

2005  
brac annual report

A photograph of two young children climbing a large tree. The child on the left is wearing a blue shirt and a patterned orange cloth around their neck, smiling broadly. The child on the right is wearing a dark purple shirt and is also smiling. The background is filled with green leaves and sunlight filtering through the branches.

# Mission Statement

BRAC works with people whose lives are dominated by extreme poverty, illiteracy, disease and other handicaps. With multifaceted development interventions, BRAC strives to bring about positive changes in the quality of life of the poor people of Bangladesh.

BRAC firmly believes and is actively involved in promoting human rights, dignity and gender equity through poor people's social, economic, political and human capacity building. Although the emphasis of BRAC's work is at the individual level, sustaining the work of the organisation depends on an environment that permits the poor to break out of the cycle of poverty and hopelessness. To this end, BRAC endeavours to bring about change at the level of national and global policy on poverty reduction and social progress. BRAC is committed to making its programmes socially, financially and environmentally sustainable, using new methods and improved technologies. As a part of its support to the programme participants and its financial sustainability, BRAC is also involved in various income-generating enterprises.

Poverty reduction programmes undertaken so far have bypassed many of the poorest. In this context, one of BRAC's main focuses is the ultra poor.

Given that development is a complex process requiring a strong dedication to learning, sharing of knowledge and being responsive to the needs of the poor, BRAC places a strong emphasis on their organisational development, simultaneously engaging itself in the process of capacity building on a national scale to accelerate societal emancipation.

The fulfillment of BRAC's mission requires the contribution of competent professionals committed to the goals and values of BRAC. BRAC, therefore, fosters the development of the human potential of the members of the organisation and those they serve.

In order to achieve its goal, wherever necessary, BRAC welcomes partnerships with the community, like-minded organizations, governmental institutions, the private sector and development partners both at home and abroad.



## Vision

A just, enlightened, healthy and democratic Bangladesh free from hunger, poverty, environmental degradation and all forms of exploitation based on age, sex, religion and ethnicity.

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## Chairperson's Statement

In the UN Year of Micro Credit, BRAC is well into its fourth decade of work with microfinance. With its Village Organisation membership nearly 5 million strong, our development programme continues to set new standards, the success of its most recent addition, the Ultra Poor Programme, leading to its replication in countries such as Haiti. Concentrated efforts by the Education Programme to include those on the sidelines have resulted in more than 50 thousand children from ethnic minority groups and 14 thousand children with disabilities now regularly attending BRAC schools. Our relationship with the government has been further reinforced by the strong performance of partnership projects such as the National Tuberculosis Control programme, under which over 72 thousands patients have been identified for treatment on a daily basis from BRAC health volunteers. Furthermore, the Centre for Governance Studies at BRAC University is now undertaking a Masters programme in Governance and Development for mid-career civil servants in Bangladesh, in collaboration with the Government of Bangladesh as well as the Kennedy School of Government at Harvard University and other universities in Europe, East Asia and Australia.

This was a year of restructuring within the organisation. As one of the largest employers in the country, BRAC's Human Resources Department took on a more significant role, undergoing a process of decentralisation, with HR offices being set up in strategic locations throughout the country. I am also pleased to note the addition of three eminent international members to our governing body, whose diverse backgrounds and experiences bring a much needed global dimension to our strategic thinking and governance. Their inclusion comes at a critical point in BRAC's life, where the organisation's commitment to poverty alleviation beyond our borders takes on a new role with the expansion of its international programmes.

2005 came at the cost of more than 200,000 lives lost to the Asian Tsunami. Given its vast experience in relief and rehabilitation work following natural calamities here at home, the Rehabilitation and Livelihood Programme initiated by BRAC in Sri Lanka was a natural response. To date more than 8,500 Tsunami-affected families have received Livelihood assistance from BRAC Sri Lanka. The programme has also worked towards resolving the water crisis in rural areas by cleaning over 2,000 infected wells.

Our programmes in Afghanistan made significant progress over the course of the year, the Village Organisation membership expanding to include more than 100,000 rural Afghan women. Most notably, BRAC Afghanistan's education programme has grown nearly ten-fold, to include more than 24 thousand children, 94% of whom are girls, in 824 schools throughout the country.

Over the past 33 years, BRAC has taken great strides in the alleviation of poverty in Bangladesh and beyond. It has contributed much to the empowerment of the poor in general and of women in particular. As BRAC continues to grow, so too do the responsibilities and challenges that face us as an organisation. It is my firm belief that with the dedication and courage which the women and men of BRAC demonstrate in their work, and the support of our friends in the global community, we will continue to reinvent ourselves towards greater achievements in the future.

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

Fazle Hasan Abed  
Founder and Chairperson, BRAC

# Timeline

# Major Events

## 70s

- 1972: - BRAC starts at Sulla (Sylhet) as a relief organisation
- 1973: - Transition to a development organisation
- 1974: - Relief work among famine and flood victims of Rowmari, Kurigram, started
- 1975: - Research and Evaluation Division (RED) established  
- Jamalpur Women's Project commenced
- 1976: - Manikganj Integrated Project initiated
- 1977: - BRAC commences 'targeted' development approach through Village Organisations  
- BRAC Printers set up
- 1978: - Training and Resource Centre set up  
- Aarong set up  
- Sericulture started
- 1979: - Outreach programme launched  
- Rural Credit and Training Programme (RCTP) launched  
- Poultry programme commenced  
- Fisheries Programme started

## 80s

- 1980: - Oral Therapy Extension Programme (OTEP) launched
- 1983: - Livestock programme initiated
- 1985: - Non Formal Primary Education Programme (NFPE) started  
- Rural Enterprise Project (REP) launched  
- Income Generation for Vulnerable Group Development (IGVD) programme launched
- 1986: - Rural Development Programme (RDP) formed by merging rural credit and training programme and Outreach Programme  
- Child Survival Programme (CSP) commenced  
- Agriculture Programme commenced  
- Paralegal Programme started
- 1988: - Monitoring department set up  
- Nursery Programme started

## 90s

- 1990: - Rural Development Programme (RDP) Phase II commenced  
- Sustainable Rural Credit Programme (RCP) commenced  
- Management Development Programme (MDP) set up
- 1991: - Women's Health Development Programme (WHDP) commenced  
- Women's Advisory Committee (WAC) set up
- 1992: - Centre for Development Management (CDM) established
- 1993: - Rural Development Programme (RDP) Phase III commenced  
- Adolescent Reading Centres opened
- 1994: - Non Formal Primary Education Programme (NFPE) launched in Africa
- 1995: - Adult Literacy Centres opened  
- Gender Quality Action Learning (GQAL) and Gender Resource Centre (GRC) set up  
- Continuing Education (CE) programme started
- 1996: - Rural Development Programme (RDP) IV started  
- Micro-Enterprise Lending and Assistance (MELA) launched  
- BRAC BDMAIL Ltd. Company launched  
- Social Development, Human Rights and Legal Services Programme launched
- 1997: - Urban Development Programme started  
- Gender Policy launched  
- Delta BRAC Housing programme launched
- 1998: - BRAC Dairy and Food Project commissioned  
- Chittagong Hill Tracts Development programme started
- 1999: - BRAC Information Technology Institute launched

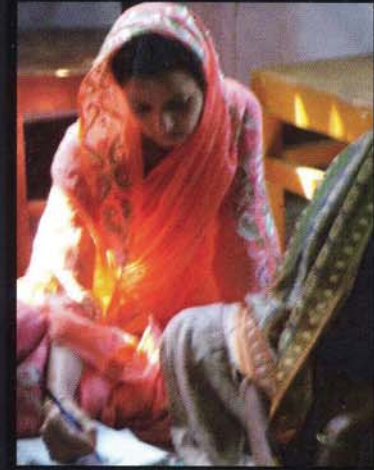
# 00s

- 2000: - Adolescent Development Programme launched
- 2001: - BRAC University established
  - BRAC Bank Ltd. launched
  - Post Primary Basic Education (PBen) Programme set up
- 2002: - Challenging the Frontiers of Poverty Reduction - Targeting the Ultra Poor (CFPR-TUP) programme launched
  - BRAC Afghanistan programme commenced
  - BRAC Advocacy and Human Rights Unit set up
  - Government Partnership Programme established (BEP)
- 2003: - BRAC Tea Companies launched
  - Continuing Education and Post Primary Basic Education programme integrated into Post Primary Basic and Continuing Education (PACE)
  - Documenta TM. Ltd launched
  - TB programme coverage expanded
  - BU-IED initiated
- 2004: - Office of Ombudsperson established
  - SHaE Unit set up
  - Salma Sobhan Fellowship in Journalism for Women programme launched
  - HR Decentralised
- 2005 - Masters programme in Governance launched by BRAC University
  - BRAC Sri Lanka programme commenced
  - BRAC Human Resource Department restructured



# BRAC at a glance

As of December, 2005



## Programme Coverage

Districts	64
Upazila/ Thana (Sub-districts)	507
Villages	over 69,000
Urban Slums	4,376
Population Covered	110 million (estimated)

## Job Creation

Poultry	1,758,018
Livestock	852,216
Agriculture	856,361
Social Forestry	76,473
Fisheries	282,988
Horticulture	193,232
Handicraft Producers	over 37,000
Small Enterprises	224,922
Small Traders	2,807,228
<b>Total</b>	<b>7,088,478</b>

## Development Programmes

<b>Microfinance Programme</b>	
Village Organisations	160,197
Membership - Total	4.84 million
Female	4.74 million
Male	0.10 million
Loan Disbursement - Cumulative	Tk 165,794 million (US \$ 3,094 million)
Loan Disbursement - 2005	Tk 32,582 million (US \$ 501.26 million)
Loan Outstanding	Tk 17,928 million (US \$ 275.82 million)
Repayment Rate	99.49%
Members' Savings	Tk 9,159 million (US \$ 141 million)
<b>Education Programme</b>	
Currently Enrolled in BRAC School	1.42 million
Graduted (till to date)	3.12 million
<b>Social Development Programme</b>	
Legal Literacy - Courses Held	116,303
Students Graduated	2,707,107
<b>Health Programme Coverage</b>	
Essential Health Care	31 million
Tuberculosis Control Programme	83.2 million
National Nutrition Programme	13 million



## Annual Expenditure

Year	Amount	Donor Contribution
1994	Tk. 2,558 million US \$ 64 million	66%
2000	Tk. 8,024 million US \$ 152 million	21%
2001	Tk. 8,135 million US \$ 153 million	21%
2002	Tk. 9,258 million US \$ 161 million	20%
2003	Tk. 11,471 million US \$ 196 million	20%
2004	Tk. 14,487 million US \$ 245 million	23%
2005	Tk. 16,846 million US \$ 259 million	24%

## Human Resources

Full Time Staff	37,080
BEP Teachers	63,607
Community Health Volunteers	48,583
Community Health Workers	3,285
Community Nutrition Workers	11,988
Poultry Workers	50,805

## Programme Infrastructure

Regional Offices	139
Branch Offices	1,675
Training Centres	22
Health Centres	37
Diagnostic Laboratories	41
Schools - BRAC Primary	31,877
Pre-Primary	16,025
Gonokendras (Union Libraries)	964
Kishori Kendra	8,016
Handicraft Production Centres	308
Limb and Brace Centre	1

## Programme Support Enterprises

Aarong Shops	8
Printing Press and Pack	1
Dairy and Food Project	1
Poultry Farm and Hatcheries	6
Feed Mills	3
BRAC Nurseries	17
Prawn Hatcheries	8
Fish Hatcheries	4
Seed Production Centres	23
Seed Processing Centres	2
Bull Station	1
Broiler Processing Plant	1
Chiling Plants	57
Maize Production Centres	3
Iodized Salt Industries	2

## Related Companies/Institutions

BRAC Industries Ltd.	Cold Storage Ltd.
BRAC BDMail Network Ltd.	Internet Service Provider
BRAC Services Ltd.	Hospitality
Delta BRAC Housing Finance Corp.	Housing Finance
BRAC University	Tertiary Education
BRAC Bank	Small and Medium Enterprises Finance and Banking
BRAC Tea Companies	Tea Plantation and Production
Documenta TM Ltd.	Software Development




