure</b>	30, 31	20,678,323,864	10,137,852,984	30,816,176,848
Surplus of income over expenditure before taxation		3,276,706,499	42,689,736	3,319,396,235
Taxation	25	(150,000,000)	-	(150,000,000)
<b>Net surplus for the year</b>		3,126,706,499	42,689,736	3,169,396,235

The annexed notes form an integral part of these statements.


Chairperson, Governing Body  
BRAC  
Dhaka, March 14, 2012

Group CFO  
BRAC

Executive Director  
BRAC

## BRAC

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

### Statement of Income and Expenditure

for the year ended 31 December 2010

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2010 Taka
<b>Income</b>				
Donor grants	20	3,286,265	9,794,792,077	9,798,078,342
Revenue from:				
- Income Generating Projects		6,126,566,445	-	6,126,566,445
- Program Support Enterprises		3,065,014,378	-	3,065,014,378
Service charges on microfinance loans		11,815,741,388	-	11,815,741,388
Interest on bank accounts and fixed deposits	21	582,702,295	69,209,002	651,911,297
Investment income	22	488,187,821	-	488,187,821
Other income	23	520,136,348	503,775	520,640,123
Income from House Property		83,411,607	-	83,411,607
<b>Total income</b>	30, 31	22,685,046,547	9,864,504,854	32,549,551,401
<b>Expenditure</b>				
Income Generating Projects		5,220,943,569	-	5,220,943,569
Program Support Enterprises		2,762,233,334	-	2,762,233,334
House Property		55,604,552	-	55,604,552
Education Programme		43,211,718	3,600,183,169	3,643,394,887
Ultra Poor Programme		42,575,320	1,936,897,836	1,979,473,156
Community Empowerment Programme		119,642	123,154,496	123,274,138
Human Rights and Legal Services		-	114,870,293	114,870,293
Health Programme		177,831,154	2,159,360,145	2,337,191,299
Water, Sanitation and Hygienic Programme		-	1,460,358,470	1,460,358,470
Gender, Justice and Diversity Programme		-	49,205,928	49,205,928
Micro Finance Programme		10,076,784,721	-	10,076,784,721
Food Security and Climate Change		23,857,930	219,283,641	243,141,571
Other Development Projects		199,287,736	130,146,940	329,434,676
<b>Total expenditure</b>	30, 31	18,602,449,676	9,793,460,918	28,395,910,594
Surplus of income over expenditure before taxation		4,082,596,871	71,043,936	4,153,640,807
Taxation	25	(212,000,000)	-	(212,000,000)
<b>Net surplus for the year</b>		3,870,596,871	71,043,936	3,941,640,807

The annexed notes form an integral part of these statements.

**BRAC**

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

**Statement of Changes in Net Assets**

for the year ended 31 December 2011

	Capital Fund		Total Net Assets Taka
	Unrestricted Taka	Temporarily Restricted Taka	
At 1 January 2010	18,670,754,955	699,110,829	19,369,865,784
Net surplus for the year	3,870,596,871	71,043,936	3,941,640,807
Transferred to relief and rehabilitation fund	(50,000,000)	-	(50,000,000)
Transferred to emergency reserve fund	(111,957,867)	-	(111,957,867)
Non-operating appreciation in Related Undertakings	432,333,757	-	432,333,757
Transferred from Motorcycle Replacement Fund	402,463	28,019,978	28,422,441
At 31 December 2010	22,812,130,179	798,174,743	23,610,304,922
At 1 January 2011	22,812,130,179	798,174,743	23,610,304,922
Net surplus for the year	3,126,706,499	42,689,736	3,169,396,235
Transferred to relief and rehabilitation fund	(50,000,000)	-	(50,000,000)
Non-operating appreciation in Related Undertakings	(209,433,929)	-	(209,433,929)
Transferred from Motorcycle Replacement Fund	402,463	18,052,208	18,454,671
At 31 December 2011	25,679,805,212	858,916,687	26,538,721,899

The annexed notes form an integral part of these statements.

## BRAC

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

### Statement of Cash Flows

for the year ended 31 December 2011

Note	2011 Taka	2010 Taka
<b>Cash flows from operating activities:</b>		
Surplus of income over expenditure before taxation	3,319,396,235	4,153,640,807
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Loan loss provision	1,686,378,613	1,910,811,625
Depreciation	517,054,235	452,463,727
Gain on disposal of property, plant and equipment	(25,325,849)	(4,495,241)
Loss on disposal of property, plant and equipment	-	1,304,595
Land gifted to BRAC University	246,040,276	-
Share of results in related undertakings	(552,653,565)	(488,451,308)
Reversal of impairment in value of investment in related undertakings	6,658,756	263,487
Donor grants - amortisation of investment in property, plant and equipment	(28,638,042)	(76,368,678)
Interest on fixed deposits and bank accounts	(365,830,024)	(651,911,297)
Adjustments for other accounts:		
(Increase)/ Decrease in service charge outstanding on microfinance loans	(164,794,331)	(60,286,671)
(Increase)/ Decrease in inventories	(492,196,012)	(819,147,718)
(Increase)/ Decrease in advances, deposits and prepayments	(250,530,589)	(527,264,290)
(Increase)/ Decrease in accounts receivable, net	(174,116,604)	(7,641,292)
(Increase)/ Decrease in motorcycle loans	79,844,911	(70,713,484)
Increase/ (Decrease) in liabilities for expenses and materials	1,363,098,531	828,066,510
Increase/ (Decrease) in deferred income	9,491,522	30,952,633
Increase/ (Decrease) in Bank overdrafts	1,921,330,339	(1,170,751,164)
Net cash provided by operating activities	7,095,208,402	3,500,472,241
<b>Cash flows from investing activities:</b>		
Increase/ (Decrease) in microfinance loans	(10,973,868,656)	(1,243,038,516)
(Increase)/ Decrease in fixed deposits pledged with financial institutions	(894,395,159)	(112,149,712)
(Increase)/ Decrease in fixed deposits unpledged	(228,677,509)	(866,599,825)
(Increase)/ Decrease in short term deposits unpledged	1,510,189,181	3,207,754,617
(Increase)/ Decrease in investments in related undertakings	(215,633,107)	(1,241,071,514)
Interest received on fixed deposits and bank accounts	365,830,024	651,911,297
Purchase of property, plant and equipment	(1,176,979,162)	(2,340,880,579)
Proceeds from disposal of property, plant and equipment	92,362,847	8,527,327
Income from sales of share of related undertakings	-	800,000
Dividends received from related undertakings	119,177,492	8,650,227
(Investments in )/Realisation of investment in securities and others	(64,450,000)	(36,450,000)
Net cash used in investing activities	(11,466,444,049)	(1,962,546,678)

**BRAC**

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

**Statement of Cash Flows**

for the year ended 31 December 2011

	<b>Note</b>	<b>2011 Taka</b>	<b>2010 Taka</b>
<b>Cash flows from financing activities:</b>			
Grants received during the year		14,476,226,186	9,749,515,276
Grants utilised during the year for:			
-operational expenditure & micro-finance		(10,018,142,875)	(9,721,709,664)
-investment in property, plant and equipment		(6,647,522)	(12,466,233)
-motorcycle replacement funds		(2,844,000)	(18,486,400)
Net increase/(decrease) in securitised financing		(645,297,797)	182,937,489
Increase/ (Decrease) in term loans		(1,901,951,454)	(4,172,190,117)
Increase/ (Decrease) in members savings deposits		2,398,355,681	1,567,393,440
Increase/ (Decrease) in other long term liabilities		760,755,602	864,729,290
Increase/(Decrease) in members project and current accounts		989,231	581,040
Net cash (used in)/ provided by financing activities		5,061,443,052	(1,559,695,879)
Net (decrease)/increase in cash and cash equivalents		690,207,405	(21,770,316)
Cash in hand and at bank, beginning of the year		3,691,228,298	3,712,998,614
Cash in hand and at bank, end of the year	3.1	4,381,435,703	3,691,228,298

The annexed notes form an integral part of these statements.

## BRAC

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

### Notes to Financial Statements

as at and for the year ended 31 December 2011

#### 1 Introduction:

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

#### 2 Summary of Significant Accounting Policies:

BRAC prepares its financial statements on a going concern basis, under the historical cost convention, except for investments in shares in listed companies classified within investment in related undertakings (Note 10), which are valued under equity method. BRAC generally follows the accrual basis of accounting or a modified form thereof for key income and expenditure items. The financial statements have been prepared in accordance with comprehensive guidelines and policies as disclosed in the forthcoming paragraphs. The financial statements are expressed in Bangladesh Taka.

The accounting policies have been materially consistent over the years as applied and followed in the preparation and presentation of these financial statements are summarized below:

##### 2.1 Basis of preparation of financial statements

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

These financial statements include the financial statements of BRAC and, on an equity accounted basis, those of the related undertakings set out in Note 10 in which BRAC has equity interests through which it exercises control or significant influence. As stated in Note 2.4, BRAC, being a society under the Societies Registration Act, 1860, is not subject to any requirement to prepare consolidated financial statements.

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

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

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

## 2 Summary of Significant Accounting Policies (contd.):

### 2.1 Basis of preparation of financial statements (contd.):

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

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

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

### 2.2 Functional and presentation currency

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

### 2.3 Foreign currency transactions and translations

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

Monetary assets and liabilities denominated in foreign currencies as at 31 December 2011 have been converted into taka at the exchange rates prevailing at that date.

#### Translation gains and losses

Monetary assets and liabilities denominated in foreign currencies as at 31 December 2011 have been converted into taka at the exchange rates prevailing at that date.

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

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

	Dec. 2011 Taka	Dec. 2010 Taka
United States Dollars	81.25	70.35
Euro	104.88	91.65
Great Britain Pound	124.55	106.88
Australian Dollars	81.2	-

BRAC's foreign currency denominated assets and liabilities are disclosed in Note 27.

### 2.4 Non-consolidation

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

## **2 Summary of Significant Accounting Policies (contd.):**

### **2.5 Donor Grants**

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

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

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

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

### **2.6 Revenue Recognition**

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

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

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

Micro finance program- Service charge on microfinance loans

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

Investment income

Interest on bank accounts, fixed deposits, debentures

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

House Property Income

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

Dividend income

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

Other income

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

## 2 Summary of Significant Accounting Policies (contd.):

### 2.7 Expenses

Programme related expenses arise from goods and services being distributed to beneficiaries in accordance with the programme objectives and activities. BRAC's Head Office overhead expenses are allocated to various projects and programmes at a range of 7% to 10% of their costs, based on agreement with donors or management's judgement.

### 2.8 Property, plant and equipment

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

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

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

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

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

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

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

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

### 2.9 Microfinance loans

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

## 2 Summary of Significant Accounting Policies (contd.):

### 2.10 Provision for Loan Losses

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

Loan Classification	Days in Arrears	Provision required
Standard	Current (no arrears)	2%
Watchlist	1 - 30	5%
Substandard	31 - 180	25%
Doubtful	181 - 350	75%
Loss	Over 350	100%

### 2.11 Loans written off

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

### 2.12 Securitisation of Micro Finance Loans

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

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

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

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

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

Funds received from the sale of the Designated Loans are recorded as a liability in the Securitised Financing Account, as stated in Note 17. Upon collection from members, BRAC is required to remit the collections based on the agreed terms to the Trustee, and this is accounted for through the Securitised Financing Account. Any prepayment of loans are separately accounted for, and applied as payments against the Securitised Financing Account as the loans mature.

### 2.13 Provision for Liabilities

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

## **2 Summary of Significant Accounting Policies (contd.):**

### **2.14 Investment in Related Undertakings**

Related undertakings refer to separately-established undertakings in which BRAC has effective equity interests of more than 20%. Details of these undertakings are disclosed in Note 10.

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

### **2.15 Investment in Securities and Others**

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

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

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

### **2.16 Accounts Receivable**

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

### **2.17 Inventories**

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

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

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

### **2.18 Motorcycle Replacement Fund**

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

## **2 Summary of Significant Accounting Policies (contd.):**

### **2.19 Self - Insurance Funds**

BRAC has created a self-insurance fund to cover the risks of cyclone and fire on its properties and motorcycles. This self-insurance fund is based on estimates by the Governing Body, and as from 2001, by reference to external actuarial valuations. It is held as a provision within 'Other long term liabilities', as depicted in Note 19, and is not externally funded.

BRAC also sets aside monthly amounts equivalent to 1% of the basic salary of employees, to constitute the group self-insurance fund. This fund is to cover liabilities arising out of death and other permanent injuries suffered by the employees. The terms of employment provide for payment in the event of death or permanent injury, of amounts ranging from 12 months' equivalent of basic salary in the first year of employment, to 50 months' equivalent of basic salary in the 10th year of employment onwards. The self-insurance fund for employees is held as a provision, also within 'Other long term liabilities' and is not externally funded. It is based on estimates by the Governing Body, and as from 2001, by reference to external actuarial valuations.

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediate following financial periods have been determined based on actuarial valuations carried out in 2011 in respect of the funds, and are disclosed in Note 19 to the financial statements. It is BRAC's policy to carry out actuarial reviews at least every three years to assess the adequacy of the provisions in respect of these funds.

### **2.20 Employee Gratuity and Redundancy Fund**

BRAC makes provisions for an Employee Gratuity and Redundancy fund, on the basis of two months' basic salary for each completed year's service for each permanent employee (based on basic salary of the last month). The fund is held as a provision within 'Other long term liabilities', as depicted in Note 19, and is not externally funded. Gratuity is to be disbursed upon retirement of employees whilst redundancy disbursements are to be made as a one-time termination benefit in the event of cessation of service from BRAC on grounds of redundancy.

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediate following financial periods have been determined based on actuarial valuation carried out in 2011, and are disclosed in Note 19 to the financial statements. It is BRAC's policy to carry out actuarial reviews at least every three years to assess the adequacy of the provision in respect of the fund.

### **2.21 Employee Provident Fund**

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

### **2.22 Taxation**

Under the Income Tax Ordinance (ITO), 1984, BRAC is subject to taxation for some of its projects and keeps their provision for taxation for its various projects i.e. Aarong, Printers & Printing Pack, Non agro Support Program, Self financing Social Development Program and House Property as referred in Note 25. As per Sixth Schedule, Part- A, Para- 1A of ITO 1984, income from Microfinance activities are tax exempted.

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

### **2.23 Borrowing Costs**

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

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

## **2 Summary of Significant Accounting Policies (contd.):**

### **2.24 Impairment of Assets**

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

An impairment loss is recognised as an expense in the statement of income and expenditure immediately. Impairment losses recognized previous year should be revised in the statement of income and expenditure in case of impairment gain.

### **2.25 Goodwill**

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

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

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

### **2.26 Financial Instruments**

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

- a) **Investments in Related Undertakings**  
Investments in related undertakings are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.24.
- b) **Receivables**  
Receivables are carried at anticipated realisable values. Bad debts are written off when identified and an estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.
- c) **Payables**  
Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.
- d) **Interest-Bearing Borrowings**  
Interest-bearing bank loans, overdrafts and securitised financing are recorded at the amount of proceeds received, net of transactions costs. For borrowings made specifically for the purpose of acquiring a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investments of funds drawdown from that borrowing facility.

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

### **2.27 Cash in hand and at banks**

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

## **2 Summary of Significant Accounting Policies (contd.):**

### 2.28 Related parties

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

Disclosures relating to Related Parties are stated in Note 10 and Note 26.

### 2.29 Contingent liability

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

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

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

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

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

### 2.30 Events after the balance sheet date

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

### 2.31 Implementation of MRA Regulations 2010

MRA Regulation 2010 has been put into implementation at all level of operations. Hence the effect of this regulation has been materially reflected in figures relating to microfinance activities of the organization

### 2.32 Comparative Figures

From 2011 we have changed presentation of line items on the face of statement of income and expenditure. This has been done to meet the requirement of strategic Partnership Arrangement (SPA). The 2010 comparatives have been restated to conform to current year's presentation.

	2011 Taka	2010 Taka
<b>3. Cash in hand and at banks</b>		
Cash in hand and at banks (Note 3.1)	4,381,435,703	3,691,228,298
Deposits (Note 3.2)	6,344,761,428	6,731,877,941
	<u>10,726,197,131</u>	<u>10,423,106,239</u>
3.1 Cash in hand and at bank		
Cash in hand	269,683,303	170,260,697
Cash at banks	4,111,752,400	3,520,967,601
	<u>4,381,435,703</u>	<u>3,691,228,298</u>
3.2 Deposits		
Fixed deposits pledged with financial institutions (Notes 13 and 14)	3,223,775,256	2,329,380,097
Fixed deposits unpledged	1,729,256,459	1,500,578,950
Short term deposit unpledged	1,391,729,713	2,901,918,894
	<u>6,344,761,428</u>	<u>6,731,877,941</u>
<b>4. Advance, deposits and prepayments</b>		
Advances:		
Employees	383,815,393	231,979,277
Suppliers	700,295,041	485,789,450
Advance for tax	774,388,509	594,294,683
	<u>1,858,498,943</u>	<u>1,312,063,410</u>
Deposits:		
Deposits for facilities and utilities	8,994,318	3,706,863
Debt service reserve for securitised financing	128,341,644	352,580,661
Prepayments	261,746,002	338,699,384
	<u>2,257,580,907</u>	<u>2,007,050,318</u>
<b>5. Inventories</b>		
Seeds and feed	513,470,947	452,640,450
Medical supplies and consumables	58,279,398	24,080,154
Printing and stationery	183,837,616	190,037,022
Handicraft goods	2,021,898,485	1,742,557,863
Dairy products	148,059,102	100,208,677
Programme materials	184,137,241	107,962,611
	<u>3,109,682,789</u>	<u>2,617,486,777</u>
<b>6. Grants and accounts receivable</b>		
Grants receivable (Note 16)	462,967,538	655,916,534
Interest receivable on fixed deposits and bank accounts	457,705,147	346,207,739
Other accounts receivable	634,636,109	571,715,444
	<u>1,555,308,794</u>	<u>1,573,839,717</u>
Provision for doubtful debts	(33,265,100)	(32,963,631)
	<u>1,522,043,694</u>	<u>1,540,876,086</u>

Included in interest receivable on fixed deposits is Tk. 167,989,433 (2010: Tk. 105,567,896) receivable after 12 months.

## 7. Microfinance loans

	Principal outstanding Taka	Service charge receivable Taka	Loan loss provision Taka	Total Taka
At January 1, 2011	43,640,642,907	200,403,449	(4,894,284,615)	38,946,761,741
Additions	86,267,527,000	11,427,470,781	(1,686,378,613)	96,008,619,168
Realisation	(75,293,658,344)	(11,262,676,450)	-	(86,556,334,794)
Write-off	(1,978,930,413)	(163,200,499)	2,142,130,912	-
At December 31, 2011	52,635,581,150	201,997,281	(4,438,532,316)	48,399,046,115

Loans to members bear annual service charges 20% to 27% (declining balance method). Repayments are made in weekly/monthly installments.

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

Loan Classification	Days in Arrears	Rate of Provision for 2011	Loan Outstanding 2011 Taka	Loan loss Provision 2011 Taka	Loan Principal 2010 Taka	Loan loss Provision 2010 Taka
Standard	Current (no arrears)	2%	47,461,369,150	949,227,383	36,857,200,789	1,105,716,024
Watchlist	1 - 30	5%	998,687,552	49,934,378	3,498,083,720	174,904,186
Substandard	31 - 180	25%	959,179,375	239,794,844	252,887,442	50,577,488
Doubtful	181 - 350	75%	67,077,446	50,308,085	1,059,279,943	794,459,957
Loss	Over 350	100%	3,149,267,627	3,149,267,627	2,173,594,462	2,173,594,462
Additional provision for AILA			-	-	-	164,152,898
Additional 1% provision on DABI						430,879,600
			52,635,581,150	4,438,532,316	43,841,046,356	4,894,284,615

Microfinance loans include certain securitised loan receivables as follows :

	2011 Taka		
	Principal	Interest	Total
Securitised Microfinance Loans	5,093,625,382	781,908,706	5,875,534,088
Less : Collections from members in respect of securitised loans	5,093,625,382	781,908,706	5,875,534,088
	-	-	-

## 7. Microfinance loans (contd.)

In July 2006, BRAC entered into an asset securitization financing arrangement involving the sale of a designated pool of micro finance loan receivables ("Designated Loans") to Eastern Bank Limited ("EBL" or "Trustee"), to raise funds of up to an aggregate of USD 180 million (approximately Taka 12.6 billion) over a period of 6.5 years. Under the arrangement, 12 tranches will be drawn, out of which 7 tranches had already been drawn.

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

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

Apart from the sale of the Designated Loans, BRAC is also obligated to ensure that collateral represented by other microfinance loan receivables ("Collateral Loans") valued at not less than 50% of the Designated Loan outstanding balance is maintained as additional security for the financing arrangement. In addition, BRAC is required to make a security deposit to the Trustee which may be applied towards payments for any amounts due to the Trustee in the event of insufficient funds. At 31 December 2011, total Collateral and Designated Loans have been settled down against securitization transaction.

## 8. Motorcycle Loans

Opening balance  
Addition during the year  
Realization during the year

2011 Taka	2010 Taka
823,406,928	752,693,444
2,343,000	144,206,000
(82,187,911)	(73,492,516)
<u>743,562,017</u>	<u>823,406,928</u>

## 9. Investments in securities and others

DBH 1st Mutual Fund  
Bangladesh Bank Bonds

2011 Taka	2010 Taka
60,000,000	60,000,000
175,000,000	110,550,000
<u>235,000,000</u>	<u>170,550,000</u>

The Bangladesh Bank Bonds earned interest at 8.5% (2010: 8.5%) per annum respectively during the year.

Market value of DBH 1st Mutual Fund at 31 December 2011 was Tk.8.30 per unit (2010: Tk.16.10) and Tk.8.30 per unit (2010: Tk.16.40) on the Dhaka "DSE" and Chittagongj "CSE" stock exchanges respectively.

## 10 Investments in related undertakings

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

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

Represented by:

Share of net tangible assets

Goodwill on acquisition

Loans

2011	2010
6,277,333,061	6,069,949,673
178,957,827	178,957,827
943,517,843	717,884,736
7,399,808,731	6,966,792,236

## 10 Investments in related undertakings (contd)

Related undertakings (All Incorporated in Bangladesh)	2011	2010	Principal activities
BRAC Bank Ltd.	43.77	43.77	Banking business, listed on the Dhaka and Chittagong Stock Exchanges
BRAC Industries Ltd.	99.9	99.9	Cold storage
BRAC BD Mail Network Ltd.	20.0	20.0	Internet service provider
BRAC Services Ltd.	100.0	100.0	Hospitality
Delta BRAC Housing Finance Corp.Ltd.	18.39	20.37	Housing finance, listed on the Dhaka and Chittagong Stock Exchanges
Documenta TM Ltd.	70.0	70.0	Software development
BRAC Kamafuli Tea Company Ltd.	99.9	99.9	Tea plantation
BRAC Kaiyachara Tea Company Ltd.	99.9	99.9	Tea plantation
BRAC Banshkhali Tea Company Ltd.	99.9	99.9	Tea plantation
BRAC Kodala Tea Company Ltd.	99.1	99.1	Tea plantation
Bangladesh Netting Factory Ltd.	94.0	94.0	Poultry Processing
BRAC Assets Management Company Ltd.	26.0	26.0	Management of Assets and Portfolio Investment

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

Loans represent finance provided for working capital and earn 12% (2010: 12%) interest per annum. These loans have no fixed repayment terms.