## BRAC Abroad

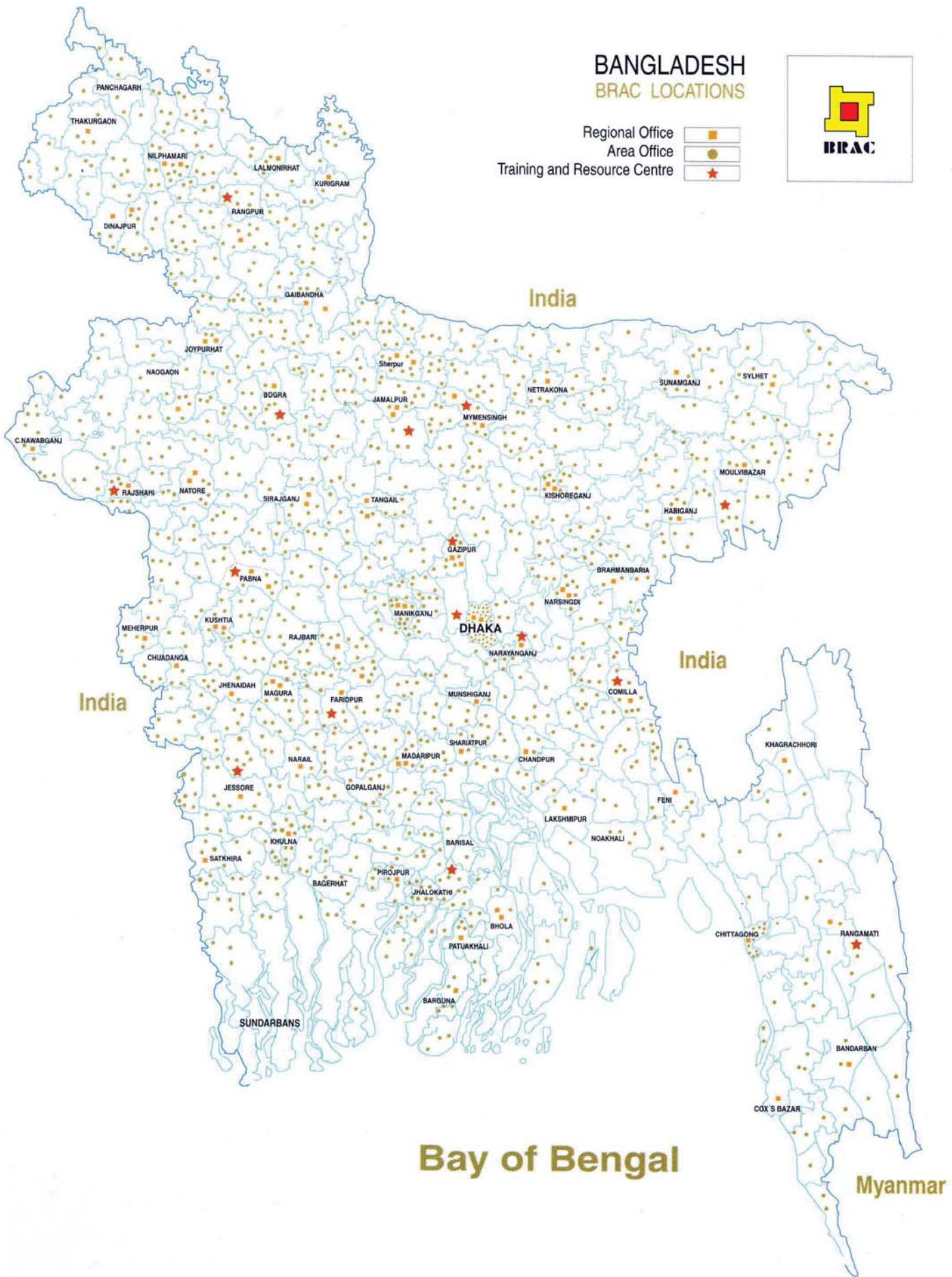
BRAC Afghanistan	
Working Areas	19 provinces
Community Schools Students	824 24,633 (94% girls)
Village Organisations Members	5,732 109,469
Loan Disbursement (cumulative)	US \$ 21 million
Loan Outstanding	US \$ 7.5 million
Recovery rate	95.46%
National Solidarity Programme Coverage	20 districts
Agriculture Programme Coverage	25 districts
Training and Resource Centres	3
Total Staff	
Local	2,519
Expatriates	157

BRAC Sri Lanka	
Total Provinces Covered	4
Districts Covered	8
Divisions Covered	27
Total Staff	
Local	145
Expatriates	16
Total livelihood Beneficiaries	8,666

# BANGLADESH BRAC LOCATIONS



Regional Office   
 Area Office   
 Training and Resource Centre 



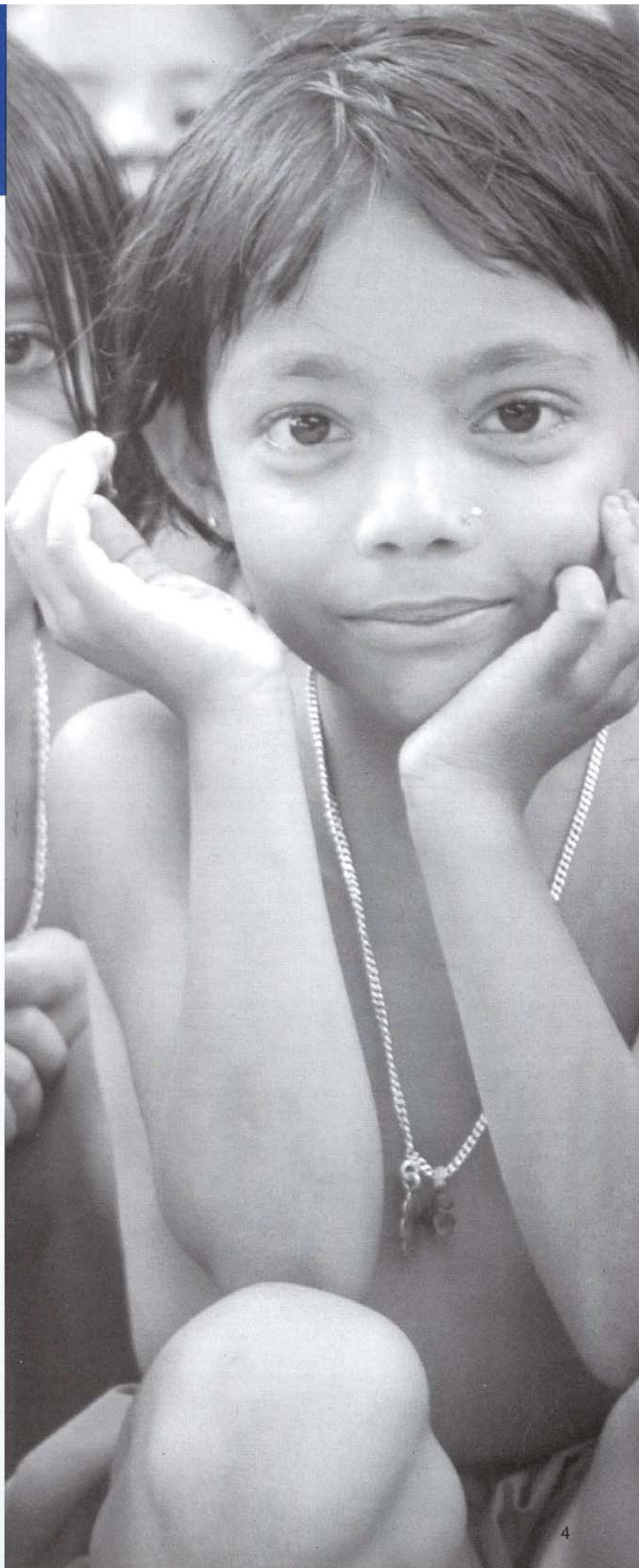
# BRAC

## An Overview

BRAC, a national, private organisation, started as an almost entirely donor-funded, small-scale relief and rehabilitation project initiated by Fazle Hasan Abed to help Bangladesh overcome the devastation and trauma resulting from the Liberation War and focused on resettling refugees returning from India. Today, BRAC has emerged as an independent, virtually self-financed paradigm in sustainable human development. Currently the largest NGO in the world, BRAC employees number more than 100,000, with 72% women, who work with the twin objectives of poverty alleviation and empowerment of the poor.

With its innovative approach to development, following no rigid model, but continuously expanding and growing through experiential learning, BRAC today provides and protects livelihoods of an estimated 110 million of the 141 million people of Bangladesh. Diagnosing poverty in human terms and recognising its multidimensional nature, BRAC approaches poverty alleviation with a holistic approach. Through the creative integration of its core programmes, strategic linkages and constant evolution, BRAC has come to stand as a unique example of how a development organisation can be sustainable without being dependant on donor aid. BRAC's outreach covers all 64 districts of Bangladesh, comprising more than 69,000 villages, and has been called upon to assist a number of countries including Afghanistan and Sri Lanka.

Since its modest inception in 1972, BRAC recognised women as the primary caregivers who would ensure the education of their children and the subsequent inter-generational sustainability of their families and households. BRAC has therefore been committed to the empowerment of women and education of children in particular. Its comprehensive approach combines Microfinance under BRAC's Economic Development programme with Health, Education and Social Development, Human Rights and Legal Services Programmes, linking all the programmes strategically to counter poverty through livelihood generation and protection. While BRAC believes that micro credit is an important tool in breaking the cycle of poverty, it also places equal emphasis on training its members in income generating activities and facilitating their linkage with consumer markets. Instituting linkages between producers and consumers, BRAC has assisted with the entire process of income generation, juxtaposing itself so as to counter market failures and make it possible for the poor rural producers find the market conducive to their development and sustainability.



BRAC has held to the belief that community partnerships and institution building go a long way in sustainable development and the spreading and transferring of knowledge to future generations. BRAC's Economic Development Programme has so far organised nearly 5 million poor and landless people, mostly women into 160,197 Village Organisations (VOs). These Village Organisations serve as forums where the poor can collectively address the principle structural impediments to their development, receive credit, and open savings accounts and build on their social capital. BRAC's microfinance programme, by offering credit to the poor and assisting and encouraging them to save, strives to ensure economic and social sustainability of the poor. BRAC's Microfinance programme has so far disbursed Taka 165,794 million (US\$ 3,094 million) with a 99.49% recovery rate where no collateral is required. Members have saved up to Taka 9,159 million (US\$ 141 million) with BRAC. Its comprehensive approach combines Microfinance with Health, Education and Social Development Programmes because BRAC recognises that its microfinance clients must be informed and aware enough to put their loans to the best use, must be cognizant of their rights, remain healthy and have the confidence to establish a means of income generation. Thus BRAC's strategy also includes human rights and legal education courses, provision of legal aid clinics, use of popular theatre to raise awareness and offer solutions to social problems, and household visits by volunteer health workers. Training is provided for gender equity, conscientization, and awareness building that helps create an enabling environment in which the poor can participate in their own development.

Over the years BRAC realized that microfinance, though a successful, thriving programme, was failing to reach the absolute poorest, or the Ultra Poor, composed of mostly women falling on the bottom rung of the poverty ladder. So in January 2002, BRAC introduced its Challenging the Frontiers of Poverty Reduction – Targeting the Ultra Poor (CFPR-TUP) programme. Using a specific set of criteria to identify women in the margins of society who are too poor to take advantage of standard microfinance options, BRAC designed a creative subsidisation scheme that included income generating assets, training and health care services, tailor made to create opportunity ladders for the ultra poor to help them merge into the mainstream microfinance programmes. The programme has already received widespread national and international attention and is setting the standard for other development organisations to emulate. The CFPR-TUP programme has been replicated internationally, targeting the ultra poor in countries such as Haiti.

Yet another one of BRAC's innovations that has been replicated in about a dozen countries is the Non Formal Primary Education programme set up in 1985. The programme started with 22 one-room schools and has grown to about 31,877 primary and 16,025 pre-primary schools by 2005. It fulfills BRAC's goal of poverty reduction through access to education for those traditionally outside formal schooling. The BRAC schools teach the same competencies as the government schools. However, they enroll and retain a higher proportion of hard-to-reach children, such as girls who make up 65% of the student body. Currently BRAC schools have enrolled about 14,471 children with disabilities, helping them overcome visual, hearing and speech impairments along with mental and physical challenges. BRAC has also concentrated on including ethnic minority children into its primary school programmes and has so far enrolled more than 50,000 ethnic minority children of whom 56% are girls. The importance of maintaining literacy outside the school setting has been addressed with BRAC's 964 rural community-based libraries, or Gonokendros, that give members access to a variety of reading materials. The Adolescent Development Programme (ADP) trains adolescent BRAC school graduates, both girls and boys, in vocational skills, health awareness including reproductive health, and leadership.

BRAC's Essential Health Care Programme, aside from partnership programmes with the government covering tuberculosis, malaria, immunisation and sanitation, offers a broad range of services to the poor including critical services in reproductive health care and disease control, mobilisation of women and dissemination of information among the poor. BRAC's first success in mass implementation of its programmes came about in the 80s when it undertook an initiative in collaboration with ICDDR,B to combat diarrhea – the leading cause of high infant mortality rates at the time. The programme was taken door-to-door nationwide by 2,000 BRAC workers, 90% women, who taught 13 million mothers the simple technique of preparing home-made oral rehydration saline, embedding the practice in the national culture and communicating the knowledge to 100% of the population. Infant mortality came down to 75 per thousand from 258 per thousand.

The National Tuberculosis Control project, a partnership programme with the government, has scaled up dramatically since its inception in 1984 and today reaches out to 83.2 million people in 42 districts of Bangladesh. In the early 80s, BRAC partnered with the government to initiate an immunisation programme, taking the percentage of immunised children from 2% to 80%. It currently engages 48,583





programmes provide continuous support that is essential to the success and smooth functioning of BRAC's core programmes. The Training Division is engaged in all aspects of staff and VO member training, be it poultry rearing or development management. 20 residential Training and Resource Centres (TARC) and 2 BRAC Centres for Development Management (BCDM) have been established by the Training Division.

Fostering its development principles into its own policies, BRAC's Human Rights and Advocacy Unit has undertaken a number of initiatives to promote and protect human rights, particularly that of women. Recently a Sexual Harassment Elimination Unit (SHaE) was established to ensure the elimination of gender-based harassment or abuse within the work environment. BRAC is also the only NGO that has its own independent Research and Evaluation Unit, set up in 1975 when BRAC was still very small, recognising the importance of evidence-based programming. Its mandate is to provide analytical research support to improve existing programmes and provide direction to explore new avenues of development.

BRAC has invested substantially in commercial enterprises, one of which is Aarong (chain of retail handicraft stores), that links poor rural producers, or in this case artisans, with the expanding urban markets. Other enterprises include the BRAC Dairy and Food Project, which is the second largest liquid milk plant in Bangladesh, with an integrated system of milk procurement from rural dairy farmers to the production of quality dairy products. 6 Poultry Farms and 3 Poultry Feed Mills have been set up to meet the increasing demand for healthy chicks and quality feed in rural areas as well as to provide supply access to women trained in a variety of aspects of poultry rearing. Programme Support Enterprises, created to form synergies between activities generated by Microfinance beneficiaries and BRAC's Commercial ventures, consists of BRAC Printers, a cold storage, a tissue culture Lab, 23 seed production and 2 seed processing centres, 12 fish and prawn hatcheries, an iodised salt factory and a bull station to improve cattle breeds through artificial insemination. The intent of these commercial enterprises is to ensure economic sustainability for poor rural producers while creating new revenue streams for BRAC to fund its core development programmes. Notable achievements from these enterprises include the development of several hybrid grain varieties including a high-yield Hybrid Maize. Such commercial enterprises not only ensure economic sustainability for poor rural producers, but also earn revenues that the organisation can retain to fund its core development programmes.