The market value of BRAC Bank Ltd. shares at 31 December 2011 was Tk. 45.7 per share (2010: Tk 85.63) and Tk.46.0 per share (2010: Tk.85.85 on the Dhaka ("DSE") and Chittagong ("CSE") Stock Exchanges respectively.

The market value of Delta BRAC Housing Finance Corporation Ltd. shares at 31 December 2011 was Tk. 91.60 per share (2010: Tk.249.80) and Tk. 88.0 per share (2010: Tk.254.0) on the DSE and CSE respectively.

Significant events during the year:

### BRAC Bank Ltd.

On December 01, 2011 the face value of each share has changed from Tk.100 per share to Tk.10 per share and market lot of shares from 50 shares to 500 shares in each lot.

### Delta BRAC Housing Finance Corp.Ltd.

On December 01, 2011 the face value of each share has changed from Tk. 100 per share to Tk. 10 per share.

**11. Property, plant and equipment**

Group of fixed assets	Amount in Taka										
	Opening balance		Cost			Depreciation			Written down value		
	01-01-2011	Additions during the year	Transferred during the year	Disposals and written offs during the year	Closing balance 31-12-2011	Opening balance 01-01-2011	Charged during the year	Adjustment/ disposals and written offs during the year	Closing Balance 31-12-2011	31-12-2011	Written down value 31-12-2010
Freehold land	4,073,852,475	302,548,665	-	(257,631,076)	4,118,770,064	-	-	-	1,280,211,367	4,118,770,064	4,073,852,475
Buildings	3,243,405,787	-	232,501,088	(65,446,198)	3,420,460,677	1,116,577,097	163,634,270	-	536,180,690	2,140,249,310	2,126,828,690
Furniture & fixtures	715,000,837	151,604,027	-	(12,916,244)	853,688,620	487,777,563	61,319,371	(12,916,244)	982,577,325	317,507,930	227,223,274
Equipment	1,204,469,227	132,527,252	-	(2,986,491)	1,334,009,988	903,368,719	82,195,097	(2,986,491)	279,999,696	351,432,663	301,100,508
Computer	292,191,273	59,675,468	-	(9,196,471)	342,670,270	254,242,872	34,963,295	(9,196,471)	279,999,696	62,670,574	37,948,401
Vehicles	480,634,841	81,133,567	-	(11,872,236)	549,896,172	354,387,725	51,374,402	(11,872,236)	393,889,891	156,006,281	126,247,116
Bicycles	33,722,822	533,777	-	(1,034,909)	33,221,690	23,779,279	2,252,645	(1,034,909)	24,997,015	8,224,675	9,943,543
Machinerics	901,125,623	44,036,120	-	(10,194,251)	934,967,492	572,915,436	68,310,681	(10,194,251)	631,031,866	303,935,626	328,210,187
Deep tubewells and tanks	16,777,308	2,596,481	-	-	19,373,789	12,505,031	1,431,702	-	13,936,733	5,437,056	4,272,277
Hatcheries	12,277,691	748,101	-	-	13,025,792	11,151,430	1,874,362	-	13,025,792	-	1,126,261
Camp/Poultry/Livestock sheds	213,805,940	66,046,006	-	-	279,851,946	102,130,481	18,023,706	-	120,154,187	159,697,759	111,675,459
Motorcycles	1,466,495	81,250	-	-	1,547,745	1,466,494	-	-	1,466,494	81,251	1
Construction work-in-progress	97,640,380	235,790,683	(232,501,088)	-	100,929,975	96,178,462	-	-	-	100,929,975	97,640,380
Crates/Mannequins/Samples/Antiques	141,878,837	99,657,765	-	-	241,536,602	241,536,602	31,684,704	-	127,863,166	113,673,436	45,700,375
<b>Total 2011</b>	<b>11,428,249,536</b>	<b>1,176,979,162</b>	<b>-</b>	<b>(361,277,876)</b>	<b>12,243,950,822</b>	<b>3,936,480,589</b>	<b>517,054,235</b>	<b>(48,200,602)</b>	<b>4,405,334,222</b>	<b>7,838,616,600</b>	<b>7,491,768,947</b>
<b>Total 2010</b>	<b>9,124,648,893</b>	<b>2,340,880,579</b>	<b>-</b>	<b>(37,279,936)</b>	<b>11,428,249,536</b>	<b>3,515,960,117</b>	<b>452,463,727</b>	<b>(31,943,255)</b>	<b>3,936,480,589</b>	<b>7,491,768,947</b>	

**Allocation of depreciation:**

	Dec. 2011	Dec. 2010
i) included in cost of sales of commercial projects	78,915,250	20,912,913
ii) included in programme related expenses	438,138,985	431,550,814
	<b>517,054,235</b>	<b>452,463,727</b>

An amount of Tk. 28,638,042 (2010: 76,368,678) has been transferred to the statement of income and expenditure from Deferred income - investment in fixed assets to cover the depreciation charge for donor funded fixed assets as disclosed in Notes 18 & 20.

Landed properties with an aggregate net book value of Tk. 1,136,850,570 (2010: 1,024,045,904) have been pledged to secure overdraft facilities and term loans as disclosed in Notes 13 and 14 to the financial statements.

**12. Liabilities for expenses and materials**

Liabilities for expenses  
Liabilities for goods  
Advances received for training, publications, supplies etc.

2011 Taka	2010 Taka
2,717,731,595	1,577,772,259
406,267,962	414,963,214
906,000,038	674,165,591
<u>4,029,999,595</u>	<u>2,666,901,064</u>

**13. Bank overdrafts**

	2011 Taka	2010 Taka
AB Bank Ltd.	29,547,466	182,822,348
* Agrani Bank Ltd.	25,229,525	141,636,178
* Bangladesh Krishi Bank (BKB)	234,356,307	42,872,603
Bank Alfalah Ltd.	16,851,418	55,339,922
Bank Asia Ltd.	4,760,839	123,515,632
Dhaka Bank Ltd.	139,891	200,840,411
Dutch Bangla Bank Ltd.	9,668,094	14,923,031
Eastern Bank Ltd.	21,530,133	55,483,086
HSBC Bank Ltd.	48,254	-
IFIC Bank Ltd.	351,448	279,076,744
Janata Bank Ltd.	16,471,629	133,583,135
National Bank Ltd.	-	114,530,337
Premier Bank Ltd.	3,335,451	47,405,853
Prime Bank Ltd.	963,316,518	280,518,600
* Pubali Bank Ltd	2,897,403,458	955,504,978
Rupali Bank Ltd.	178,584,082	118,838,954
Sonali Bank Ltd.	227,682,743	-
South East Bank Ltd.	2,183,458	29,042,538
Standard Bank Ltd.	2,016,958	10,754,804
State Bank of India	169,809	50,965,780
The Trust Bank Ltd.	482,730,946	163,492,253
United Commercial Bank Ltd.	4,528,905	113,065,678
Uttara Bank Ltd.	-	85,364,128
	<u>5,120,907,332</u>	<u>3,199,576,993</u>

\* The bank overdrafts are secured by fixed deposits amounting to Tk. 2,026,607,549 (2010: Tk 1,262,129,251) and properties amounting in aggregate to Tk. 570,271,197 (2010: 551,547,348).

The bank overdrafts were obtained for BRAC's micro-finance programme and to finance working capital requirements. The bank overdrafts bear interest at 11% -16% (2010: 11% -13%) per annum, and are repayable within 12 months.

#### 14. Term loans

	2011 Taka	2010 Taka
AB Bank Ltd.	11,791,844	246,926,183
Agrani Bank Ltd.	52,400,000	368,400,000
Bangladesh Bank	1,885,465,000	1,385,947,000
Bangladesh Commerce Bank (BCB) Ltd.	-	68,578,751
Bangladesh Krishi Bank (BKB)	90,843,614	100,000,000
Bank Asia Ltd.	400,000,000	50,435,972
BASIC Bank Ltd.	227,499,357	261,487,349
Citi Bank NA [guaranted by OPIC & IFC]	543,750,000	1,268,750,000
Citi Bank NA [local currency syndication]	190,000,000	342,000,000
Dutch Bangla Bank Ltd.	74,231,260	215,408,417
Eastern Bank Ltd.	299,785,929	355,072,194
Export Import Bank of Bangladesh (EXIM) Ltd.	-	89,391,804
FMO, Netherlands	733,607,144	978,142,857
* HSBC Bank Ltd.	1,200,000,000	390,000,000
Islamic Development Bank (IDB)	343,450,000	343,450,000
Jamuna Bank Ltd.	11,980,299	33,538,733
Janata Bank Ltd.	39,854,545	176,805,298
Mutual Trust Bank Ltd.	-	84,317,272
National Bank Ltd.	-	252,885,345
Norfund, Norwegian	293,442,856	391,257,143
Palli Karma Shahayak Foundation (PKSF)	-	180,000,000
Pubali Bank Ltd. (PBL)	57,728,118	47,291,391
* Rajshahi Krishi Unnyon Bank (RAKUB)	260,000,000	424,508,500
* Rupali Bank Ltd.	100,000,000	280,000,000
Shahjalal Islami Bank Ltd.	42,044,973	216,444,159
Sonali Bank Ltd.	220,862,915	457,332,103
Southeast Bank Ltd.	-	79,146,458
* Standard Chartered Bank (SCB)	4,086,885,714	3,862,514,284
State Bank of India	-	30,000,000
The City Bank Ltd.	-	62,500,000
Uttara Bank Ltd.	-	25,043,809
	<u>11,165,623,568</u>	<u>13,067,575,022</u>

Term Loans are analysed as follows:

Amount repayable within 12 months

7,008,824,533

7,728,476,538

Amount repayable after 12 months:

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

2,867,577,676	3,616,333,634
771,958,362	741,848,832
492,636,217	969,084,656
24,626,780	11,831,362
<u>4,156,799,035</u>	<u>5,339,098,484</u>
<u>11,165,623,568</u>	<u>13,067,575,022</u>

#### 14. Term loans (contd.)

All repayment obligations in respect of the term loans were met and no amounts were in arrears as at 31 December 2011.

\* Secured by fixed deposits amounting to Tk. 1,197,167,707 (2010: Tk.1,067,250,846) and properties amounting in aggregate to Tk. 566,579,373 (2010: Tk 472,498,556)

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

	2011	2010
PKSF	7%	7%
Other financial institutions	6%-16%	6%-15%

#### 15. Members' savings deposits

	2011 Taka	2010 Taka
Opening balance	19,966,011,588	18,398,618,148
Deposits during the year	13,744,922,600	11,454,102,166
Withdrawals during the year	(11,346,566,919)	(9,886,708,726)
Closing balance	22,364,367,269	19,966,011,588
Compulsory savings	16,510,035,153	15,558,564,949
Voluntary savings	2,246,329,535	1,692,741,587
Term deposits	3,608,002,581	2,714,705,052
	22,364,367,269	19,966,011,588

The rate of interest paid in respect of savings deposits by members was 6% - 10% (2010: 5%-10%) per annum.

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

**(a) Compulsory savings:** Each member deposits a minimum amount of Tk. 10 in a weekly meeting. The amount to be deposited weekly is fixed by the member at the inaugural meeting of the year. The interest rate is 6% per annum from 1st June 2011.

**(b) Voluntary savings:** Each member can save for 3 years, 5 years, 8 years and 10 years on a monthly basis. The voluntary savings varies between Tk.100 to Tk.1,000. The interest rate is 7% for 3 years, 7.45% for 5 years, 8.5% for 8 years and 9.02% for 10 years.

**(c) Term deposits:** Each member can save 1 to 10 years for a fixed time period. The amount will be between Tk. 10,000 to 100,000. Interest rate for maturity period 1 year is 7%, 3 years is 8% and 5 years is 9%

## 15. Members' savings deposits (contd.)

### Rules for Savings withdrawals:

- (a) A member can withdraw his/her entire amount of savings after fully repaid of loan outstanding balance including service charges on loan.
- (b) Any member can withdraw his/her savings by giving a seven (7) days written notice
- (c) BRAC can adjust the amount of bad loan balance with the savings balance of the respective defaulter loanee.

## 16. Grants received in advance account

	Note	2011 Taka	2010 Taka
At 1 January		1,507,216,363	1,436,507,867
Receivables as at 1 January		(655,916,534)	(582,061,017)
		<u>851,299,829</u>	<u>854,446,850</u>
Donations received during the year	28	14,476,226,186	9,749,515,276
Transferred to deferred income:			
- Investment in fixed assets	18	(6,647,522)	(12,466,233)
- Motorcycle replacement fund	18	(2,844,000)	(18,486,400)
Transfer to Statement of Income and Expenditure for expenditure during the year	20	(10,018,142,875)	(9,721,709,664)
		<u>5,299,891,618</u>	<u>851,299,829</u>
Receivables as at 31 December	6	462,967,538	655,916,534
At 31 December		<u>5,762,859,156</u>	<u>1,507,216,363</u>

## 17. Securitised financing

Financing for securitised receivables		645,297,796	1,573,914,708
Interest Charge		17,419,665	26,360,682
		<u>662,717,461</u>	<u>1,600,275,390</u>
Less: Repayments		662,717,461	954,977,593
		<u>-</u>	<u>645,297,797</u>

The amounts financed are in return for the sale of an identified pool of microfinance loan receivables ("Designated Loans") and in addition BRAC is also obligated to ensure that collateral represented by other microfinance loan receivables ("Collateral Loans") valued at not less than 50% of the Designated Loan balance is maintained as additional security. At 31 December 2011, total Collateral and Designated Loans have been settled down against securitization transaction.

The financing bears interest at effective rates ranging between 6.55% to 8.60% per annum.

All repayment obligations in respect of the loan have been met and no amounts were in arrears as at 31 December 2011.

2011 Taka	2010 Taka
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## 18. Deferred income

Investment in Fixed assets (Note-18.1)	182,171,246	204,161,766
Motorcycle Replacement Fund (Note-18.2)	34,786,286	50,396,957
	<u>216,957,532</u>	<u>254,558,723</u>

### 18.1 Investment in Fixed assets

At 1 January 2011		204,161,766	268,064,212
Transfer from Grant received in advance	16	6,647,522	12,466,233
Transfer to Income and Expenditure (unrestricted)	20	(2,297,640)	(3,286,265)
Transfer to Income and Expenditure (temporarily restricted)	20	(26,340,402)	(73,082,413)
		<u>182,171,246</u>	<u>204,161,766</u>

### 18.2 Motorcycle Replacement Fund

At 1 January 2011		50,396,957	60,332,999
Transfer from Grant received in advance	16	2,844,000	18,486,400
Transfer to Capital Fund (unrestricted)		(402,463)	(402,463)
Transfer to Capital Fund (temporarily restricted)		(18,052,208)	(28,019,978)
		<u>34,786,286</u>	<u>50,396,957</u>

2011 Taka	2010 Taka
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## 19. Other long term liabilities

Employee gratuity and redundancy fund		4,989,404,275	4,292,564,823
Self-insurance fund			
- Employees		271,915,188	256,524,974
- BRAC properties and motorcycles		522,324,332	466,712,932
		794,239,520	723,237,906
Other funds			
- Special fund for scholarship		4,683,811	4,627,427
- Relief and rehabilitation fund		535,310,616	487,385,674
- Staff welfare fund		50,826,783	55,893,573
		<u>6,374,465,005</u>	<u>5,563,709,403</u>

## 19. Other long term liabilities (contd.)

An actuarial valuation of the employee gratuity and redundancy fund as at 31 December 2011 was performed by an independent professional actuary. Based the valuation, there was an excess provision of Tk 166,933,000. The principal assumptions applied in the actuarial valuation, which were consistent with a similar valuation carried out in 2008, included official mortality tables in Bangladesh, an interest rate of 8% which is the average rate of interest expected to be realised over the applicable period and a rate of salary increase of 7% per annum.

An actuarial valuation of the self-insurance fund for employees as at 31 December 2011 was performed by an independent professional actuary. Based on the valuation, there was an excess provision of Tk 41,173,000. The principal assumptions applied in the actuarial valuation, which were consistent with a similar valuation carried out in 2008, included official mortality rates in Bangladesh.

The indicative excess provisions in respect of the self-insurance fund for employees and the employee gratuity and redundancy fund, amounting to an aggregate of Tk 208,106,000. have not been written back, but will be considered in determining future provisions.

BRAC also commissioned an investigation report by an independent professional actuary on the properties and motorcycles self-insurance fund as at 31 December 2011. Similar to the valuation carried out in 2008, the investigation report addressed BRAC's properties and motor cycles within and outside the Dhaka City Corporation areas. The investigation report set out a recommendation that to attain a satisfactory financial position required for the self-insurance fund, an additional provision of Tk 50,000,000 would be required. BRAC intends to accrete its properties and motorcycle self-insurance fund provision to attain the recommended additional Tk 50,000,000 over a period of two years commencing 2011. Accordingly, Tk 25,000,000 has been accreted in the financial year 2011.

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

The Relief and Rehabilitation fund for disaster and climate change represents recoveries from prior disbursements of grants for rehabilitation, and is held as a liability. In 2011, additional amount of Tk.50,000,000 has been accreted from net surplus of income generating projects. This fund will be utilized to meet outgoings during natural disasters and climate change.

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

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

## 20. Donor grants

Donor grants recognised in the Statement of Income and Expenditure:

	Notes	2011 Taka	2010 Taka
Transferred from grants received in advance	16	10,018,142,875	9,721,709,664
Transferred from deferred income:			
amortisation of investment in fixed assets			
- unrestricted	18	2,297,640	3,286,265
- temporarily restricted	18	26,340,402	73,082,413
		28,638,042	76,368,678
		<u>10,046,780,917</u>	<u>9,798,078,342</u>

	2011 Taka	2010 Taka
<b>21. Interest on bank accounts and fixed deposits</b>		
Microfinance Program	178,049,516	151,544,741
Other Programmes	187,780,508	500,366,556
	365,830,024	651,911,297
<b>22. Investment income</b>		
In respect of investments in related undertakings:		
- Share of profits less losses	552,653,565	488,451,308
- (Increase)/ Decrease of Provision for impairment losses	(6,658,756)	(263,487)
	545,994,809	488,187,821
<b>23. Other income</b>		
Gain on disposal of property, plant and equipment	25,325,849	4,495,241
Partial reimbursements on cost of programme supplies	31,980,849	85,803,573
Training income	198,564,325	315,595,714
Sale of waste materials	81,121,504	60,800,030
Interest received on loans and advances	97,097,363	44,019,659
Foreign exchange gain - unrealised	84,621,197	9,925,906
	518,711,087	520,640,123
<b>24. Grants</b>		
Grants to Aminul Alam Trust Fund	50,000,000	-
Grants to BRAC University	246,040,276	-
Grants to BRAC Foundation	10,000,000	-
	306,040,276	-

(a) BRAC has donated Tk.50,000,000 for the establishment of the Aminul Alam Trust Fund. This donation amount will be invested in bank account by the Trust to receive interest that will be used for giving stipend to poor but meritorious students

(b) BRAC has gifted 277 decimal of land to BRAC University which will be used for establishing the permanent campus of BRAC University.

(c) BRAC has donated 100,000 shares of Delta BRAC Housing Finance Corporation Ltd. to BRAC Foundation at Cost price Tk.100 per share.

**25 Taxation**

At 1 January  
Add: Provision for the year  
At December 31

2011 Taka	2010 Taka
490,941,030	278,941,030
150,000,000	212,000,000
<u>640,941,030</u>	<u>490,941,030</u>

Although some of the income of BRAC is taxable under Income Tax Ordinance 1984, the tax authority has been exercising their discretionary power over the years in assessing BRAC's income and tax thereon. On this process BRAC has always been charged with an arbitrary and exorbitant amount of tax every year from the assessment year 1991-92. Being aggrieved, BRAC has naturally preferred legal process against the order of the authority. Respective files have been awaiting verdict at different levels of legal jurisdictions. As a result there has been created a large amount contingent liabilities (liabilities of uncertainties) of Tk. 4,619,653,694 against tax liability for the assessment years from 1991-92 to 2009-10. BRAC have obtained stay orders from High Court Division of Supreme Court against the settlement of such liabilities. It is pertinent to mention that BRAC has an amount of Tk. 827,719,850 paid as advance tax over the years. BRAC is of the view that the basis of taxation is inappropriate and therefore, BRAC will not be liable to taxation as demanded by the tax authority. Accordingly, the amount have been provided for in the financial statements 31 December 2011 might not match the arbitrary demand of the authority

**26. Related Party Disclosures**

In addition to Note 9, other transactions regarding to related parties are stated below:

Sl.#	Name of Related Party	Nature of Transactions	2011 Taka	2010 Taka
1.	BRAC Bank Ltd.	Fixed deposits	1,081,747,855	784,818,757
		Short term deposits	1,391,729,713	2,901,918,894
		34 Bank Accounts (2010: 34)	2,742,239,584	1,514,813,353
2.	Delta BRAC Housing Finance Corp.Ltd.	Fixed deposits	540,573,446	576,851,447

**27. Foreign currency denominated monetary assets and liabilities**

	2011 Taka	2010 Taka
Resident Foreign Currency Deposits (in US\$)	663,475,774	465,003,435
Resident Foreign Currency Deposits (Euro)	19,868,009	17,298,724
Resident Foreign Currency Deposits (in GBP)	19,570,191	16,742,280
Cash at bank (in US\$)	12,683,395	24,074,388
Cash at bank (in Euro)	1,216,793	1,118,598
Cash at bank (AUD)	96,956	-
Cash at bank (in GBP)	340,425	223,210