BRAC has consistently maintained high levels of transparency in all its operations since it was established and, over the past three decades, has been able to preserve an unblemished reputation. The same principles of ethics and integrity that form the supporting pillars of all its activities, whether of national scale or small, are also enforced in the organisation's policies and practices. BRAC was the first NGO to establish an office of the Ombudsperson in 2004 and its extraordinary efforts towards financial transparency were recognised in 2005 when it won the CGAP (Consultative Group to Assist the Poor) award for financial transparency. To further enrich BRAC's strategic thinking and direction of governance, BRAC also invited three foreign nationals including Dr. Timothy G. Evans of the WHO, Ms. Shabana Azmi, a noted activist in South Asia and Ms. Maria Otero of South America to join the Governing Board, in 2005.

Community Health Volunteers, called Shastho Shebikas (SSs), who are members of the Village Organisations, trained to provide health education, sell essential health commodities, treat basic ailments, collect basic health information and refer patients to health centres when necessary. In recent years, a cadre of female community health paramedics called Shastho Karmis (SKs) have been recruited and trained to strengthen the work of the Shastho Shebikas. In addition to monitoring targeted households and providing pregnancy related care, the SKs also supervise the SSs. Women all over the country have been benefiting from BRAC's programmes providing ante and post-natal care. 37 Health Centres have been established by BRAC in addition to 1 Limb and Brace Fitting Center providing low-cost quality devices and services to the physically disabled. Among others, BRAC Health Programme's newest initiatives include its HIV/AIDS programme, which has been promoting mass awareness in the community about the disease, providing condoms to high risk groups and performing syndromic management of STIs and RTIs in high risk groups to reduce the risks of HIV infection. Other new initiatives include a community-based arsenic mitigation programme, the Saving Newborn Lives programme and the Micro-Health Insurance programme. BRAC is also working closely with the government to address and achieve the national goal of 100% sanitation by 2010.

Support Programmes at BRAC include the Training Division, Research and Evaluation Division, Advocacy and Human Rights Division, Public Affairs and Communications, Administration and Special Projects, and Internal Audit and Monitoring. These

BRAC has formed important links with the government over the years, facilitating the emergence of more NGOs in Bangladesh. It has expanded into an organisation operating on a national scale, side by side and in partnership with the government, other NGOs and organisations and contributing to 2% of the country's GDP. With an annual budget of US\$ 259 million, 76% of which is self-financed, BRAC has established itself nationally and internationally as a symbol of stability, sustainability and credibility.

## Other BRAC Initiatives

### BRAC University

BRAC University was established as centre of excellence that would marry BRAC's extensive capacity development experience from the field level with academic knowledge imparted by a high quality faculty. It is expected that BRAC University, supported by BRAC's existing resources, will be able to mould the next generation of visionary pro-poor leaders of Bangladesh to fill the current dearth. Recently, the first batch from the James P. Grant School of Public Health completed their coursework and were awaiting their convocation to be held in January 2006. More information on BRAC University can be found at [www.bracu.ac.bd](http://www.bracu.ac.bd).

### BRAC Bank

BRAC Bank is a venture by BRAC to bring good quality and reliable banking services, especially credit to small and medium enterprises (SMEs). The Bank has disbursed over BDT 1,200 crore in loans to nearly 32,000 small and medium entrepreneurs. Since its inception in 2001 BRAC Bank has become the fastest growing bank in Bangladesh, expanding to 18 branches, 292 SME unit offices and 11 ATM sites, and its customer base has expanded to 90,000 deposit and 37,000 advance accounts through 2005.

## BRAC Abroad

### BRAC Afghanistan

BRAC Afghanistan was conceived in May 2002 when BRAC realised that its development innovations and experiences in Bangladesh could be relevant in the alleviation of poverty and empowerment of the poor people of Afghanistan, many of whom were refugees returning to a war-torn land. Recognising BRAC's goodwill and impressed with its results in Bangladesh, the Government of Afghanistan invited BRAC to begin mobilising Afghan communities and providing development services in microfinance, health, education, income generation, and small enterprise development. The programme takes the best practices of BRAC in Bangladesh and tailors its initiatives according to the needs of the Afghan people. Most importantly, 94% of the employees of BRAC Afghanistan are Afghans, whose number stood at 2,676 at the end of 2005. BRAC's Afghanistan programme covers 19 out of 34 provinces in Afghanistan. So far, a cumulative US\$ 21 million has been disbursed.

### BRAC Sri Lanka

Following the devastating Tsunami of 2004, BRAC began exploring possibilities of relief and rehabilitation operations in Sri Lanka to help those affected by the disaster rebuild their lives. As of 2005, BRAC Sri Lanka has been implementing its Rehabilitation and Livelihood activities in 8 of the most affected districts in Sri Lanka. The sectors covered by BRAC Sri Lanka include Fisheries, Agriculture, Poultry and Livestock, Small Business, Income Generation Activities, Education and Health and Sri Lankan Rs 81 million (US\$ 80,000) has been disbursed to date.



It is 8 AM on a sun-drenched Monday morning and the streets of Dhaka city are packed with commuters. The narrow alleyways of Shobujbag are crowded with people rushing to work and in the dilapidated building next to Kohinoor Begum's house, 40 women of varying ages have gathered together to change their lives.



Shobujbag Village Organisation Women

Shobujbag's Uttar Mugda Village Organisation (VO) was formed in 1997. BRAC Health Programme Organiser (PO) Shondhya Rani Sikdar was one of the first members of the team that organised women of the Shobujbag slums together. She was a Microfinance PO back then and along with her team members, conducted surveys that pinpointed potential microfinance candidates in Shobujbag Thana and then went door to door introducing the BRAC development programme to the target group.

The group that meets at Shobhanetri (group leader) Kohinoor's house is one of several VOs which were formed in the Shobujbag Thana. The women that meet there every Monday represent a large cross-section of Dhaka city's population. Most of their husbands are small traders or rickshaw pullers. Living with large families in crowded slums, making ends meet is a daily struggle. The opportunity to take loans towards starting a small business or improving a current one is only made possible by the few NGOs that dare to work in the uncertain urban slum environment. With BRAC, however, the opportunities don't stop with microfinance.

PO Shondhya Rani had been inspired as a child by the country-wide oral saline campaign BRAC had undertaken in the 80s. Wanting to work for the many underprivileged families in the country, she joined BRAC straight out of college. In 1998, she underwent 3 months of intensive training to become a Health PO. Now the area of Uttar Mugda in Shobujbag Thana is under her care and it is where she conducts regular Health Forums. The people of Uttar Mugda know her as Shondhya didi (older sister) and are quick to seek her advice on any health issue. The Ante and Post Natal Clinics she runs for the pregnant women in the area let her into the lives and homes of many of the area's young women and she uses that opportunity to make them more aware of health, nutrition, hygiene and sanitation issues.



Team leader Kohinoor with her son



Health Programme Organiser Shondhya

One of Shondhya's current participants in the Ante Natal Care (ANC) Clinic is Nili Begum. In her second year as a VO member, Nili is nearly 9 months into her second pregnancy and has already had three checkups by Shondhya. With her first micro loan, Nili helped her husband Munsur Ali buy the rickshaw he had been driving on lease and when the family's income improved, they decided together to have their second child. After several consultations with her husband and in-laws, Nili expressed to Shandhya the decision to have her second child in the protected settings of a clinic or health centre, much against the prevalent tradition of home births in the country.

BRAC Health Programme's interventions regarding pregnancy related care are of special interest to members of the Bill & Melinda Gates Foundation. In December of 2005, on their day trip to Bangladesh, Bill Gates, Chairman of Microsoft Corporation, and wife Melinda, stopped at the house of Kohinoor Begum of Shobujbag to watch a BRAC Microfinance Programme VO meeting. They spent a little more than an hour talking to Kohinoor and her fellow members and Melinda went inside the house to observe Shondhya conducting her weekly ANC clinic.

The novelty and excitement of hosting the world's wealthiest couple in her home has all but faded for Kohinoor - she is now busy building up the tailoring business she started with her BRAC loan. Her husband, a CNG Taxi driver, fell ill and was unable to work for several months. The family of five depended solely on the money Kohinoor earned sewing women's garments for people living in the neighbourhood. Her business was generated by word of mouth and as a result her income was hardly steady. Now that husband Chunnun Mia is well again, Kohinoor plans to take bigger loans to buy a CNG Taxi that he may drive. She has had several discussions with the people at the local BRAC office about the best way to proceed and plans to ask the local Area Manager for advice.

Rumi Yasmin is the Area Manager for Shobujbag and the Uttar Mugda VO is just one of her many responsibilities. In the six years that Rumi has been working in the area, she has dealt with hundreds of people, but the extra effort she puts in to get to know each and every one of her members and their families personally has earned her the trust and respect of the community. When Rumi first joined BRAC, she was intrigued by the initiatives centred around women and finds satisfaction in working as a medium through which BRAC helps them.

Rumi often attends VO meetings to observe the performance of the Microfinance POs under her supervision. This also provides her with a good opportunity to talk to the VO members, discuss pressing issues (such as TB or AIDS) and learn their opinions. Today, as she walks in, several women are buying BRAC salt from Kohinoor, and several more are asking for the free water purification tablets she has volunteered to distribute.

Sitting in the front row is Monowara Begum, a member of the VO since its formation in 1997. She took loans to start a business of selling saris door to door, but because of the time and effort it required to raise her three boys and look after the household, her work suffered, so now she runs a paper-bag making business out of her home and enlists the help of her sons after they get home from school. Monowara saves as much money as she can every week as she dreams of sending her sons to college someday.

Behind Monowara sits a cheerful Hasna Begum. Her smile is somewhat famous, captured on the leaflet promoting BRAC's Tuberculosis Programme. While her husband drives a rickshaw, Hasna works as a BRAC Health Volunteer to supplement the income for her 5 member family. Besides selling drugs for common illnesses such as fever and cold, she is also learning to conduct the weekly health forums with Shondhya. While the money she earns selling her medicine door to door is only a supplementary income, Hasna insists that she volunteers because of the opportunity it provides her to do something for her neighbours. There is also the respect she gets from the community because of her position, though that too was hard earned. Twelve years before she moved to Dhaka city, Hasna was a BRAC Health Volunteer in her village in Mymensingh. But the time and place were such that she faced great opposition from her community when she took up the work, with everyone insisting she was going to lose her religion and her values by participating in the Health Programme training and activities. Overcoming the odds there, Hasna now has the confidence to face anything, and she does so with the famous smile on her face.



Bill and Melinda Gates at Komlapur

One of the activities of the Health Programme that has been greatly welcomed in the Shobujbag area is the Tuberculosis Directly Observed Treatment Short-Course (DOTS). As a Health Volunteer, Hasna is at the forefront of the programme, working to not only identify patients but also administering the daily dosage of medicine at her house. Most of Hasna's TB patients are neighbours like Shefali Begum, for whom the 2 minute walk to Hasna's house is cheaper and much more convenient than taking a rickshaw all the way to the nearest government health facility.

Next to Hasna at the meeting is Tahmina, one of the younger members of the group. Her 6 year old daughter Tamanna is her pride and joy. A little more than a year ago Tamanna contracted dengue fever and her treatment cost their family more than 95,000 takas. At that time both Tahmina and her husband Yunus were working, Tahmina as a security guard at a foreign company and Yunus running their own grocery store. Tamanna's illness forced Tahmina to quit her job and Yunus to sell the shop - the family fell into financial ruin. It has been a year since Tahmina joined BRAC. With her loan, she has started a door-to-door sari selling business which Yunus helps manage. Today she wants to talk to Rumi (sister) about getting a bigger loan so that she can buy more stock. Tamanna is also old enough for school. Tahmina, like many of the other mothers of young children in the group, would like to see a BRAC primary school opening nearby. According to them, the teachers in the schools in the area don't give children enough attention, and the parents are frequently hassled for bribes.

The women of the Uttar Mugda VO are very vocal. When Rumi sits down to talk to them, they are not reserved about stating their problems and making their needs heard. Together, they talk about forming a group which will scout out possible locations for a BRAC school and Rumi explains the criteria to them. Later she will meet with several of the members individually to advise them on their businesses. This is the part of her job that Rumi loves best. Here, amidst the chatter of the women as they deposit their weekly savings, pay their loan instalments and discuss their children's future, the change taking place is palpable.

*By Q. Pushpita Alam, Communications Officer  
BRAC Public Affairs & Communications*



In today's information age where technology is continuously expanding the boundaries of human knowledge and potential, BRAC has been quick to recognize and take advantage of the opportunities that exist in Information and Communications Technology (ICT) both as a large and diverse organisation as well as an innovator for the poor.

For BRAC, the IT 'revolution' began at home. As early as 1985, the organisation established the BRAC Computer Centre (BCC) to begin automation of key data processing functions for its Microfinance, Research & Evaluation, Health and Training programmes, as well as its financial information. Field office automation began in 1999 and by 2005 all 1,381 locations had been fully converted. The daily updating and entry of microfinance and accounts information at the field level is now done with computers and transferred to BCC by CD, where compilation, processing and report generation takes place. The use of ICT in improving the processing of data and in strengthening the management of programmes has had great impact on the efficiency, transparency and reliability of BRAC's development initiatives. The latest programme to become a member of this automation process is the BRAC Education Programme, where 44 of its 46 Regional Offices were updating key school data monthly to the Head Office using portable flash drives by the end of 2005.

BRAC's Post-primary Basic and Continuing Education (PACE) programme initiated a pilot project in late 1999 to familiarize children, adolescents and youth as well as adults in rural areas with ICT by introducing computers in 10 of its Gonokendros (Community Libraries). BRAC recognized that there is nothing inherent in the nature of technology which renders it inaccessible to the poor. It is only in the availability of resources and the sharing of knowledge that gaps exist which have till recently excluded the poor from reaping the benefits of technology. PACE's efforts were therefore aimed at narrowing the digital divide between rural and urban communities in terms of the availability and usage of ICT. At present, 185 of BRAC's Gonokendros provide access to computers, multimedia and in some places, Internet, to members and non-members alike, allowing those who cannot afford the technology individually to take advantage of its benefits in a community-based platform. BRAC has arranged numerous ICT fairs through its Gonokendros to familiarize rural populations with the technology and increase their awareness of its benefits. Furthermore, by developing customized training packages and software targeting the specific requirements of the rural population, BRAC has also been successful in bridging the gap created by commercial ICT services and training which were so far insensitive to their needs. In its commitment to empowering the poor, especially women, BRAC ensures the sustainability of its ICT programmes by charging affordable fees for training while poor women, girls and persons with disabilities receive partial or full subsidies. To date, 41% of those trained at BRAC's Gonokendros are female. More than 90% of the Gonokendro librarians are women from the local communities. The training these women receive at BRAC enables them to not only garner employment educating the children and youth who attend the libraries but also earns them a place of respect among their community members.