## **28. Financial Instruments**

### **a) Financial Risk Management Objectives and Policies**

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

### **b) Interest Rate Risk**

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

### **c) Foreign Exchange Risk**

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

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

### **d) Liquidity Risk**

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

### **e) Credit Risk**

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

## 29. Schedule of donation received

Name of the projects	Donor	2011 Taka	2010 Taka	
BRAC Education Program (BEP-II)	EKN	523,512,500	660,000,000	
	NOVIB	-	39,864,990	
	DFID	1,168,358,000	862,703,250	
	AusAID	1,143,833,045	459,518,851	
	CIDA	647,000,490	-	
	Sub total	3,482,704,035	2,022,087,091	
Non-Formal Primary Education Program (NFPE Phase-III)	EC	-	264,738,970	
Challenging the Frontiers of Poverty Reduction Programme (Phase-II)	NOVIB	-	54,892,380	
	AusAID	775,912,850	635,340,000	
	DFID	1,813,062,248	2,138,994,200	
	Sub Total	2,588,975,098	2,829,226,580	
BRAC University Institute of Education Development	EKN	116,266,228	64,830,877	
	SDC	1,227,157	25,168,000	
	Sub Total	117,493,385	89,998,877	
BRAC University Institute of Education	Plan Bangladesh	-	1,204,810	
	Institute of Dev. Studies-Sussex	(2,048,046)	2,048,046	
	Sub Total	(2,048,046)	3,252,856	
Improving Maternal Neonatal & Child Survival Program (MNCS-Rural)	AusAID	349,298,850	28,230,370	
	EKN	93,044,859	154,672,000	
	DFID	260,335,411	244,161,821	
	Sub Total	702,679,120	427,064,191	
BRAC New Initiative of HRLS	GIZ	1,920,591	957,207	
	UNHCR	216,890	-	
	Australian High Commission	-	1,200,000	
	Sub Total	2,137,481	2,157,207	
Vision Bangladesh Project	Sight Saver-UK	46,295,224	-	
	BRAC-USA	279,326	-	
	BRAC-UK	3,366,505	-	
	Sub Total	49,941,055	-	
m.Health for improving Maternal, Neonatal & Child Health project	Rockefeller Foundation	-	14,025,118	
	Engender Health-USA	14,000,644	-	
	Sub total	14,000,644	14,025,118	
Community Based Maternal, Newborn and Child Health (MNCH) -Program for Urban Bangladesh	Bill and Melinda Gates Foundation	74,448,511	392,799,732	
	AusAID	173,428,850	-	
	Sub total	247,877,361	392,799,732	
Char Development and Settlement Program	EKN	3,123,282	8,033,978	
	Euroconsult Mott Mac Donald	3,068,434	-	
	Sub total	6,191,716	8,033,978	
MA in Governance and Development Program	EKN	9,919,579	-	
	Early Childhood Development Support Program	AKF	6,653,244	4,000,000
	Atta Fortification Program	WFP	18,824,133	54,778,954
	TB Control Program	The Global Fund	852,132,369	757,939,115
Social Protection Package for Retrenched State Owned -Enterprise Workers	DFID	12,105,745	-	
	Tree Improvement project	Inter Co-operation Bangladesh	1,788,372	4,826,362
Improving Sexual and Reproductive Health	Institute of Dev. Studies-Sussex	-	3,839,953	
Pathway of Women Empowerment of research project	Institute of Dev. Studies-Sussex	1,099,366	17,961,648	
BRAC Water, Sanitation and Hygiene Program (WASH-I & II)	EKN	1,208,946,480	1,495,938,740	
Strategic Partnership Arrangement (SPA)	DFID	3,335,205,500	-	

Name of the projects	Donor	2011 Taka	2010 Taka
Malaria Control Program	The Global Fund	214,164,501	205,638,005
Safe Migration Facilities	Manusher Jonno Foundation	11,466,577	8,225,030
BRAC Non-formal Primary Education Program	EC	77,533,092	155,839,221
Revealing the Challenges of Urban Bangladesh DOTS Program	University of Leeds	-	831,847
Vitamin A Captul Supplementation (VAS)for -Unreached Children in Hard to Reach areas	Micro-Nutrient Initiative	223,642	6,154,130
Early Learning for Child Development Project (ELCDP)	UNICEF	194,961,580	209,418,653
Community Based Postnatal Care Study in Bangladesh	Save the Children-USA	-	1,042,750
Indoor Air Polution and Health in Developing Countries Survey	Yale/Stanford University	-	968,459
Improving Recognition Prolonged Labor and Birth with Unsile Academic	Emory University	-	1,911,964
Community Safety Pilot project	Safer World	1,000,000	1,000,000
Maternal Perinatal Depressive Symptom on Infant Dev.	Karolinska University-Sweden	-	628,984
Post SIDR Livelihood Rehabilitation Program	EC	(6,743,436)	84,107,199
Pro-Poor Growth for South Africa and Asia	Oxford University	1,268,892	4,168,327
Adolescent Development Program	UNICEF	2,616,448	79,801,636
Promoting Child Sensitive Disaster Risk and Cyclone & Flood Pron Area	Save the Children-UK	-	623,275
VCT Services BRAC TB Centre	Family Health International	3,990,000	3,115,000
TQI-SEP Innovation and Development	GOB	1,729,892	2,389,000
Alive and Thrive Project	Applied Research & Technical Services(AED ARTS)	-	105,853,103
Social and Financial Empowerment of Adolescents (SoFEA)	BRAC-USA	2,403,492	54,106,056
Active Citizen and Accountable Local Government Project	United Nations Democracy Fund (UNDEF)	17,544,222	4,122,420
Advocacy for Safe Migration and Abating Labour Trafficing	Winrock International-USA	721,131	527,000
Bangladesh Sprinkles Program	The Global Alliance for Improved Nutrition (GAIN)	27,054,156	20,523,193
Crop Intensification for Achieving Food Self-Sufficiency Program	EC	178,146,114	240,520,031
Developing BRAC's Emergency Response Capacity	BRAC-USA	6,604,207	67,922,998
Technology Dissemination of Acuaculture for Poverty Reduction	AIDA-Spain	8,305,514	13,673,761
The effect of micronutrient powder and hand hygiene on linear -growth faltering and treating iron deficiency anemia and -preventing calcium deficiency among Bangladesh infants	Hospital For Sick Children	3,590,299	4,354,314
Restoring Socio-Economic Stability and Strengthening -Community in areas affected by Cyclone AILA	EC	357,006,398	88,082,042
Disaster Resilient Habitat: An Alternative to Cyclone Shelter	United Nations Development Programme (UNDP)	-	10,309,500
Situation Analysis Study on Core Issues related to Food Security and -Poverty in Bangladesh	International Union for Conservation of Nature and Natural resources (IUCN)	350,000	150,000
Challenging the Frontiers of Poverty Reduction Prorgamme (Phase-I)	EC	-	(19,161,994)
Accelerating Water, Sanitation & Hygine (WASH)	UNICEF	6,250,393	-
BRAC HRLS Property Rights Program	BRAC-USA	42,703,830	-
C4D-Promoting Sustainable Behaviours and Social Development -Changes in Cox's Bazar	UNICEF	26,907,839	-
National Food Security Nutritional Surveillance Project	EC	75,733,515	-
Support to Agriculture Research for Climate Change	IRRI	1,051,500	-
Supporting Adolescent Empowerment	UNICEF	24,457,592	-
Community Sensitization on CEDAW	UN Women	1,090,116	-
Creating Awarness on RTI law for Community	World Bank	1,391,441	-
Joint Program on Gender based Violence	UNDP	6,722,862	-
Spreading Awarness to Prevent, Promote and Protect Domestic Workers - and female Migrant workers at work place from violence	International Labour Office (ILO)	1,298,638	-
Community Based Digital Fat Testing Project	Care-Bangladesh	4,244,700	-
Gendered Impact of Ultra Poor Program	International Food Policy Research Institute	1,682,651	-
BRAC Limb Centre and Brace Centre	BRAC-USA	143,491	-
BRAC International Conference on Scaling Health Innovations	BRAC-USA	1,036,992	-
Innovation in Sustainable Sanitation in Bangladesh	BRAC-USA	424,785,800	-
Coordination and Change Enabling Project	World Fish	2,225,924	-
Assessment of Patient Costs and Patient Perspectives of TB Treatment	Liverpool School of Tropical Medicine	1,100,894	-
BRAC Project Laser Beam (PLB)	Unilever-UK	40,625,000	-
Impact Assessment of Credit Program for the Tenent Farmers	Global Development Network Inc.(GDN)	21,809,880	-
Improved Rice Crop Management for Raising Productivity	IRRI	219,450	-
BRAC Health care Innovations Programme (B-HIP)	Rockefeller Foundation	30,180,320	-
<b>TOTAL</b>		<b>14,476,226,186</b>	<b>9,749,515,276</b>

### 30. Segmental financial information

Balance Sheet as at December 31, 2011

	Unrestricted										Temporarily restricted		Total 2011 Taka
	Unrestricted										Temporarily restricted		
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Project Taka	House Property (Building) Taka	Total Unrestricted Taka	Development Projects Taka			
<b>Assets:</b>													
Cash in hand and at banks	159,901,428	29,190,477	39,995,451	116,528,696	16,745,501	2,186,908,100	1,186,992,765	711,086,354	4,447,398,772	6,278,858,359		10,726,197,131	
Advance deposits and prepayments	81,387,866	271,641,533	41,898,290	93,819,880	235,722	370,752,290	1,290,372,068	23,896,294	2,174,003,933	83,576,974		2,257,580,907	
Inventories	2,021,898,485	175,326,803	148,059,102	542,811,600	16,092,420	106,868,931	89,164,109	-	3,100,221,450	9,461,339		3,109,682,789	
Grants and accounts receivable	65,833,686	58,981,137	20,863,267	270,118,752	14,286,593	274,698,167	274,698,167	4,518,617	980,657,549	541,386,145		1,522,043,694	
Inter-programme current account	(603,718,077)	(358,045,429)	95,784,841	87,394,464	14,217,142	210,906,464	573,633,916	-	20,173,321	(20,173,321)		-	
Microfinance loans	-	-	-	-	-	48,399,046,115	-	-	48,399,046,115	-		48,399,046,115	
Motor cycle loans	312,507	-	2,458,485	7,139,473	48,368	372,245,545	7,017,916	-	389,222,294	354,339,723		743,562,017	
Investments in securities and others	-	-	-	-	-	-	235,000,000	-	235,000,000	-		235,000,000	
Investments in related undertakings	-	-	-	-	-	-	7,399,808,731	-	7,399,808,731	-		7,399,808,731	
Property, plant and equipments	847,968,815	97,754,054	510,329,524	731,215,161	4,217,617	3,104,694,974	2,220,299,289	164,948,668	7,681,428,102	157,188,498		7,838,616,600	
<b>Total Assets</b>	<b>2,573,584,710</b>	<b>274,848,575</b>	<b>859,378,960</b>	<b>1,849,028,026</b>	<b>65,843,363</b>	<b>55,022,779,739</b>	<b>13,276,986,961</b>	<b>904,449,933</b>	<b>74,826,900,267</b>	<b>7,404,637,717</b>		<b>82,231,537,984</b>	
<b>Liabilities and net Assets</b>													
<b>Liabilities:</b>													
Liabilities for expenses and materials	184,167,364	26,007,273	116,898,368	266,499,425	18,126,784	2,060,736,079	682,467,356	2,689,635	3,359,592,284	670,407,311		4,029,999,595	
Bank overdrafts	-	-	-	-	-	4,794,260,987	326,646,345	-	5,120,907,332	-		5,120,907,332	
Term loans	57,728,118	-	-	200,000,000	-	10,707,895,450	200,000,000	-	11,165,623,568	-		11,165,623,568	
Members savings deposits	-	-	-	-	-	22,364,367,269	-	-	22,364,367,269	-		22,364,367,269	
Members project & current account	-	-	-	-	-	16,695,598	-	-	16,695,598	-		16,695,598	
Grants received in advance account	-	-	-	-	-	-	-	-	-	5,762,859,156		5,762,859,156	
Securitized financing	-	-	-	-	-	-	-	-	-	-		-	
Deferred income	-	-	-	-	-	719,483	103,783,486	-	104,502,969	112,454,563		216,957,532	
Other long term liabilities	216,163,776	34,600,543	-	-	-	308,050,697	5,815,649,989	-	6,374,465,005	-		6,374,465,005	
Provision for taxation	-	-	-	1,901,361	-	-	639,039,669	-	640,941,030	-		640,941,030	
Total Liabilities	458,059,258	60,607,816	116,898,368	470,400,786	18,126,784	40,252,725,563	7,767,886,845	2,689,635	49,147,095,055	6,545,721,030		55,692,816,085	
Net assets:- Capital fund	2,115,525,452	214,240,759	742,480,592	1,378,627,240	47,716,579	14,770,054,176	5,509,400,116	901,760,298	25,679,806,212	858,916,687		26,538,721,899	
<b>Total Liabilities and Net assets</b>	<b>2,573,584,710</b>	<b>274,848,575</b>	<b>859,378,960</b>	<b>1,849,028,026</b>	<b>65,843,363</b>	<b>55,022,779,739</b>	<b>13,276,986,961</b>	<b>904,449,933</b>	<b>74,826,900,267</b>	<b>7,404,637,717</b>		<b>82,231,537,984</b>	