Viewing ICT as not only an end in itself, but a powerful tool to enhance education, BRAC has developed Educational CDs for children featuring topics such as health, mathematics and English. One of PACE's new initiatives in education is the introduction of Computer Aided Learning (CAL) which emphasizes on making learning more interactive through the use of ICT. CAL for English has been introduced in 7 secondary schools in Mirzapur, Tangail and has already achieved success in not only increasing the impact of the lessons but implicitly familiarising rural students and teachers with computer technology as well. For the adult population, multimedia presentations at the Gonokendros on salient social issues such as health, sanitation and education have helped disseminate information and raise the awareness of hundreds of people in the rural communities.

BRAC established the BRAC BD Mail Network (BBN) in 1996 as an affordable internet Service Provider (ISP), with a vision to expand the potential of the ICT industry under a Bangladeshi context, creating jobs and opening up new avenues for growth and change through information exchange in today's globalized world. Currently bracNet, an associated company resulting from the joint collaboration of BRAC and G-Net, is also working to create a system which will provide an Internet backbone, allowing Internet access in all parts of Bangladesh. As part of its development outlook, bracNet envisions that in the near future, all the BRAC offices, establishments and, most importantly, schools and libraries spread throughout the 64 districts of Bangladesh will be connected to each other and to the World Wide Web, bringing a wealth of information to the doorsteps of the millions of underprivileged men, women and children who comprise its membership.

BRAC envisions a Bangladesh where a farmer can, with the click of the mouse, access up-to-date weather forecasts and information on best farming practices, where a rural producer can be linked through the internet to urban markets and a village woman's voice has equal impact on a forum where politicians and policy-makers participate from miles away. Technology will no doubt play a vital and powerful role in Bangladesh's development and the extent of its impact will depend solely on the creativity and sensitivity with which it is deployed. By recognising and embracing the potential of technology in its activities and employing endless creativity in the design and implementation of its pioneering interventions for the underprivileged, BRAC continues to redraw the boundaries of innovating for change.

*By Q. Pushpita Alam, Communications Officer  
BRAC Public Affairs & Communications*

A woman is shown in profile, focused on her craft. She is seated and working on a traditional wooden loom. Her hands are positioned to weave threads, which are visible as a patterned fabric at the bottom of the frame. The background consists of a wall made of woven bamboo or reeds, creating a textured, geometric pattern. The overall scene is set outdoors, with natural light illuminating the woman and her work.

# Economic Development programme

Microfinance

Employment and Income Generating Activities

Programme Support Enterprises

Challenging the Frontiers of Poverty Reduction

- Targeting the Ultra Poor (CFPR-TUP)

# Economic Development Programme



## The BRAC Microfinance Canvas

BRAC differs from other microfinance institutions (MFIs) in its realisation that poverty is a multi-dimensional concept and development needs for different categories of the poor are not homogeneous. BRAC's commitment to this reality is marked in two ways. First, BRAC has always opted for the credit plus approach where loans are given to poor women in the form of skill-training, non-formal primary education for children of BRAC members, health care, social development services and the creation of grassroots organisations for the poor. Second, in order to reach the diversified groups of the poor, BRAC applies different approaches for facilitating their access to financial resources in the form of microfinance services. To date the programme has reached over four million village members, of whom 99.5% are women.

Results now show that the moderate poor, as well as vulnerable households are the principal users of microfinance. Compared to extreme poor households they are more likely to join an NGO, more likely to take a loan, more likely to have a larger loan and more likely to develop a profitable micro-enterprise with their loan. There are several reasons why the extreme poor households are less likely to join or, once joining, less able to make effective use of loans. Perhaps the most common factor is that households need an existing source of regular income. Repayment conditions typically require payment on a weekly basis as soon as the loan is taken, and in many cases, before any income has been generated by the investment of the loan. For households without such an assured repayment source, taking a loan is simply too risky. Very often, NGO staff or other borrowers will discourage such poor households from joining the programme.

It is the members of this extreme poor group that are particularly disadvantaged using conventional microfinance instruments and it is for this group that new modes of intervention are needed. This is a new frontier in the poverty reduction challenge.

## Income Generation for Vulnerable Group Development (IGVGD) Challenging the Frontiers of Poverty Reduction (CFPR-TUP)

In 1985 BRAC approached WFP for food assistance under its Vulnerable Group Feeding (VGF) programme and in 1987 the programme was renamed as IGVGD. From 1989 BRAC started to provide credit support to IGVGD members in addition to other existing food assistance and training services. At present BRAC is involved in providing the following services to the IGVGD participants: (i) skill development training (ii) credit support (iii) input supply and technical assistance (iv) social development and (v) essential health care. Since 1988 to the end of 2005, a total of 2.53 million VGD cardholders were provided basic skills training and within the same period a total of US\$ 67.1 million loan was disbursed among 1,415,154 borrowers.

Besides IGVGD, BRAC's recent experimental programme Challenging the Frontiers of Poverty Reduction-Targeting the Ultra Poor (CFPR/TUP) is specially designed to meet the demands of the Ultra Poor, who are among the poorest in the country. This component organizes destitute, women-headed households by transferring productive assets, providing basic skills training, and support programmes such as health and legal services. CFPR thus seeks to "push down" its interventions by developing new instruments relevant to the livelihood strategies of the ultra poor households. It also seeks to "push out" the agenda to challenge the existing socio-political frontiers within which the existing approaches operate. Thus the ultimate goal of CFPR programme is to strengthen livelihood conditions of the ultra poor so that they can "graduate" to any formal microfinance programme. Details on the IGVGD and CFPR-TUP programme on page 22.



### Microfinance programme: components, target group criteria and product details

Poverty Group	BRAC Microfinance Programme Components	Definition of Target Group	Terms & Conditions/ Mandatory Prerequisites *	Product Details
Extreme Poor	CFPR-TUP	<ul style="list-style-type: none"> <li>• Dependence upon female domestic work and begging</li> <li>• Owning less than 10 decimals of land</li> <li>• No adult active male member in the household</li> <li>• No productive asset in the household</li> </ul>	<ul style="list-style-type: none"> <li>• There should be at least one adult, active women member in the household capable of getting involved in an income generating activity</li> <li>• Households must not be associated with any other MFIs</li> </ul>	<ul style="list-style-type: none"> <li>• Asset Transfer and subsistence allowance</li> <li>• Enterprise Development Training</li> <li>• Social Development Training</li> <li>• Essential Health Care Support</li> </ul> <p>• After completion of 2 years under CFPR, group members can attain IGVGD loan products.</p>
	IGVGD	IGVGD members are: <ul style="list-style-type: none"> <li>• Household owning no more than 15 decimals of land.</li> <li>• Women who are divorced, separated, or have disabled husband, aged between 18-49 years.</li> </ul>	To be eligible for a loan: <ul style="list-style-type: none"> <li>• one must become a BRAC VO member after joining the programme</li> <li>• Members must save with BRAC in order to be eligible for a loan</li> </ul>	<ul style="list-style-type: none"> <li>• Livelihood Training</li> <li>• Input Support</li> <li>• Social Development Training</li> </ul> <p>• Starting loan size is approximately US\$20 for IGVGD members</p> <p>• Interest rate 15% flat</p> <p>• Repayment through 46 equal weekly installments over a period of one year</p>
Moderate Poor	DABI	DABI members are those who own up to one acre of land (including homestead) / sell their manual labor to earn their living.	To be eligible for a DABI loan: <ul style="list-style-type: none"> <li>• one must be a BRAC VO member</li> <li>• Members must save with BRAC regularly</li> </ul>	<ul style="list-style-type: none"> <li>• Loan sizes range between Taka 3,000 - 30,000 (US\$ 42-428)</li> <li>• Interest rate 15% flat</li> <li>• Loans are repayable over a period of one year through 46 equal weekly installments</li> </ul>
	UNNOTI	Those who have more than one acre of land and are involved in farm and non-farm enterprises.	UNNOTI borrowers: <ul style="list-style-type: none"> <li>• save regularly</li> <li>• attend regularly in weekly meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Loan sizes range between Taka15,000 - 50,000 (US\$ 214-714)</li> <li>• Interest rate 15% flat</li> <li>• 12 and 18 monthly loan products that must be repaid in equal monthly installments</li> </ul>
Vulnerable non-poor	PROGOTI	PROGOTI programme aims to provide larger loans to the BRAC and non-BRAC micro entrepreneurs to develop and finance their own business.	PROGOTI borrowers: <ul style="list-style-type: none"> <li>• must have good entrepreneurial skills</li> <li>• must open a bank account in order to receive their loan</li> </ul>	<ul style="list-style-type: none"> <li>• Loan sizes range between Taka 50,000-300,000 (US\$ 715-4,285)</li> <li>• Service charge 15% flat</li> <li>• 12, 18 and 24 monthly loan products that must be repaid in equal monthly installments</li> </ul>

\* Potential borrowers must not have any loan with other development organisations / NGOs.

## DABI

The goal of Dabi (Poverty Alleviation) is to cater to the moderate poor in both rural areas and urban slums. This programme organises landless groups in these areas and provides them with financial services and self-employment opportunities. Dabi provides different schemes of financial services including collateral-free loans and savings facilities to low-income earners so that they might begin their own income generating businesses. As of December 2005, the total number of outstanding borrower is 3,806,038 and Taka 143,978 (US\$ 2,735) million has been disbursed.

## UNNOTI

Considering the existing situation of the farmers where lack of capital results in unsatisfactory outcome level, BRAC has taken initiatives for agro-based production enterprises which in turn benefit small and marginal farmers. This initiative is known as Unnoti (Economic Development Programme). The goal of Unnoti is to provide financial services to meet specific needs of small and marginal farmers. To date Unnoti has disbursed Tk. 6,373 (US\$ 102) million in micro-credit among 274,979 borrowers.

## PROGOTI/MELA

In order to generate income and create new employment through enterprise development in the rural and semi-urban areas of Bangladesh, BRAC launched the Progoti (MELA) programme in 1996. The target of the Progoti Programme is to provide credit facilities and technical assistance to new and existing small businesses and BRAC Microfinance graduates whose access to formal financial institutions is limited in rural and semi-urban areas of Bangladesh. Since its inception, Progoti has disbursed Tk. 15,442 (US\$ 257) million among 78,776 borrowers. BRAC also introduced the Women Entrepreneur Development Programme (WEDP) in 2000 solely for women entrepreneurs with a disbursement of Tk. 870.50 (US\$ 13.79) million among 12,785 women. Through this programme BRAC has addressed the financial needs of those entrepreneurs who neither belong to the target group of microfinance institutions nor have much access to commercial banks.

### Jamila's Story

Jamila Begum was an ordinary housewife in her early married life and lived with her family in a remote village named Paniabandha in Tangail districts. She could barely sign her name. Her husband Ramjan Ali used to work at a candle factory for a salary of Tk. 1,500 a month. Jamila had to maintain her family with two children and her mother-in-law with this insufficient income. She was also a Village Organisation (VO) member under BRAC's Rural Development Programme. She continued her membership in a VO for three years and took small loans for cow rearing. Even though she earned a small amount of money from this business, she and Ramjan Ali had been trying to make headway for setting up a small candle factory adjacent to their house. On November 1997, Jamila took 35,000 Taka as a loan for a duration of one year from BRAC's Progoti programme. She bought a dice machine and furnished the small factory space for their business.



Ramjan Ali was an expert in making candles and was also involved in marketing of the products. At the same time, he taught Jamila the 'know how' of candle-making. They hired 2 part-time labourers for their factory and then started their business. Initially they used to make the candles together, and on the following day Ramjan Ali used to take them to the market. Gradually, when Jamila had mastered the art of making candles she took the full responsibility of production and her husband concentrated on the marketing aspect of their business.

It did not take long to earn a moderate profit from their business, as the income from sales was sufficient to cover the amount of monthly installments of Progoti loan. By the time Jamila repaid the loan, the business was established and earning consistent profits.

Jamila took a second loan of Tk. 50,000, a third loan Tk. 50,000, a fourth loan of Tk. 70,000, a fifth loan of Tk. 100,000 and Tk. 100,000 for his sixth loan. She utilized the money as capital investment. That increased the production capacity of her business and she bought for her business new dice machines from time to time that grew to 12 dice machines. Soon she hired another worker. Their collective effort enabled them to earn higher profits from the business and by the end of 2004 she was earning around Tk. 12,000 every month as disposable income for her family. She can now afford to send her two children to school in Tangail district town. She successfully repaid her fifth loan of Tk. 100,000 and then took another Tk. 100,000 as her sixth loan, which she invested in her business. In 1997, Jamila Begum and her husband started this business with a single 'dice machine' and two assistants. Now, after seven years, they are working with 15 full-time and three part-time labourers and the value of fixed assets of the business is Tk. 500,000 taka including a permanent factory space, 12 'dice machine' and other equipments. Her business is now capable of absorbing Tk. 30,000 per day as working capital.

Jamila is quite optimistic about her future. Now she wants to start making new items like Tooth Powder with the assistance of her husband Ramjan Ali. The case of Jamila shows that determination and confidence are the key factors for becoming a successful female entrepreneur in rural Bangladesh.

## The Village Organisation - Linkage to the poor

The Village Organisation (VO) is the nucleus of BRAC's poverty alleviation efforts. It is the gateway through which BRAC introduces its services to its members but, more importantly, it is the gateway through which the disadvantaged people enter into a more empowered, healthier and economically sound future. The VO is heart of BRAC's credit programme approach. It is an association of poor, landless people that come together with the assistance of BRAC to try and improve their socio-economic position.

BRAC uses the Village Organisation (VO) as a means to implement its credit services to its members. Before BRAC opens a new Area Office its staff conducts a door-to-door survey to identify the target population of the area. Generally the target area ranges within a 5-6 km radius of the area office. Members receive an orientation course at the time of VO formation and each VO is sub-divided into small groups comprising five members with a leader. The VOs have a management committee consisting of an elected chairperson, a secretary, a cashier and leaders of the small groups. Normally there are 40 members in a VO. Once a VO has a minimum of 20 members' activities may start.

The VO is set up to develop a well-disciplined organisation of the rural poor with particular emphasis on women's participation and develop the capacity of the poor for sustainable development. The VO strengthens the capacity of the poor for empowerment. Through this VO the rural poor are enabled to participate in the national development process.

When a VO is formed, the members elect a president and a treasurer. They hold VO meetings every week. Women begin to save with BRAC as soon as they become members and they can request for loans by the 4th week. Group members must show the ability to deposit savings on a regular basis and once this has been established loan will be disbursed to individuals. While the individual is ultimately responsible for the repayment of the loan, group pressure ensures that loan is repaid on time.

- Loans are repayable generally in weekly instalment
- Normally the first loan size is Tk. 2000-8000
- Loans are repayable generally in weekly instalment
- Normally the first loan size is Tk. 1000-6000

## SAVINGS

An important part of BRAC's microfinance programme is savings and this is increasingly being viewed as an important service in its own right. BDP's own experience shows that the regular savings of a VO indicates better discipline in VO credit operation. From the member's point of view, reliable opportunities to save in small amounts are greatly valued. Savings opportunities with BRAC allows VO members to build up funds for consumption, children's education and other investments. It also provides security for old age and serves as a contingency fund during natural disasters when income level fluctuates.

### VO members can save in two ways:

**Weekly Personal Savings:** On average, members are required to save a minimum of Taka 5 (10 US cents) every week.

**Compulsory Savings:** When VO members take loans, it is mandatory that they deposit 5% of the loan amount into their savings account. The interest rate for the savings is 6%. Normally borrowers can withdraw their savings at any time of the year. However if a members' savings balance falls below Tk. 2000, she would not receive any interest. If the member does not have any loan with BRAC, she can withdraw her whole savings amount.

## CREDIT

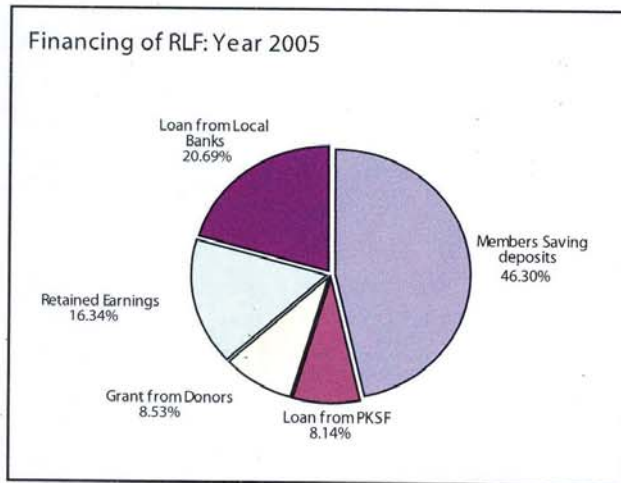
BRAC provides credit to its VO members to initiate different income generating activities. Though collateral free loans are given for individual activities, members must have some savings with BRAC to be eligible for loans. The loan products of the microfinance programme are: General Loan, Programme Loan and Housing Loan.

**General Loan:** Loans can be taken for any profitable income generating activities, like rural trading, rural transport, paddy husking, food processing, small shops and restaurants etc. Loan size is usually between Taka 1,000 to 10,000 (US\$ 15 to 150). However, members may take larger loans in special circumstances. The first loans are usually for Taka 2,000 to 8,000 (US\$30 to 122). This amount increases over time, depending on past repayment behaviour and loan use pattern.

**Programme Loan:** Group members can obtain sector Programme Loans in areas such as poultry, livestock, agriculture, sericulture, fisheries and social forestry. BRAC also provides training, technical assistance and inputs along with these loans in order to increase its effectiveness. The rate of interest for the General and Programme loan is 15% flat.

**Housing Loan:** Members can also take loans to construct or upgrade their homes. The housing loans are for two years with a 10% flat interest rate.

**Revolving Loan Fund:** Credit operations are carried out through a Revolving Loan Fund (RLF). This RLF consists of donor funds, group savings, bank savings, retained earnings and PKSF loans. Loans realised are credited to and form a part of the RLF for extending further credit.



**Provision for Loan Losses :** BRAC generally provides for loan losses based on 2% of loan disbursement. Management assesses the adequacy of the loan provision based on the age of the loan portfolio. At the year end, BRAC calculates required provision for loan losses based on the international standard of loan classification and provisioning methodology.

### Developing an Automated Reporting and MIS

From the inception of the microfinance programme BRAC had plans to develop an efficient MIS for better management and operation of the programme. BRAC adopted the information system solution formally in 1984 when it set up a computer center with a microcomputer with multi-user system. In 1989, BRAC introduced a mini computer for better performance of data entry and processing. BRAC switched from mini computer to PCs with server systems in 1995. All these changes and adaptations of the system took place with a view to improving the information system. This is to generate and provide information to the management in order to enable them to take informed decisions.

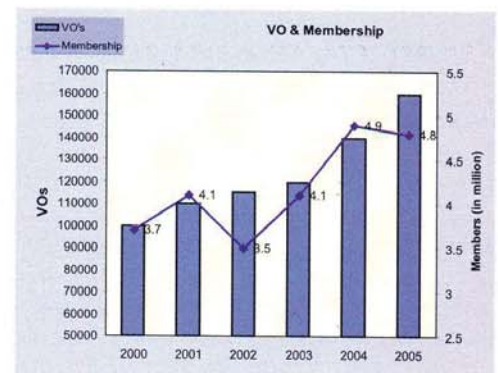
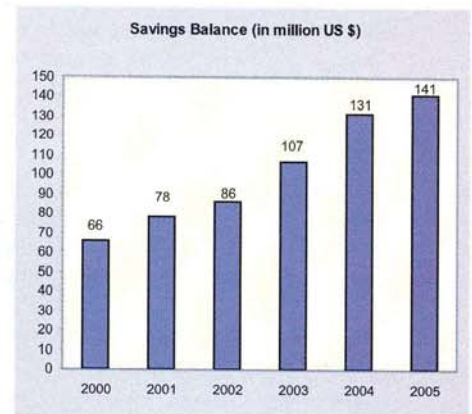
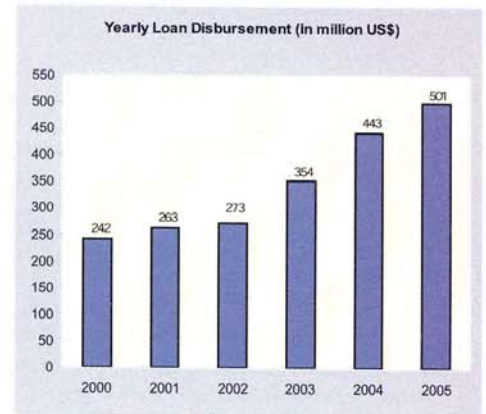
### Death Benefit

BRAC has introduced a death benefit policy for its VO members since June 1990. The sudden death of an earning member can be very costly, both in terms of immediate cost, such as the funeral, and income foregone. Such unpredictable shocks can destroy a household's livelihood. BRAC's death benefit policy tries to minimise the level of such insecurity.

The key features of BRAC's death benefit policy are:

- Members having no loans with BRAC are equally eligible for the insurance service.
- BRAC's insurance service provides Taka 5,000 (US\$ 80) to the dependants of the deceased.
- No premium is charged from the members. BRAC pays the money to the family from the interest earned through its credit programme.

In 2005, Tk 33 million (US\$ 508,000) was paid in death benefits.



### Microfinance Programme At A Glance (Dec 2005)

Inception of Microfinance Programme	1974
Programme Coverage	Districts: 64, Thanas: 507
Total No. of Area/Branch Offices	1,381
Total No. of Village Organisations	160,197
Total Number of Members	4,837,099
Percentage of Women Members	98%
Outstanding Borrowers	4,159,793
Cumulative Loan Disbursement	165,794 million (US\$ 3,094)
Members' Savings	9,159 million (US\$ 141 mil)
Average Loan Size	9,452 (US\$ 145)
Repayment Rate	99.49%

## New Initiatives

### Microfinance for TUP members

Since 2002 BRAC has been implementing an innovative poverty reduction programme for the rural ultra poor. This section constitutes the bottom 15% of the population of Bangladesh. The two years of exclusive support to this group includes Enterprise Development Training, Asset Transfer, special health care, and social protection. At the end of the 24 month close supervision and support of the STUP model, they are brought under the microfinance scheme so they can get continuous access to financial assistances for their businesses. This is a crucial part of their graduation to mainstream development programme. By the end of 2005, 6,843 members were provided with a total of Tk. 23.12 million (US\$ 0.33 million) in loans with an average loan size of Tk. 3,379 (US\$ 48).

### Retrenched Garments Workers

Recent changes in the international trades and quota systems have caused many businesses in the garments industry to close down or operate at reduced activity. This has resulted in layoffs for the predominantly women garments workers. To facilitate their rehabilitation into alternative income generating activities, BRAC has now started absorbing a number of these retrenched garment workers into its microfinance programme with an average loan size of US\$ 80 (Tk. 5,000).

### Employment and Livelihood for Adolescents

To take adolescent girls into account, coordinated educational, social and economic programmes are necessary. As on an initial step towards this aim, the Employment and Livelihood for Adolescents (ELA) programme was created under BRAC's Microfinance Programme to combine both livelihood and life-skills training as well as credit facilities to improve the quality of life of rural adolescent girls and young women. It was established as a means through which they could build a saving habit to allow them to become self-supporting in the future. In receiving different kinds of income-earning training, they would be able to earn money for themselves and their families on a regular basis.

ELA is comprised of different target groups, however, preference is given to BRAC Education Programme (BEP) school graduates. The programme targets adolescent girls and young women aged between 14 and 25. On average each ELA VO consists of 20-30 members. The members operate credit facilities with the help of family members or on their own.

So far, 199,884 members have enrolled in 7,359 ELA VOs. During 2005, loans of Tk. 641.1 million were disbursed to them. They invested these primarily in tailoring, grocery shops, rickshaw van rent, poultry, livestock, nursery, fisheries, vegetable cultivation and other small businesses.

### Women Enterprises Development Programme (WEDP)

BRAC started the Women Enterprises Development Programme (WEDP) tailored for women in urban, rural and hill tracts areas. Managed by women staffs only, this programme provides women entrepreneurs with access to funds to become not only self-sufficient, but become job-providers. During 2005, loans of Tk. 440.86 (US 6.73) million were disbursed to 7,601 women entrepreneurs.

Key features of WEDP loans:

- Loan range: Taka 50,000-300,000
- Service Charge: Annually 15% (flat)
- Loan terms: 12, 18, and 24 months
- Types of business: 39 different business sectors are supported
- Repayment: Monthly equal instalments by accounts payee cheques
- Incentive for early repayment of loan: 15% interest rebate on advance instalment

### Social Protection for the Retrenched State Owned Enterprise Worker

A new project called 'Social Protection Package for the Retrenched State Owned Enterprise Worker (SPPRW) emerged in July 2005. The prime objective of the project is human resource development for self-employment or re-entry into the job market. This project aims to provide social protection to retrenched workers and their family members. The project will provide counselling, credit facilities, education stipend, medical support, job market related information and overseas work opportunities. After obtaining membership, retrenched workers and their family members would be enrolled to BRAC's mainstream development programme.

### Monga Programme

During the lean season of September - October, the extreme poor and day-labourers become completely unemployed because of lack of work in the agriculture field. Particularly during this period, the crops get almost ready for harvest, leaving the agricultural labourers unemployed. As a result, the poorest families remain unfed. This situation is traditionally termed as 'Monga'. Monga is generally experienced in Northern Bangladesh. Every year the severe consequences of Monga is revealed by the print and electronic media.

In the year 2005, BRAC provided special microfinance support to severe Monga affected households in 21 upazilas of Kurigram, Lalmonirhat, and Nilphamari districts. 10,789 households were given soft loans of Tk. 700 each for consumption purposes. A total amount of Tk. 7,552,300 was disbursed among the poorest families. The loan was repaid by the beneficiaries according to their convenience.



## Urban Programme

There is a close relationship between urban poverty and slums. In 1991 BRAC conducted a survey on urban slums and found that a substantial number of slum children had no access to education. Considering the needs of urban slum people in 1992, BRAC opened urban schools in 1997 and also started the urban credit programme. BRAC works with concerned authorities like the City Corporations, the Health Department, and Water and Sewerage Authority to provide safe water and sanitation for slum dwellers. Many female workers in urban areas have little access to proper housing facilities.

## Hostel for Garment Workers

BRAC built a hostel complex for women working in the garment or similar industries in Dhaka. The idea originated from a growing awareness of the poor living conditions and security problems faced by young women while working in the city for their livelihood. These women are not only deprived of fair wages but also have to cope with the risks associated with living in slums - an unhealthy living environment, insecure housing and threats as well as potential sexual harassment. At present, secure accommodation for women at low rental prices are not available in areas where garment industries are concentrated.

The aim of the project is to:

1. Provide working women with safe and affordable accommodation.
2. To shelter working women from sexual harassment and other forms of violence as far as possible.
3. To ensure a clean and hygienic environment.

In these hostels, basic utilities and services such as a fully functional canteen, a laundry room, a common room and maintenance services for the building are being provided. There is also a sick room and a doctor's chamber and BRAC also plans to provide the residents with additional benefits such as adult literacy and legal aid classes and a fully equipped common room with a TV, newspapers, books etc. The women residing in the hostel have to pay Tk. 300-400 per month as rent.

With subsidised government loan, BRAC has already constructed such a hostel with 2,008 accommodations in Ashkona, Uttara. BRAC is planning to construct a similar hostel of approximately 6,000 accommodations capacity in Board Bazar under Gazipur district.

## Community Based HIV/AIDS Education Programme and Microfinance for Commercial Sex Workers

BRAC proposes to reach rural people together with the high-risk population of 4 districts (Khulna, Madaripur, Jamalpur and Faridpur) of Bangladesh with a rights-based comprehensive programme for HIV/AIDS prevention aiming to initiate empowerment programme through the formation of groups with 15-20 CSW (Commercial Sex Workers) and the provision for weekly savings and credit activities to support their livelihood during the lean and crisis period.