30. Segmental financial information (cont'd.)

	Unrestricted										Temporarily restricted	
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Project Taka	House Property (Building) Taka	Total Unrestricted Taka	Development Projects Taka		
										Total 2010 Taka		
<b>Assets:</b>												
Cash in hand and at banks	126,201,916	13,521,572	93,923,261	74,254,065	18,298,705	4,809,050,992	3,060,793,785	688,368,161	8,884,412,457	1,538,693,782	10,423,106,239	
Advance deposits and prepayments	167,984,575	246,332,509	37,241,612	99,681,575	208,848	480,859,994	862,775,750	23,383,702	1,918,468,565	88,581,753	2,007,050,318	
Inventories	1,742,557,863	180,630,233	100,208,677	464,875,394	10,347,290	78,947,742	34,950,417	-	2,612,317,616	5,169,161	2,617,486,777	
Grants and accounts receivable	81,434,616	90,795,486	22,952,770	283,125,497	12,307,610	108,966,106	248,526,405	2,957,517	851,066,007	689,810,079	1,540,876,086	
Inter-programme current account	(625,229,776)	(366,214,948)	78,900,095	74,608,515	6,139,868	167,878,699	663,893,142	-	(24,405)	24,405	-	
Microfinance loans	-	-	-	-	-	38,946,761,741	-	-	38,946,761,741	-	38,946,761,741	
Motor cycle loans	368,669	-	1,851,774	8,203,126	69,812	409,551,670	6,997,134	-	427,042,185	396,364,743	823,406,928	
Investments in securities and others	-	-	-	-	-	-	170,550,000	-	170,550,000	-	170,550,000	
Investments in related undertakings	-	-	-	-	-	-	6,966,792,236	-	6,966,792,236	-	6,966,792,236	
Property, plant and equipments	685,488,281	114,917,373	399,857,399	667,685,599	3,959,461	3,019,669,594	2,238,321,925	182,923,558	7,312,823,190	178,945,757	7,491,768,947	
<b>Total Assets</b>	<b>2,178,806,144</b>	<b>279,982,225</b>	<b>734,935,588</b>	<b>1,672,233,771</b>	<b>51,331,594</b>	<b>48,021,686,538</b>	<b>14,253,600,794</b>	<b>897,632,938</b>	<b>68,090,209,592</b>	<b>2,897,589,680</b>	<b>70,987,799,272</b>	
<b>Liabilities and net Assets</b>												
<b>Liabilities:</b>												
Liabilities for expenses and materials	173,404,634	35,004,158	108,991,108	280,216,801	16,235,497	1,235,177,987	367,482,843	6,613,935	2,223,126,963	443,774,101	2,666,901,064	
Bank overdrafts	-	-	-	-	-	-	3,199,576,993	-	3,199,576,993	-	3,199,576,993	
Term loans	47,291,391	-	-	200,000,000	-	12,620,283,631	200,000,000	-	13,067,575,022	-	13,067,575,022	
Members savings deposits	-	-	-	-	-	19,966,011,588	-	-	19,966,011,588	-	19,966,011,588	
Members project & current account	-	-	-	-	-	15,706,367	-	-	15,706,367	-	15,706,367	
Grants received in advance account	-	-	-	-	-	-	-	-	-	1,507,216,363	1,507,216,363	
Securitized financing	-	-	-	-	-	645,297,797	-	-	645,297,797	-	645,297,797	
Deferred income	-	-	-	-	-	760,167	105,374,083	-	106,134,250	148,424,473	254,558,723	
Other long term liabilities	189,302,079	35,409,032	-	-	-	308,050,697	5,030,947,595	-	5,563,709,403	-	5,563,709,403	
Provision for taxation	-	-	-	-	-	-	490,941,030	-	490,941,030	-	490,941,030	
Total Liabilities	409,998,104	70,413,190	108,991,108	480,216,801	16,235,497	34,791,288,234	9,394,322,544	6,613,935	45,278,079,413	2,099,414,937	47,377,494,350	
Net assets- Capital fund	1,768,808,040	209,569,035	625,944,480	1,192,016,970	35,096,097	13,230,398,304	4,859,278,250	891,019,003	22,812,130,179	798,174,743	23,610,304,922	
<b>Total Liabilities and Net assets</b>	<b>2,178,806,144</b>	<b>279,982,225</b>	<b>734,935,588</b>	<b>1,672,233,771</b>	<b>51,331,594</b>	<b>48,021,686,538</b>	<b>14,253,600,794</b>	<b>897,632,938</b>	<b>68,090,209,592</b>	<b>2,897,589,680</b>	<b>70,987,799,272</b>	

Balance Sheet as at December 31, 2010

30. Segmental financial information (cont'd.)

	Unrestricted										Temporarily restricted	Total 2011 Taka
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Projects Taka	House Property (Building) Taka	Total Unrestricted Taka	Development Projects Taka		
<b>Income</b>												
Donor grants	-	-	-	-	-	40,684	2,256,956	-	-	2,297,640	10,044,463,277	10,046,760,917
Revenue from												
- Income Generating Projects	4,150,032,990	807,377,783	2,385,265,100	-	-	-	-	-	-	7,342,675,873	-	7,342,675,873
- Program Support Enterprises	-	-	-	3,223,834,061	148,972,266	-	-	-	-	3,372,806,327	-	3,372,806,327
Service charge on microfinance loans	-	-	-	-	-	11,851,912,448	-	-	-	11,851,912,448	-	11,851,912,448
Interest on bank accounts and fixed deposits	-	-	-	-	-	178,049,516	-	-	-	230,537,415	135,292,609	365,830,024
Investment income	-	-	-	-	-	-	52,487,899	-	-	545,994,809	-	545,994,809
Other income -internal	(72,423,958)	(40,040,443)	-	-	-	-	112,464,401	-	-	-	-	-
Other income	59,193,589	13,279,665	14,649,237	32,954,995	343,525	-	397,446,242	77,000	-	517,944,253	766,834	518,711,087
Income from house property	-	-	-	-	-	-	-	90,861,598	-	90,861,598	-	90,861,598
<b>Total income</b>	<b>4,136,802,621</b>	<b>780,617,005</b>	<b>2,399,914,337</b>	<b>3,256,789,056</b>	<b>149,315,791</b>	<b>12,030,002,648</b>	<b>1,110,650,307</b>	<b>90,938,598</b>	<b>23,955,030,363</b>	<b>10,180,542,720</b>	<b>34,135,573,093</b>	
<b>Expenditure</b>												
Income generating projects	3,443,367,797	741,974,215	2,188,535,317	-	-	-	-	-	-	6,353,877,329	-	6,353,877,329
Program Support Enterprise	-	-	-	3,021,048,244	136,695,309	-	-	-	-	3,157,743,553	-	3,157,743,553
House Property	-	-	-	-	-	-	-	80,197,303	-	80,197,303	-	80,197,303
Education Programme	-	-	-	-	-	-	73,051,304	-	-	73,051,304	3,360,953,720	3,434,005,024
Ultra Poor Programme	-	-	-	-	-	-	54,188,500	-	-	54,188,500	2,083,148,616	2,137,337,116
Community Empowerment Programme	-	-	-	-	-	-	3,681,981	-	-	3,681,981	157,618,323	161,300,304
Human Rights and Legal Services	-	-	-	-	-	-	-	-	-	136,546,758	-	136,546,758
Health Programme	-	-	-	-	-	-	94,751,304	-	-	94,751,304	2,646,965,983	2,741,737,287
Water, Sanitation and Hygienic Programme	-	-	-	-	-	-	-	-	-	829,577,150	-	829,577,150
Gender, Justice and Diversity Programme	-	-	-	-	-	-	9,776,923	-	-	9,776,923	90,062,688	99,839,611
Micro Finance Programme	-	-	-	-	-	10,497,901,219	-	-	10,497,901,219	-	10,497,901,219	
Food Security and Climate Change	-	-	-	-	-	-	38,901,638	-	-	38,901,638	437,089,680	475,991,318
Other Development Projects	-	-	-	-	-	-	8,212,534	-	-	8,212,534	395,870,066	404,082,600
Grants	-	-	-	-	-	-	306,040,276	-	-	306,040,276	-	306,040,276
<b>Total Expenses</b>	<b>3,443,367,797</b>	<b>741,974,215</b>	<b>2,188,535,317</b>	<b>3,021,048,244</b>	<b>136,695,309</b>	<b>10,497,901,219</b>	<b>588,604,460</b>	<b>80,197,303</b>	<b>20,678,323,864</b>	<b>10,137,862,964</b>	<b>30,816,176,848</b>	
<b>Surplus of income over expenditure before taxation</b>	<b>693,434,824</b>	<b>38,642,790</b>	<b>231,379,020</b>	<b>235,740,812</b>	<b>12,620,482</b>	<b>1,532,101,429</b>	<b>522,045,847</b>	<b>10,741,295</b>	<b>3,276,706,499</b>	<b>42,689,736</b>	<b>3,319,396,235</b>	
<b>Taxation</b>	-	-	-	(1,901,361)	-	-	(148,096,639)	-	-	-	-	(150,000,000)
<b>Net surplus stated in statement of income &amp; expenditure before inter-prog. allocations</b>	<b>693,434,824</b>	<b>38,642,790</b>	<b>231,379,020</b>	<b>233,839,451</b>	<b>12,620,482</b>	<b>1,532,101,429</b>	<b>373,947,208</b>	<b>10,741,295</b>	<b>3,126,706,499</b>	<b>42,689,736</b>	<b>3,169,396,235</b>	
<b>Inter-programme allocations</b>	<b>(346,717,412)</b>	<b>(34,073,396)</b>	<b>(114,842,908)</b>	<b>(47,120,970)</b>	-	-	492,754,686	-	(50,000,000)	-	-	(50,000,000)
<b>Net surplus/(deficit) for the year after inter-programme allocations</b>	<b>346,717,412</b>	<b>4,569,394</b>	<b>116,536,112</b>	<b>186,718,481</b>	<b>12,620,482</b>	<b>1,532,101,429</b>	<b>866,701,894</b>	<b>10,741,295</b>	<b>3,076,706,499</b>	<b>42,689,736</b>	<b>3,119,396,235</b>	