Total no. of commercial sex workers in the above brothels: 1,201

578 of the above sex workers became BRAC VO members

397 received loans

Disbursement: Tk. 344,900

Members savings: Tk. 888,627

Loans were invested in cow rearing, rural transport, trading, education for children, health and house repair.

## Employment and Income Generating Activities

While BRAC believes that micro-financial services are necessary to help break the cycle of poverty, it places equal importance on micro-enterprise development services to maximise the return obtained by the poor. Unlike standard business development programmes, which offer some mix of generic training and marketing services, BRAC has developed an integrated sector-specific approach to enterprise development for the poor. BRAC has identified six sectors in which large numbers of low-income women can be productively engaged, at or near their homes: poultry, fishery, livestock, sericulture, agriculture and agro-forestry. For each of these sectors, BRAC has developed an integrated set of services including training in improved techniques, provision of improved breeds and technologies, on-going supply of technical assistance and inputs, monitoring and problem solving as needed and marketing of finished goods.

### Poultry and Livestock:

In Bangladesh approximately 70% of landless rural women are directly or indirectly involved in poultry rearing activities. This sector accounts for about 3% of GDP in Bangladesh. The Poultry and Livestock Programme is composed of several components: poultry and livestock extension programme, poultry farms and hatcheries, feed mills and feed analysis laboratories, bull station, and the disease diagnosis laboratories. To date, 2.11 million people have been involved in this programme. The Poultry and Livestock Extension programme includes i) Poultry and Livestock Extension Workers ii) Chick Rearers iii) Key Rearers iv) Cage Rearers v) Broiler Rearers vi) Egg Collectors vii) Model Cow Rearers viii) Model Goat Rearers and ix) Artificial Inseminators. Production activities include supplying different inputs such as DOC feed and semen from its hatchery, feed mill and bull station.



BRAC started its Livestock programme in 1983 to protect livestock from disease by developing skilled village level para-veterinarians, and improving local cattle breeds by providing credit and appropriate technical support. These measures are expected to increase the productivity of the livestock sector, and provide a steady source of income for the landless. The government has taken up BRAC's livestock development model for widespread implementation. The objectives of the poultry and livestock programme activities is to provide women an entry point to income earning and employment opportunities through training, input supply and technical support in poultry and livestock activities to improve their socio-economic situation.

### Social Forestry

BRAC Social Forestry programme launched in 1988 uses a variety of activities to increase awareness about the necessity of planting trees in rural areas, create a sustainable supply of high quality forest and fruit seedlings and reduce the adverse environmental effects of deforestation while creating income and employment opportunities for rural women. The broad objectives of BRAC Social Forestry programme are to alleviate poverty and improve the environment. BRAC aims to bring all available land in the rural areas, i.e. homestead, roadside, embankments, marginal fallow, degraded etc. under tree cover with active participation of the rural poor. The key components of the programme are i. Village Nursery, ii. BRAC Nursery, iii. Seedling Distribution, iv. Agroforestry, v. Floriculture.

BRAC started the nursery programme to supply good quality seedlings locally. BRAC organised group members operate village nurseries and they are given training. Each nursery is on 7-10 decimals of land and produces 5,000-10,000 seedlings annually. BRAC has also established its own nurseries spread throughout the country for research, conserving germplasm and producing quality seedlings to meet the local demands through asexual propagation. The programme has been working to produce the varieties which gives early, late and year-round fruiting. This will extend the fruit production period for the country.

BRAC has targeted the whole country for distribution of seedlings, working to increase the awareness of the people to plant more trees. BRAC has established a number of fruit orchards to increase fruit production in the country. It has also established Mother Tree Preservation Centers in Manikgonj, Magura, Trishal, Nilphamari, Thakurgaon and Dinajpur districts. These centers are used for variety screening, experimentation and demonstration and for further propagation of seedlings.

BRAC launched agroforestry activity on degraded private and government khas land. The purpose of the activity is to produce wood, fuel, fodder, food, fruit and vegetables from the same plot in which agricultural crops are mixed with trees so that income is maintained through the short, medium and long term.

BRAC's Floriculture project produces flowers for the international market. The project is focused on the production of a basket of cut flower varieties and cut green foliage. The varieties include: Orchid, Rose, Gerbera, Lily, Gypsophila, Carnation, Leather Leaf Fern and Philodendron.

BRAC has established 8,069 nurseries at the village level, which has produced and distributed 17,100,597 seedlings in 2005 and cumulative 401,272,258 seedlings all over the country. The programme has bought 21,023 agroforestry farmers covering the land 8,481 acres so far.

### Agriculture Extension Programme

BRAC's Agricultural Extension Programme promotes the nutritional and income status of households by increasing the agricultural production of VO members through technology transfer. The VO members who have less than 0.5 acres of land receive training, technical support, inputs, and access to BRAC's microfinance to invest in farming. BRAC's agricultural extension activities can be broadly categorised into two components: i) Vegetable Cultivation ii) Crop Diversification (rice, maize, wheat, cotton, and sunflower cultivation).

The vegetable cultivation programme targets poor rural women. Interested VO members with suitable land are given three days training on vegetable cultivation. Crop diversification contributes to increased agricultural productivity. Maize is used for poultry feed, and as the number of commercial poultry farms in the country increases so does the demand for maize. Sunflower cultivation is also being undertaken, and is profitable. In 2005 90,500 acres of maize, 28,000 acres of HYV rice, 1,18,000 acres of Hybrid rice and 3,733 acres of potato were cultivated under this programme.

To increase the production, BRAC established a modern soil testing laboratory having a capacity of 4,000 soil sample per year. By the end of December 2005, it has tested 8,277 soil samples supplied by farmers from different locations of the country.

### Sericulture

Sericulture is a labour intensive agro-industry. It has the potential to link rural producers with urban markets, and provides an opportunity for the transfer of money from the urban rich to the rural poor. BRAC's purpose in promoting sericulture is to provide income-generating activities for poor, landless women. The main components of BRAC's sericulture programme are: a) mulberry cultivation (sapling production roadside, homestead and bush) b) silkworm seed production, c) silkworm rearing and cocoon production, d) silk reeling and spinning, e) weaving and f) marketing. At present, BRAC is operating 11 silk seed production centres, 6 sericulture resource centres, and 3 reeling centres.

## Fisheries

BRAC Fisheries Programme has the following components:

- Pond Aquaculture Development and Extension Programme
- Inland Open Water Fisheries Development Programme (FFP and CBFM-2)
- BRAC Fish and Prawn hatchery and Brood Fish Development Project

## Pond Aquaculture

This activity now reaches 272,788 (90% women) members. More than 178,020 ponds having about 23,336 hectares of water area were brought under Semintensive aquaculture practices. Training was disseminated in various aspects of pond aquaculture. This activity is considered a family-based activity, and women normally spend 10-15% of their total daily working time. Pond aquaculture is supported with field based training, credit, essential inputs supply and regular follow-ups.

## Inland Open Water Fisheries Development Programme

BRAC is currently involved with two open water fisheries management projects of Department of Fisheries, funded by international donors:

- Community Based Fisheries Management Project-2 (CBFM-2)
- Fourth Fisheries Projects (FFP)

The goals of these projects are to promote a more equitable distribution of fishery benefits through ecologically sustainable use of open water fisheries. Under FFP, BRAC is working in 22 waterbodies in 28 upazillas having over 13,800 hectares of water area and organised more than 8,100 fishers forming 255 'Fisheries Sub-Committees' (FSC) at village level and 28 'Fisheries Management Committees (FMC)' at waterbody level. There are 17 waterbodies in 14 upazillas having about 2,000 hectares of water area under CBFM-2 Project, and over 2,100 beneficiaries were organised in 17 'Fishers Community Based Organisations (FCBOs)', known as Beel Management Committee (BMC). A total of 55 sanctuaries have been established under these projects.

## Programme Support Enterprises

A number of essential inputs, such as poultry feed, day old chicks, silkworm eggs, vegetable seeds and so on are required by various BRAC programmes and its group members and timely supply of quality inputs are one of the factors that affect enterprise return, expansion of the programmes and their subsequent contribution towards poverty alleviation. Such essential inputs, when supplied by local industries and/or the government are often found deficient in terms of sufficient quantity and/or good quality. Thus BRAC established a number of Programme Support Enterprises (PSE) to supply these inputs that link rural producers with growing urban markets. Following are some of BRAC's Programme Support Enterprises:

**Poultry Farm and Disease Diagnosis Lab:** BRAC has established six poultry farms and hatcheries to produce good quality chicks. In 2005 these farms produced and distributed about 10 million day old chicks. BRAC's Poultry and Disease Diagnostic Lab, set up in June 1999, provides support to BRAC poultry programme participants and other poultry rearers with services to detect various poultry disease and their treatment.

**Bull Station:** BRAC has developed 940 Artificial insemination (AI) workers to provide door to door AI services in the rural areas. To supply good quality semen to AI workers, BRAC has established a bull station at Mymensingh. 197,752 doses of semen were produced and inseminated in 2005.

**Feed Mill:** The success of the poultry programme significantly depends on the availability of balanced feed. In response to increased demand for balanced feed, BRAC established three feed mills in Manikgonj, Nilphamari and Sreepur (Gazipur). The production capacity of these feed mills are 35,000 MT per year. In 1999 BRAC set up one Feed Analysis Laboratory in Gazipur to determine the quality of feed. BRAC distributed the poultry feeds to farmers through dealers. Feeds of BRAC are marketed under the name "Surma Poultry Feed."

**Broiler Production and Marketing:** BRAC introduced a broiler processing plant at Tongi, Gazipur in July 2001. The plant was working on a small scale. To meet the extensive demand for meat (dressed chicken), BRAC has expanded the processing plant. Broiler processing plant of BRAC is the largest and the only automated plant of Bangladesh. The plant purchases live chickens from BRAC's own rearing farm and some contract farms. Broilers are processed by following halal and hygienic methods and marketed through different general stores, fast food shops, international hotels and restaurants. About 700 MT dressed meat was processed and distributed in the year 2005.

## Seed Production, Processing, Marketing and Soil Testing:

The shortage of high quality seeds is one of the major constraints in increasing the productivity of agricultural products in Bangladesh. Only 4.5% of the seeds available to the farmers is produced in controlled conditions to ensure high quality. A major portion of these seeds is produced without using any modern technology to ensure high yield and disease free varieties. BRAC used to purchase seeds from private companies at home and abroad and supplied this to the farmers in the rural areas. But problems like poor packaging, low quality, high price and distribution difficulties arose. Therefore, in 1996 BRAC started producing high quality seeds with the aim to provide these seeds to the farmers. So far the programme has produced a wide variety of certified high quality seeds. BRAC's first production was vegetable seed in 1996 followed by hybrid maize seeds, rice, onion seeds, pulse and oil crop seeds and potato seeds. At present BRAC has 2 seed processing centers with an annual capacity of 3,500 MT and 23 seed production farms including one agriculture research centre with an annual capacity of 5,200 MT. BRAC has set up 50 marketing outlets in different parts of Bangladesh through which BRAC distributes different types of seeds to the dealers and wholesalers under the name "Sufala Seed." In each marketing outlet a sales officer coordinates with the Agriculture Extension workers, dealers, sub dealers and wholesalers to sell the seeds on time.

**BRAC Nursery:** In Bangladesh, both the timber and fruit trees are inadequate to meet the demand. It has only 6-7% of its total area under tree coverage. The availability of fruit is about 35gm per head per day, which is just half of the daily requirement. In order to meet the increasing demand for good quality seedlings BRAC initiated a nursery programme in 1995-1996. BRAC is currently maintaining 17 nurseries and producing seedlings of almost all kinds of fruit, timber and ornamental plants available in Bangladesh.



**Fish and Prawn Hatchery:** Recognising the importance of quality fry/fingerling for successful aquaculture, in 1988 BRAC established its first fish hatchery in Gazipur. Over the years it has established four fish hatcheries with an annual production capacity of 5,700 kg fish spawn and 8 freshwater prawn hatcheries with annual capacity of 31 million Post Larvae (PL) in different corners of Bangladesh. At present three hatcheries in Gazipur, Bogra and Pabna produce both fish spawn and prawn PL. Five hatcheries in Jessore, Comilla, Barisal, Bagerhaat and Khulna produce only prawn PL. Among these, Khulna has the largest prawn PL production capacity with an annual capacity of 10 million and next is Bagerhat with 7.5 million. Sreemongol hatchery covers 78 acres of area with an annual production capacity of 2,500 kg fish spawn. Considering the faster growth rate of male "tilapia" than female, BRAC started experimental trials of male tilapia fry production by sex reversal method and established a tilapia hatchery in Magura with the capacity to produce 10 million all male tilapia fry. In 2005, BRAC fish and prawn hatcheries produced PL 15.82 million, spawn 4858 kg, fingerling 7.71 million and food fish/prawn 152.40 MT.

A Martine Fish-breeding Centre has been established at Teknaf and preparation for breeding are near completion. At the initial stage, sea bass breeding will be piloted in the Centre with the work force trained by Asian Institute of Technology (AIT), Bangkok. The quality of fish seed has deteriorated considerably mainly because of non-availability of quality brood fish. To produce and supply quality brood fish, BRAC started 'Brood Fish Development' project at Sreemongol for Carp Fish and at Magura for Tilapia. Bangladesh Fisheries Research Institute, Bangladesh Agriculture University and World Fish Centre, Malaysia are providing technical support for the project.

## Vegetable Export

The Vegetable Export programme was started in 1997-98 in collaboration with the HORTEX Foundation to link poor farmers with international markets and bridge the gap between local producers and international consumers. The programme focuses especially on vegetables that have high demand in European markets and can be grown in Bangladesh. BRAC provides training and technical assistance to small farmers in the production of particular crops and arranges necessary packaging and transportation to the wholesalers in Europe. In the first year French bean was introduced, and exported successfully to

England, France, Belgium and Holland. Now it is capable of exporting more than 100 tons of beans to markets in Singapore, Europe and the Middle East. The fresh vegetable export products are grown in commitment to food quality and safety, and in compliance with good agricultural practice, and received the EUREPGAP (European Retail Parties Good Agricultural Practice) certification from the Food Cert, Netherlands for its exports to the European Union.