**30. Segmental financial information (cont'd.)**

	Unrestricted										Temporarily restricted		Total 2010 Taka
	Unrestricted										Temporarily restricted		
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Projects Taka	House Property (Building) Taka	Total Unrestricted Taka	Development Projects Taka			
Donor grants	-	-	-	-	-	40,683	3,245,582	-	-	3,286,265	9,794,792,077	-	9,798,078,342
Revenue from													
- Income Generating Projects	3,397,341,505	838,148,977	1,891,075,963	-	122,041,908	-	-	-	-	6,126,566,445	-	-	6,126,566,445
- Program Support Enterprises	-	-	-	2,942,972,470	-	-	-	-	-	3,065,014,378	-	-	3,065,014,378
Service charge on microfinance loans	-	-	-	-	-	11,815,741,388	-	-	-	11,815,741,388	-	-	11,815,741,388
Interest on bank accounts and fixed deposits	-	-	-	-	-	151,544,741	431,157,554	-	-	582,702,295	69,209,002	-	651,911,297
Investment income	-	-	-	-	-	-	488,187,821	-	-	488,187,821	-	-	488,187,821
Other income - internal	(91,362,069)	(8,315,137)	-	-	-	-	39,677,226	-	-	-	-	-	-
Other income	41,273,442	9,032,690	23,008,166	116,939,720	649,524	-	329,232,806	-	-	520,136,348	503,775	-	520,640,123
Income from house property	-	-	-	-	-	-	-	-	-	83,411,607	-	-	83,411,607
<b>Total income</b>	<b>3,407,252,858</b>	<b>838,866,530</b>	<b>1,914,084,129</b>	<b>3,059,912,190</b>	<b>122,691,432</b>	<b>11,967,326,812</b>	<b>1,291,500,989</b>	<b>83,411,607</b>	<b>22,685,046,547</b>	<b>9,864,504,854</b>	<b>32,549,551,401</b>		
<b>Expenditure</b>													
Income generating projects	2,703,353,989	766,804,154	1,750,785,426	-	-	-	-	-	-	5,220,943,569	-	-	5,220,943,569
Program Support Enterprise	-	-	-	2,648,778,454	113,454,880	-	-	-	-	2,762,233,334	-	-	2,762,233,334
House Property	-	-	-	-	-	-	-	55,604,552	-	-	-	-	55,604,552
Education Programme	-	-	-	-	-	-	43,211,718	-	-	43,211,718	3,600,183,169	-	3,643,394,887
Ultra Poor Programme	-	-	-	-	-	-	42,575,320	-	-	42,575,320	1,936,897,836	-	1,979,473,156
Community Empowerment Programme	-	-	-	-	-	-	119,642	-	-	119,642	123,154,496	-	123,274,138
Human Rights and Legal Services	-	-	-	-	-	-	-	-	-	-	114,870,293	-	114,870,293
Health Programme	-	-	-	-	-	-	177,831,154	-	-	177,831,154	2,159,360,145	-	2,337,191,299
Water, Sanitation and Hygienic Programme	-	-	-	-	-	-	-	-	-	-	1,460,368,470	-	1,460,368,470
Gender, Justice and Diversity Programme	-	-	-	-	-	-	-	-	-	-	49,205,928	-	49,205,928
Micro Finance Programme	-	-	-	-	-	10,076,784,721	-	-	-	10,076,784,721	-	-	10,076,784,721
Food Security and Climate Change	-	-	-	-	-	-	23,857,930	-	-	23,857,930	219,283,641	-	243,141,571
Other Development Projects	-	-	-	-	-	-	199,287,736	-	-	199,287,736	130,146,940	-	329,434,676
<b>Total Expenses</b>	<b>2,703,353,989</b>	<b>766,804,154</b>	<b>1,750,785,426</b>	<b>2,648,778,454</b>	<b>113,454,880</b>	<b>10,076,784,721</b>	<b>456,883,500</b>	<b>55,604,552</b>	<b>18,602,449,676</b>	<b>9,793,460,918</b>	<b>28,395,910,594</b>		
<b>Surplus of income over expenditure before taxation</b>	<b>703,898,869</b>	<b>72,062,376</b>	<b>163,298,703</b>	<b>411,133,736</b>	<b>9,236,552</b>	<b>1,890,542,091</b>	<b>804,617,489</b>	<b>27,807,055</b>	<b>4,082,596,871</b>	<b>71,043,936</b>	<b>4,153,640,807</b>		
<b>Taxation</b>	-	-	-	-	-	-	(212,000,000)	-	-	-	-		(212,000,000)
<b>Net surplus stated in statement of income &amp; expenditure before inter-progr. allocations</b>	<b>703,898,869</b>	<b>72,062,376</b>	<b>163,298,703</b>	<b>411,133,736</b>	<b>9,236,552</b>	<b>1,890,542,091</b>	<b>592,617,489</b>	<b>27,807,055</b>	<b>3,870,596,871</b>	<b>71,043,936</b>	<b>3,941,640,807</b>		
<b>Inter-programme allocations</b>	<b>(224,788,701)</b>	<b>(63,279,049)</b>	<b>(21,649,352)</b>	<b>(51,819,237)</b>	-	<b>(111,957,867)</b>	<b>301,536,339</b>	-	<b>(161,957,867)</b>	-	<b>(161,957,867)</b>		
<b>Net surplus/(deficit) for the year after inter-programme allocations</b>	<b>479,110,168</b>	<b>18,783,327</b>	<b>141,649,351</b>	<b>359,314,499</b>	<b>9,236,552</b>	<b>1,778,584,224</b>	<b>894,153,828</b>	<b>27,807,055</b>	<b>3,708,639,004</b>	<b>71,043,936</b>	<b>3,779,682,940</b>		

### 31. Statement of Functional Expenses

	Unrestricted										Temporarily restricted	
	Aarong Rural Craft Centre	BRAC Printers & Printing Pack	BRAC Dairy and Food	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted	Development Projects	Total 2011	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Salaries and benefits	425,354,776	17,351,052	89,423,817	150,128,680	4,213,965	4,849,062,353	33,944,822	-	5,569,479,465	3,920,165,394	9,489,644,859	
Travelling and transportation	34,705,180	4,648,009	51,783,854	42,635,497	449,814	490,891,221	15,280,245	-	640,393,820	464,030,302	1,104,424,122	
Teachers' salaries	-	-	-	-	-	-	-	-	-	680,252,524	680,252,524	
Teachers' training	-	-	-	-	-	-	-	-	-	163,176,987	163,176,987	
School rent and maintenance	-	-	-	-	-	-	-	-	-	142,674,819	142,674,819	
Stationery, rent and utilities	105,230,272	3,923,331	12,262,349	11,080,369	964,473	171,038,788	3,281,123	1,162,911	308,943,616	290,590,773	599,534,389	
Maintenance and general expenses	73,731,568	6,072,580	30,732,205	16,320,477	767,968	147,436,370	3,754,659	2,045,945	280,861,772	31,335,913	312,197,685	
Members' training	-	-	-	-	-	8,108,493	9,772,251	-	17,880,744	488,076,825	505,957,569	
Staff training and development	5,774,141	-	2,449,505	1,516,612	-	38,412,281	6,842,831	-	54,995,370	425,932,614	480,927,984	
Programme supplies	-	-	-	1,639,328	46,382	225,567,263	30,363,081	-	257,616,054	3,450,239,254	3,707,855,308	
Interest on members' savings deposits	-	-	-	-	-	1,405,709,117	-	-	1,405,709,117	-	1,405,709,117	
Interest on long term loans	-	-	-	-	-	1,394,193,021	-	-	1,394,193,021	-	1,394,193,021	
Bank overdraft interest and charges	30,871,601	42,884,655	-	2,056,388	-	18,668,313	26,232,862	-	120,713,819	-	120,713,819	
Cost of goods sold- income generating projects	2,644,345,985	654,277,934	1,956,652,267	-	-	-	-	-	5,255,276,186	-	5,255,276,186	
Cost of goods sold- program support enterprise	-	-	-	2,655,125,956	128,945,733	-	-	-	2,784,071,689	-	2,784,071,689	
Publicity, advertisement and sales commissions	34,328,377	-	15,522,063	60,168,928	390,200	-	6,165,924	-	116,575,492	49,554,498	160,129,990	
Loan loss provision for microfinance loans	-	-	-	-	-	-	-	-	1,686,378,613	-	1,686,378,613	
Depreciation of property, plant and equipment	89,025,897	2,235,131	4,597,341	73,277,758	440,958	62,435,386	146,926,386	21,377,047	400,315,904	37,823,081	438,138,985	
Provision for bad and doubtful debts	-	10,581,523	5,111,916	7,098,251	475,816	-	-	-	23,267,506	-	23,267,506	
Allocation to self- insurance fund	-	-	-	-	-	-	-	55,611,400	55,611,400	-	55,611,400	
Grants	-	-	-	-	-	-	306,040,276	-	306,040,276	-	306,040,276	
	3,443,367,797	741,974,215	2,168,535,317	3,021,048,244	136,695,309	10,497,901,219	588,604,460	80,197,303	20,678,323,864	10,137,852,984	30,816,176,848	

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

**31. Statement of Functional Expenses (cont'd.)**

	Unrestricted										Temporarily restricted		Total 2010 Taka
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Projects Taka	House Property (Building) Taka	Total Unrestricted Taka	Temporarily restricted			
										Development Projects Taka			
Salaries and benefits	339,878,608	16,997,737	68,253,179	129,679,120	3,905,402	4,185,710,307	60,595,633	-	4,805,019,866	3,594,677,347	-	8,399,697,333	
Travelling and transportation	25,828,852	3,673,758	42,783,321	39,483,848	324,253	362,363,041	13,869,388	-	488,326,460	471,443,471	-	959,769,931	
Teachers' salaries	-	-	-	-	-	-	-	-	-	763,627,224	-	763,627,224	
Teachers' training	-	-	-	-	-	-	-	-	-	155,165,406	-	155,165,406	
School rent and maintenance	-	-	-	-	-	-	-	-	-	162,899,531	-	162,899,531	
Stationery, rent and utilities	83,331,878	4,374,571	28,259,048	9,242,637	778,267	139,041,406	34,237,098	793,585	300,058,490	206,734,626	-	506,793,116	
Maintenance and general expenses	67,360,684	2,934,922	22,719,385	13,651,163	2,595	143,368,292	73,600,718	3,658,650	327,296,608	41,300,468	-	368,597,076	
Members' training	-	-	-	-	-	3,886,372	6,791,786	-	10,678,158	375,756,557	-	386,434,715	
Staff training and development	2,193,230	-	723,208	1,390,592	-	45,203,463	27,799,874	-	77,310,367	316,158,426	-	393,468,793	
Programme supplies	-	-	-	1,439,260	38,775	190,735,228	14,543,591	-	206,756,853	3,649,828,750	-	3,856,585,603	
Interest on members' savings deposits	-	-	-	-	-	1,204,534,627	-	-	1,204,534,627	-	-	1,204,534,627	
Interest on long term loans	-	-	-	28,538,119	-	1,766,072,661	-	-	1,794,610,780	-	-	1,794,610,780	
Bank overdraft interest and charges	24,944,612	34,087,088	-	-	-	68,334,974	119,039,624	-	246,406,298	-	-	246,406,298	
Cost of goods sold- income generating projects	2,063,790,545	693,748,389	1,487,600,825	-	-	-	-	-	4,265,139,759	-	-	4,265,139,759	
Cost of goods sold- program support enterprise	16,602,750	-	-	2,281,044,891	107,318,697	-	-	-	2,388,363,588	-	-	2,388,363,588	
Publicity, advertisement and sales commissions	-	-	39,244,219	66,990,731	-	-	10,739,292	-	133,576,992	14,584,755	-	148,161,747	
Loan loss provision for microfinance loans	-	-	-	-	-	1,910,811,625	-	-	1,910,811,625	-	-	1,910,811,625	
Depreciation of property, plant and equipment	59,422,830	2,193,637	54,223,956	70,949,225	434,370	56,722,725	125,666,496	20,653,217	390,266,456	41,284,358	-	431,550,814	
Provision for bad and doubtful debts	-	8,794,052	6,978,085	6,368,870	652,522	-	-	-	22,793,529	-	-	22,793,529	
Allocation to self- insurance fund	-	-	-	-	-	-	-	30,499,100	30,499,100	-	-	30,499,100	
	2,703,353,959	766,804,154	1,750,785,426	2,648,778,454	113,454,880	10,076,784,721	486,883,500	55,604,552	18,602,449,676	9,793,460,918	-	28,395,910,594	

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



**BALANCE SHEET CONVERTED TO USD**

as at December 31, 2011

(NOT PART OF AUDITED FINANCIAL STATEMENTS)