In 1998, Vegetable Export started with 38 metric tons of French beans shipped to UK. By December 2005, 467 metric tons of fresh vegetables were being shipped to the wholesalers and supermarkets in 7 countries and 8 destinations, including the UK, Germany, Frankfurt, Italy in Europe, and Dubai and Abu Dhabi in the UAE, Bahrain, Singapore, Malaysia and in Asia. The fresh vegetables exported are French beans, leafy vegetables, chili, bitter melon, lady's finger, green papaya, yard long bean, ribbed melon, pointed melon, kantola, wax melon, taro stolon, eddoe, plantain, eggplant. Baby pineapples and jackfruits are also being exported. During 2005 BRAC also exported 1920 tons of fresh potatoes to Singapore, Malaysia and the UAE.

BRAC has successfully managed to export, on an experimental basis, 52 tons of potatoes in 2 reefer containers, during the month of May 2005. This has opened up new opportunities for BRAC to export potatoes using reefer containers round the year. Initially, an order of 1000 tons has already been received from Singapore to export from late April to December 2006.

Research and Development Section under Vegetable Export Programme in Chandina, near Comilla, is continuously experimenting with seasonal vegetable products to be grown and exported round the year.

## Tissue Culture Laboratory

Only 5% disease free high quality seed is available to farmers of Bangladesh, which is the main constraint of high productivity in the agriculture sector. A large part of the demand of the country for high yield variety is met through imports. To overcome the dependency on import and to empower the poor farmers by increasing their productivity and income, BRAC established a tissue culture laboratory at Gazipur with four greenhouses. In 2005 the laboratory produced about 600,000 potato plantlets, 100,000 fruit plantlets including banana, 200,000 ornamental plantlets and 50,000 medicinal plantlets. BRAC plans to establish a Gene Plasma Centre for collecting live plants.

## Aarong

Aarong, a fair trade organisation set up by BRAC in 1978, provides economic support to artisans and underprivileged women. Aarong has pioneered the development of the traditional handicrafts industry in Bangladesh by creating and sustaining a market for well-designed, high quality handmade products, which it sells through its nationwide network of lifestyle stores. Reaching out to weavers, potters, brass workers, jewellers, jute workers, basket weavers, wood carvers, leather workers and more, Aarong embraces and nurtures a diverse representation of 37,000 artisans, 85% of whom are women. Today Aarong has become the foundation upon which independent cooperative groups and family-based artisans market their craft, in an

effort to position the nation's handicraft industry on a world platform of appreciation and acknowledgement. In 2005, Aarong achieved record sales of Tk. 1.2 billion. Annual sales increased by 31.5% and net profit by 80.01% in 2005. Aarong export sales also increased by 16.2% in 2005. The increase in Aarong's sales can be largely attributed to its efforts in the development of indigenous textiles, innovative designs, introduction of new product lines and better customer service.

Karim Mia is a bamboo tray and basket producer of Aarong. Due to extreme poverty, Karim Mia stopped his schooling when he was in class 3 and began assisting his father in bamboo weaving. Struck by the untimely death of his father, Karim Mia at the age of 16 had to find an immediate source of income to run his family of five brothers, five sisters and his mother. Initially, Karim Mia commuted from his home district, Tangail (approx. 120 km away from Dhaka city) to sell bamboo products at small crafts shops in Dhaka. At that time, with his meagre monthly income, he could barely support his family. After struggling for almost three years, Karim Mia came to Aarong in 1988 to show some of his samples. His self-designed samples were immediately chosen and an order was placed for 60 pieces. Since then, Karim Mia has received constant orders from Aarong for its local as well as export market.

As part of its mission to assist producers in product development and technical training, Aarong sponsored Karim Mia to attend a bamboo crafts workshop in New Delhi in 2003. The one-week training has helped him to gain better knowledge in the bamboo craft. His workmanship has also shown remarkable improvement in quality. Today, Karim Mia supplies exclusively to Aarong and has a steady monthly income of \$100-130. On an average, he has ten workers working under him and during the busy season he employs more than fifty workers.

Karim Mia is now married with two sons and a daughter, all of whom attend school. He hopes that his children will be able to complete their education, which he could not. About two years ago, Karim Mia bought 20 decimal land in Tangail, where he constructed his tin-shed home. Very recently, he has built an extension room that is being used as working space and storage for the bamboo products.

Karim Mia feels that Aarong's support during his time of need, the continued assistance in product development and design and a steady flow of orders has helped him carve out a respectable living for himself and his family.

producers did not get an assured market and fair price for their produce, they would lose initiative and consequently milk production would go down. Already there has been a big gap between production and demand in the country, which is being filled in by import of millions of Takas worth of milk powder every year. But collection of a large volume of milk from the remote villages and marketing to the urban areas without processing was a real problem. This could not be achieved without the adoption of appropriate method of collection, chilling, transportation, processing and distribution of the finished products. To solve this problem, BRAC decided to set up a dairy plant to facilitate milk processing and milk product production and marketing. The BRAC Dairy and Food Project was thus commissioned in January 1998. Today the dairy is identified through its unique Aarong logo which stands for high quality milk products. The number of chilling centres all over Bangladesh is now about 57 with an average rate of 62,000 litres of milk collection per day. Recently a powder plant was set up in 2005 with the capacity to utilize 3,200 litres per hour to produce full cream milk powder and 4,200 litres per hour to produce skim milk powder.

### **BRAC Salt**

BRAC Salt came about to fulfill the need for iodized salt in Bangladesh. Initially a project by BRAC's Research and Evaluation Division piloted in 2001, BRAC Salt was incorporated in 2004 and is currently operating 3 factories in Cox's Bazaar and 1 in Dhaka and markets 2 brands of salt.

### **BRAC Dairy and Food Project**

BRAC livestock programme is the largest and one of its earliest sector programmes. In 1983, BRAC designed a model for livestock sector development as an integrated package to support rural people. The primary purpose of the programme was to increase the income of the group members by promoting livestock activities in the country. The programme included breed development, veterinary healthcare, technical services, vaccination and financial support services. As a result of these activities, milk production in the rural areas, particularly where this programme operated, increased substantially. But because milk is a highly perishable commodity, farmers were facing much difficulty in finding a stable market for their yield. Taking advantage of their vulnerable position the farmers were exploited by the middlemen who bought the milk at throwaway prices. BRAC's concern was that if the milk

Challenging the Frontiers of Poverty Reduction - Targeting the Ultra Poor (CFPR/TUP) is a programme specially designed to meet the demands of the poorest in the country or the ultra poor, who cannot access traditional microfinance and constitute approximately one-fourth of the total population. Incepted in the year 2002, the programme interventions offer to deal with all aspects of extreme poverty, challenging the existing economic, social and political environment of the ultra poor in the society and bring about a change in their existence. Thus, the programme is a try to "push-down" interventions that are relevant to the livelihood strategies of the ultra poor as well as to "push-out" socio-political and cultural constraints.



# Challenging the Frontiers of Poverty Reduction Targeting the Ultra Poor (CFPR-TUP)

# Challenging the Frontiers of Poverty Reduction

## -Targeting the Ultra Poor (CFPR-TUP)

### Categories of the Ultra Poor under the CFPR-TUP programme

- Specially targeted ultra poor (STUP)
- Income Generation for Vulnerable Group Development (IGVGD) Ultra Poor
- BRAC Development Programme (BDP) Ultra Poor



### Organising the Ultra Poor

BRAC's programmes for the ultra poor organises the ultra poor who are the most deprived segment of our population, lacking even the most basic necessities. Many have no adequate shelter and very little to eat. They suffer from extreme malnutrition and are consequently very prone to all forms of diseases. These households are particularly vulnerable to recurring natural calamities and are often caught in a poverty trap.

BRAC programmes aim to assist the targeted population through economic support, a special investment programme in the form of a grant of asset/capital in kind and stipends, skill development training, social development and legal services and essential health-care services. These women are also introduced to a savings scheme. At the end of two years cycle, the programme intends to merge programme participants into the mainstream microfinance programme.

### Specially Targeted Ultra Poor (STUP)

The first priority of the ultra poor is to acquire a minimum level of income that will allow them to feed themselves. The ultra poor have largely remained overlooked by the poverty eradication efforts of development organisations so far since they are often considered to be 'high risk' cases compared to the moderate poor. BRAC recognises that a more innovative, tailored approach is needed to effectively reach and work with these households. It may be mentioned here that the STUP has a two-year cycle at the end of which they graduate into mainstream development programmes.

One important aspect of extreme or ultra poverty is the fact that asset deprivation of these households is clear. Natural disasters, loss of the main income earner, ill health and loss of land are the major causes of extreme poverty.

### BDP Ultra Poor

The BDP-Ultra Poor groups form village organisations, whose membership enables poor village women to be part of it and seek a better livelihood. The target women own not more than 30 decimals of land, are in female headed households with either disabled husbands, or are deserted, separated or divorced women.

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The selected women participate in the Village Organisations (VOs) to receive credit and start a business, but are unable to take full advantage of the services and inputs provided by BRAC due to lack of confidence, inadequate technical know-how and insufficient knowledge. This group is also in need of assistance. BRAC, through the CFPR programme, strives to enhance their capacity which is essential to start and operate an enterprise that will generate a regular income. In order to address this problem, the CFPR programme introduced a wide range of training programmes designed to achieve that purpose. The programme staff organises basic skill development training and monthly refreshers at the Area Offices. These training courses are tailored according to the needs of the participants.

## Income Generation for Vulnerable Group Development (IGVGD) Ultra Poor

The Income Generation for Vulnerable Group Development (IGVGD) Programme is a collaborative programme involving the Government of Bangladesh, World Food Programme and BRAC. The main characteristics of this programme are the provision of food assistance, such as wheat, skill development training and credit support to its members, the poorest women who constitute among the lowest 25% of the society. These women are also provided with social awareness, input supply and technical support and essential healthcare.

The target women are those who are left out of the main development activities, and are the poorest, who own no land, or own less than 15 decimal of land, have no definite source of income, are in female-headed households, with no male earning member in the family.

After the final selection by the Government, the IGVGD members are taken in to the development programmes by BRAC and encouraged to organise and participate in Village Organisations

## Objectives of the Ultra Poor programme

- Life skill development and technical capacity building through training
- Improvement and strengthening of livelihood conditions of the ultra poor
- Improvement of economic conditions of the participants and aiding in asset building
- Inclusion into the mainstream development activities of the microfinance programme or other poverty alleviation programmes

In 2005, the 30,028 women received assets in kind to start an income generating activity. All of them received subsistence allowance as short-term income support.

## Skill development training

Training is provided for skill development to all three categories of CFPR members. Employment and enterprise development training aims to reach the poorest and to develop their capacity to participate in mainstream Income Generating Activities (IGAs) to the targeted segments. The emphasis in such training is on imparting knowledge of basic entrepreneurship and economic sustainability. It is an attempt to reach the poorest rural population and to develop their capacity to participate in mainstream income generating activities. These training programmes are held in the BRAC Area Offices and the Union Parishad offices. During 2005, 50,000 STUP members, 466,200 IGVGD members and 160,000 BDP Ultra Poor members received Skill Development Training.

## Social Development, Human Rights and Legal Services for the Ultra Poor

This component involves individual and group work with the ultra poor in the programme, providing support and counselling on development of their livelihood strategies and in helping to cope with crises. The activities include: (1) Awareness-raising through informal weekly discussion groups, (2) Community Mobilisation, (3) Back-up support, and (4) Confidence Building Training. Between year 2002-2005 a total of 20,000 STUP members received Confidence Building Training.

BRAC strongly emphasises on mobilising the community and generating their commitment to extend support and security to the STUP members, thus developing an enabling environment and a strong social safety net for them. Through such community mobilisation, BRAC has, for the development of a community, propelled a committee called Gram Daridro Bimochon Committee (GDBC) to assist the poor through active community participation. The Committee provides a safety cushion for their meagre assets, protects them from maltreatment and social injustice and mobilises resources from the community to help the ultra poor in crisis situations or to meet some of their critical needs.

As of December 2005, 1,801 such Committees are in place. Tk 5,078,494 worth of resources have been mobilised by GDBC in terms of sanitary latrines, tube-wells, corrugated tin, bamboo



etc. to meet the various needs of the ultra poor. Through the GDBC, cash mobilisation amounting to Tk 2,865,576 was generated till December 2005.

### Essential Health Care (EHC) Services

The poor are not a homogenous group and have different health care requirements. The ultra poor families are not always able to attain the facilities under BRAC Health Programme's Essential Health Care package - they need additional support. This component provides specialised health care services and referral arrangements for the ultra poor. The health services include treatment through panel doctors, linkages with other health service providers, distribution of sanitary latrines and tube-wells, financial assistance for severe and mild morbidity, social mobilisation, health awareness, basic health care, pregnancy related care, family planning, immunisation, tuberculosis control and vitamin A capsule distribution among children between the ages of 1 and 5.

From 2002-2005, a total of 50,000 and in 2005 alone, 30,000 STUP members received customised health services provided by the CFPR programme. Also, during 2005, 27,061 ultra poor members received treatment from panel doctors, 13,313 received slab latrines and 1,957 received tube-wells under the CFPR Programme. Alongside, 4,741 severely ill ultra poor patients and 22,281 mildly ill ultra poor members received financial assistance and other medical support.



### Korimon's Story

About 40 years ago, Korimon was born into a very poor family. She was the second of five children in the family. She moved to the village of Bhadurbari in Ponchogardh district of Bangladesh when she married husband Shudaru, who worked as a day labourer. Moving from one impoverished family to another, Korimon did not experience any improvements in her economic condition after marriage. Unable to afford land of their own, the couple built a cottage on someone else's property. Water dripped into the cottage when it rained, but they accommodated themselves to such conditions. Korimon had to work as a domestic aide to help her husband in supporting their family. Then, about 15 years ago, Shudaru died, leaving her alone to fend for herself and their 5 children.