	2011		2010	
	Taka	US \$	Taka	US \$
<b>ASSETS</b>				
Cash in hand and at banks	10,726,197,131	146,934,207	10,423,106,239	151,059,511
Advance, deposits and prepayments	2,257,580,907	30,925,766	2,007,050,318	29,087,686
Inventories	3,109,682,789	42,598,394	2,617,486,777	37,934,591
Grants and accounts receivable	1,522,043,694	20,849,914	1,540,876,086	22,331,537
Microfinance loans	48,399,046,115	663,000,632	38,946,761,741	564,445,822
Motorcycle loans	743,562,017	10,185,781	823,406,928	11,933,434
Investments in securities and others	235,000,000	3,219,178	170,550,000	2,471,739
Investments in related undertakings	7,399,808,731	101,367,243	6,966,792,236	100,968,003
Property, plant and equipment	7,838,616,600	107,378,310	7,491,768,947	108,576,362
<b>TOTAL ASSETS</b>	<b>82,231,537,984</b>	<b>1,126,459,424</b>	<b>70,987,799,272</b>	<b>1,028,808,685</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities:</b>				
Liabilities for expenses and materials	4,029,999,595	55,205,474	2,666,901,064	38,650,740
Bank overdrafts	5,120,907,332	70,149,416	3,199,576,993	46,370,681
Term loans	11,165,623,568	152,953,748	13,067,575,022	189,385,145
Members' savings deposits	22,364,367,269	306,361,195	19,966,011,588	289,362,487
Members project & current account	16,695,598	228,707	15,706,367	227,629
Grants received in advance account	5,762,859,156	78,943,276	1,507,216,363	21,843,715
Securitised financing	-	-	645,297,797	9,352,142
Deferred income	216,957,532	2,972,021	254,558,723	3,689,257
Other long term liabilities	6,374,465,005	87,321,438	5,563,709,403	80,633,470
Provision for taxation	640,941,030	8,780,014	490,941,030	7,115,087
<b>Total Liabilities</b>	<b>55,692,816,085</b>	<b>762,915,288</b>	<b>47,377,494,350</b>	<b>686,630,353</b>
<b>Net Assets:</b>				
<b>Capital fund</b>				
-unrestricted	25,679,805,212	351,778,154	22,812,130,179	330,610,582
-temporarily restricted	858,916,687	11,765,982	798,174,743	11,567,750
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>82,231,537,984</b>	<b>1,126,459,424</b>	<b>70,987,799,272</b>	<b>1,028,808,685</b>

Exchange rate: 1 US \$ = Tk.73 (2010: 1 US \$ = Tk.69)

## Statement of Income and Expenditure Converted to USD

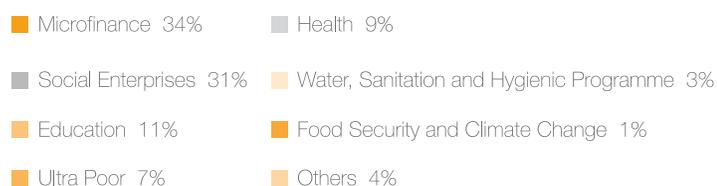
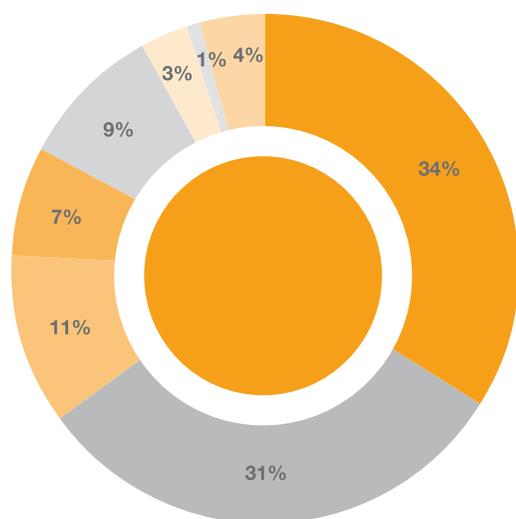
for the year ended December 31, 2011

(NOT PART OF AUDITED FINANCIAL STATEMENTS)

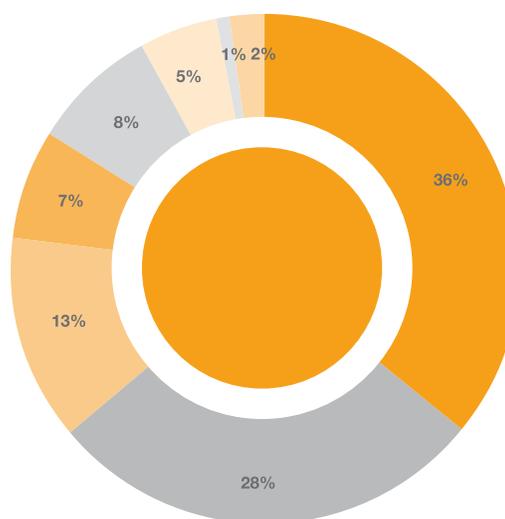
	Unrestricted		Temporarily		Total 2011	
	Taka	US \$	Taka	US \$	Taka	US \$
<b>Income</b>						
Donor grants	2,297,640	31,475	10,044,483,277	137,595,661	10,046,780,917	137,627,136
Revenue from:						
- Income Generating Projects	7,342,675,873	100,584,601	-	-	7,342,675,873	100,584,601
- Program Support Enterprises	3,372,806,327	46,202,826	-	-	3,372,806,327	46,202,826
Service charges on microfinance loans	11,851,912,448	162,354,965	-	-	11,851,912,448	162,354,965
Interest on bank accounts and fixed deposits	230,537,415	3,158,047	135,292,609	1,853,323	365,830,024	5,011,370
Investment income	545,994,809	7,479,381	-	-	545,994,809	7,479,381
Other income	517,944,253	7,095,127	766,834	10,505	518,711,087	7,105,631
Income from House Property	90,861,598	1,244,679	-	-	90,861,598	1,244,679
<b>Total income</b>	<b>23,955,030,363</b>	<b>328,151,101</b>	<b>10,180,542,720</b>	<b>139,459,489</b>	<b>34,135,573,083</b>	<b>467,610,590</b>
<b>Expenditure</b>						
Income Generating Projects	6,353,877,329	87,039,415	-	-	6,353,877,329	87,039,415
Program Support Enterprises	3,157,743,553	43,256,761	-	-	3,157,743,553	43,256,761
House Property	80,197,303	1,098,593	-	-	80,197,303	1,098,593
Education Programme	73,051,304	1,000,703	3,360,953,720	46,040,462	3,434,005,024	47,041,165
Ultra Poor Programme	54,188,500	742,308	2,053,148,616	28,536,282	2,137,337,116	29,278,591
Community Empowerment Programme	3,681,981	50,438	157,618,323	2,159,155	161,300,304	2,209,593
Human Rights and Legal Services	-	-	136,546,758	1,870,504	136,546,758	1,870,504
Health Programme	94,751,304	1,297,963	2,646,985,983	36,260,082	2,741,737,287	37,558,045
Water, Sanitation and Hygienic Programme	-	-	829,577,150	11,364,071	829,577,150	11,364,071
Gender, Justice and Diversity Programme	9,776,923	133,930	90,062,688	1,233,735	99,839,611	1,367,666
Micro Finance Programme	10,497,901,219	143,606,666	-	-	10,497,901,219	143,606,666
Food Security and Climate Change	36,901,638	532,899	437,089,680	5,987,530	475,991,318	6,520,429
Other Development Projects	8,212,534	112,500	395,870,066	5,422,878	404,082,600	5,535,378
Grants	306,040,276	4,192,333	-	-	306,040,276	4,192,333
<b>Total expenditure</b>	<b>20,678,323,864</b>	<b>283,264,710</b>	<b>10,137,852,984</b>	<b>138,874,698</b>	<b>30,816,176,848</b>	<b>422,139,409</b>
Surplus of income over expenditure before taxation	<b>3,276,706,499</b>	<b>44,886,391</b>	<b>42,689,736</b>	<b>584,791</b>	<b>3,319,396,235</b>	<b>45,471,181</b>
Taxation	(150,000,000)	(2,054,795)	-	-	(150,000,000)	(2,054,795)
Net surplus for the year	<b>3,126,706,499</b>	<b>42,831,596</b>	<b>42,689,736</b>	<b>584,791</b>	<b>3,169,396,235</b>	<b>43,416,387</b>

Exchange rate: 1 US \$ = Tk.73 (2010: 1 US \$ = Tk.69)

## Revenue Expenditure 2011



## Revenue Expenditure 2010



### NOTES

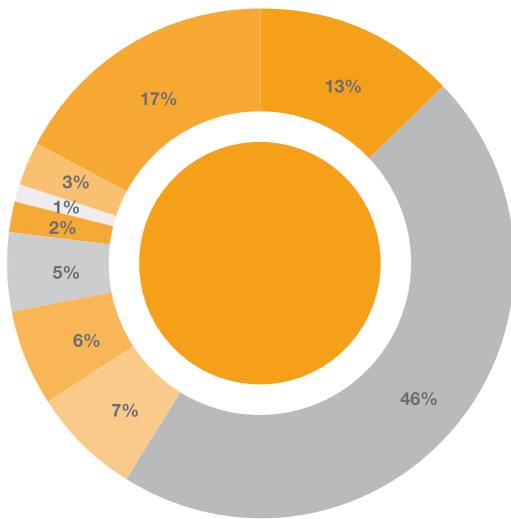
- Social Enterprises include Income Generating Projects and Program Support Enterprises
- Other includes the following: House Property, Gender, Justice and Diversity, Community Empowerment Program, Human Rights and Legal Services and other development projects

## Contribution of BRAC to Government Exchequer

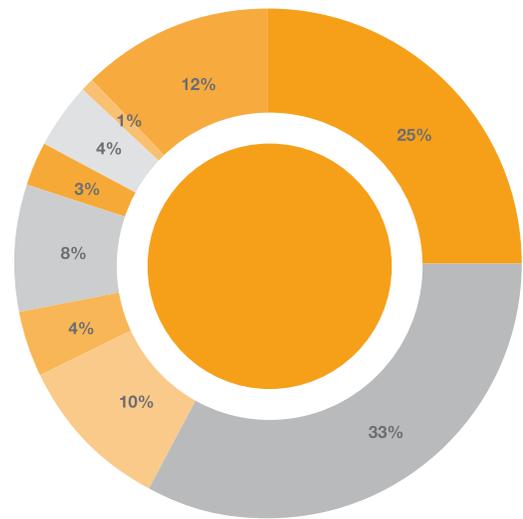
Income Year	2011		2010	
	BDT	USD	BDT	USD
Income Tax deduction at source by third parties	53,732,054	736,056	55,453,375	803,672
Tax deduction at source from third parties	65,433,712	896,352	76,635,322	1,110,657
Income Tax deduction at source from Staff salary	16,674,102	228,412	12,844,413	186,151
VAT collection from customers	359,819,472	4,929,034	268,830,000	3,896,087
Import Duty paid	3,583,198	49,085	5,921,266	85,815
<b>Total</b>	<b>499,242,538</b>	<b>6,838,939</b>	<b>419,684,376</b>	<b>6,082,382</b>

# Grant Composition 2010-2011

## Grants 2011

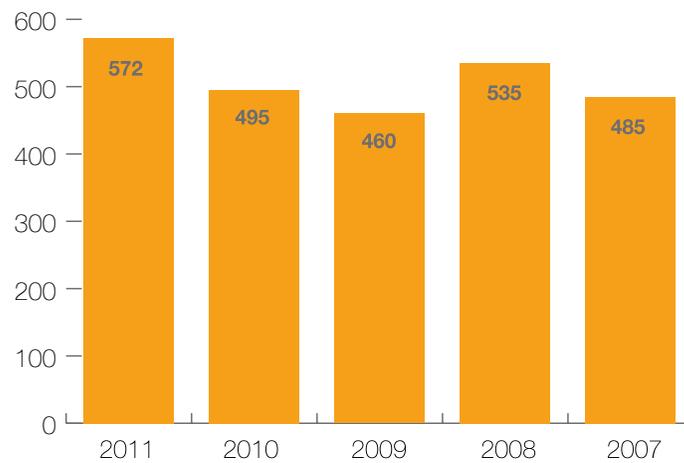


## Grants 2010



## Annual Expenditure

in Million USD



**BRAC**

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