In 2004, BRAC's CFPR Programme undertook Participatory Rural Appraisal (PRA) in Bhadurbari and Korimon was selected as an STUP. She expressed interest in rearing cows and was given a 3-day long training course on the rearing of livestock, after which she received an asset grant of a pair of cows. Korimon took great care of them and eventually, one gave birth to a calf. She is now the proud owner of three cows and obtains a litre of milk per day from them and regularly adds to her savings from her earnings selling milk.

Before enrolling into the CFPR Programme, Korimon was completely illiterate; now she can write her name, knows basic accounting and is mindful of social issues. She knows where to take her cows should one fall sick. She is grateful to the Gram Daridro Bimochan Committee for repairing her house and installing a hygienic latrine. The CFPR programme has taught Korimon to scrutinize the pros and cons of different issues and made her well aware of her basic rights. It has helped improve her livelihood prospects and elevated her social status. With the help of the CFPR Programme, Korimon has gone from a desperate widow who could hardly afford to feed her family to now progressing steadily towards a prosperous future.

# Social Development Human rights

&

# Legal Services Programme

BRAC's Social Development, Human Rights and Legal Services Programme, started in 2003, consists of two frameworks: an asset-based sustainable livelihoods framework and a rights-based framework. The livelihood framework focuses on the development of human rights and social assets and its structure and process (policies and social changes, institutional structures etc.) The rights-based approach addresses the social mobilisation issues. The programme combines these two frameworks in order to promote greater awareness of social, political and economic issues and reduce the vulnerability and power imbalance prevalent in the community.

# Social Development, Human Rights and Legal Services Programme



## Objectives

To create sustainable changes in the lives and livelihood of the poor, women in particular.

To empower the ultra poor by increasing their awareness about their rights (Legal, human and social rights) and entitlements.

To build democratic and accountable people's organisations, especially of women, which could be used as a platform to raise their voice and assert their rights.

To develop effective social protection for the poor and ultra poor by empowering Union Parishad representatives.

## Components

### Polli Shomaj (PS)

The Polli Shomaj is a ward level organisation, formed by members from several VOs and members at the community level. It is a forum in which members participate to ensure their own rights and dignity. The Polli Shomaj helps tackle all sorts of corruption, injustice and mistreatment faced by members in their daily lives. It complements the government's Gramsarker and helps implement all social-development programmes within the community. The main objective of the Polli Shomaj is to give a political voice to poor women and therefore ensure that their interests are represented in local level bodies (government, or local groups such as bazaar, school or mosque committees, etc.). So far, Polli Shomaj groups have addressed issues such as illegal divorce, dowry, under-age marriage, polygamy, corruption and injustice within the community. One of the major achievements of the PS groups is the creation of a new cadre of women leaders among the poor. By providing them with various types of leadership training and exposure in different forums, (in their own groups, in wider BRAC forums and in community forums), these women are becoming capable of providing leadership within their groups and in the community in general. As of December 2005, 10,194 Polli Shomaj groups have been formed by BRAC. During the year 2005, 78,797 bi-monthly PS meetings and 31,821 ward Sobhas were held. Social, legal, economic, political, environmental and other contemporary issues were the agenda for those meetings. 195,319 Issue Meetings were also organised.

### Elected as a Commissioner of Pourashova

Nilufa Begum, wife of late Amir Hossain lives at Dhkshin Ranch village under Munshigonj Sadar Upazilla. As a widow, Nilufa had been largely ignored and abandoned by society. She came to be familiar with BRAC through the activities of a BRAC Village Organisation at a neighbouring village. Encouraged by the activities, Nilufa formed a VO group on September 19, 1995. As president of the VO, she works hard for the development of the poor people of her locality and her under her leadership Village Organisation activities are carried out successfully.

On 24 March 1999 she formed polli shomaj with the assistance of GO/NGO services. Her efficient leadership attracted the locals, especially the poor. They elected her President of the Polli Shomaj three consecutive times. As a President, she has to join different forums of social work within and outside the pourashova and is well-known to all. The people of the area wanted her as a Commissioner of Munshigonj Sadar poulashova. Nilufa Begum submitted nomination for the post of Commissioner and was elected as a Commissioner on 5 May 2004. She is now fully dedicated in serving the society as a local government representative.

### Union Shomaj

In order to enable rural people to lobby in the Union Parishad and access the distributed government resources, BRAC has developed a higher level organisation (Union Shomaj) by joining Polli Shomaj groups. The objective is to increase the institutional strength of the poor by assembling a larger group. A total of 454 Union Somaj currently exists and 2,098 union association meetings were held in 2005.

## Capacity Development for Union Parishad Representatives

Capacity Development (CD) of Union Parishad was undertaken by BRAC with a view to strengthen local level governance (Union Parishad)'s effective delivery of public services, promote accountability and transparency and develop the capacity of elected representatives of the local government to perform their roles and responsibilities efficiently. Piloted in 2004, the project aims to primarily build the capacity of women leaders in local government to make the delivery of public services more efficient and transparent

In 2005 the CD training covered 179 Upazillas. 3,658 women received training and 1,076 people received training on gender sensitisation.

## Issue Meeting

Issue-based monthly meetings of village organisation members are held to raise socio-political awareness, develop leadership skills and generate a sense of confidence and commitment among them. 195,319 Issue Meetings were held in 2005.



## Popular Theatre

Popular theatre is an innovative communication medium focusing on various socio-political issues that affect poor women in rural communities. The purpose of the plays are to stimulate the audience about their surrounding, create awareness and generate dialogues on issues. In the year 2005, 184 Popular Theatre group teams were formed and 29,165 plays were staged.

# Human Rights and Legal Services



BRAC introduced Human Rights and Legal Services programme in 1986 when a BRAC study on power relations revealed that social conflicts and tensions in rural areas are mostly linked to land, women and human rights violations. Poor people involved in such conflicts are denied justice in the village shalish. They also suffer severe economic loss due to resource drains if such conflicts lead to court cases. The programme is aimed to make members of village organisation (VOs) as well as other community members aware of their basic rights and to teach them rudiments of laws that have direct bearing on their lives.

## Objectives

- Provide information to VO members as well as community members about various laws.
- Demystify law through legal literacy classes.
- Raise awareness about legal rights.
- Empower the poor, especially women, both legally and socially by encouraging them to take legal action.

## Components

- Human Rights and Legal Education (HRLE) courses
- Law Implementation Committees (LIC)
- Capacity building of up-graded Sheboks/Shebikas
- Local community leader's workshops (at union level)
- Human Rights and Implementation Committees (HRIC)
- Legal Assistance and Clinics
- Human Right Violation cases
- Panel Lawyers (capacity building for Panel Lawyers)

## **Human Rights and Legal Education (HRLE) Courses**

BRAC initiated the HRLE programme, comprising HRLE courses, with the understanding that legal awareness would help community members protect themselves from illegal, unfair or discriminatory practices. The programme places emphasis on empowering the rural poor through education on human rights and laws. During 2005, 10,062 HRLE classes were held for 233,746 learners.

## **Law Implementation Committees (LIC)**

After completion of each HRLE course, the top three learners (chosen based on their mentality of willingness to work for the community, level of capacity building on awareness, communication or facilitation skill etc) are selected from the participants of each batch to serve as members of the Law Implementation Committee (LIC). The LIC members maintain close links with other members, who have taken training, to form a strong platform and gain collective strength.

## **Capacity Building of Up-graded Sheboks/Shebikas**

BRAC has developed a number of up-graded Sheboks/Shebikas, to assist poor people in handling all sorts of social abuse incidents and human rights violations occurring outside BRAC's operational areas and where no support exists from the government or other NGOs. They provide support to victims by rescuing them, referring them to the nearest BRAC Area Office, arranging immediate medical treatment, counselling and legal support, ensuring local protection and social reintegration/rehabilitation along with giving them psychological, financial and livelihood options.

## **Local Community Leader's Workshops**

BRAC organises workshops at the union level to raise community awareness, generate sensitivity among community people, encourage local elite participation, inform about the needs of the poorest and develop strategies for local resource mobilization to benefit the disadvantaged groups. These workshops are a kind of Advocacy Forum. A total of 1,351 workshops were organised during 2005 with 25,761 participants

## **Human Rights and Implementation Committees**

The Human Rights Implementation Committees (HRIC) are formed following the LCL workshops with the participation of all attending members. The committees monitor the implementation of laws in their localities. In 2005, 5,086 workshops were organised by the HRIC committee in which 77,702 participated.

## **Human Rights Violation Cases**

BRAC's Legal Aid Programme also provides support to victims of rape, women and child trafficking, attempt to rape and murder, repression for dowry, etc. The services provided by BRAC for the victims/survivors include victim/survivor rescue operation, medical tests and report collection, FIR filing and GD, ensuring protection for the victim/survivor and witnesses through the provision of shelters, providing social, legal and mental counselling, conducting fact-finding investigations and forwarding cases to the panel lawyers.

## **Legal Aid Clinics**

BRAC runs a legal aid programme with Ain O Shalish Kendra (ASK) and Bangladesh National Women's Lawyer's Association (BNWLA), called the BRAC/ASK, BRAC/BNWLA and BRAC Legal Aid Programme respectively. ASK and BNWLA work as BRAC's partner NGOs.

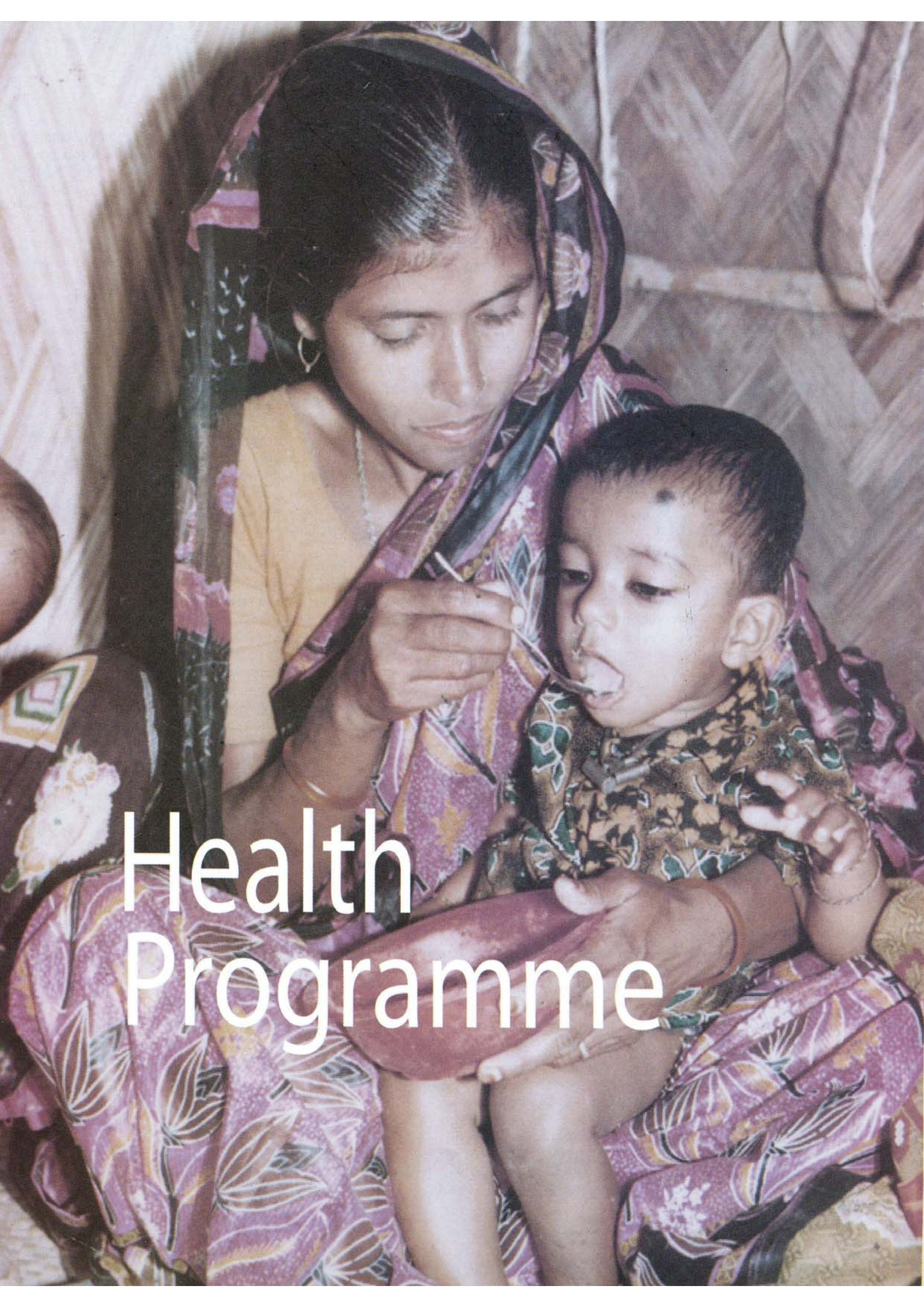
The Legal Aid Services is helping BRAC members as well as poor non-members of the community resolve their conflicts either through Alternative Dispute Resolution (ADR) or through the formal legal system by providing them with legal advice and assistance. The service deals with issues like dowry, dower and maintenance, polygamy, divorce, hilla marriage, physical torture, family related matters, land related matters, money related matters, rape, acid throwing, kidnapping, trafficking, fraud etc. Among a total of 42,175 complaints made, 22,201 (20,445 by shalish and 1,756 by court) have been resolved so far.

The Legal Aid Clinic is held once a week where the Programme Organiser records complaints on civil matters and processes the complaints for ADR. Subsequently, the cases are resolved either through ADR or court procedures. BRAC has recruited lawyers as regular staff whose responsibilities are to take action on complaints that require court procedures.

Other than cases that are under criminal law or are a serious violation of basic human rights, BRAC staff members try to resolve all conflicts on disputes through ADR and help settle cases under family law and land related matters outside the court through informal arbitration. When arbitration fails, BRAC forwards the complaints to selected panel lawyers and they in turn take necessary actions to file a regular case at the local court. Since the start of the programme, 2,841 cases have been filed in local courts and referred to panel lawyers. 1,009 of the court cases have been completed and out of this, 817 cases have been decided in favour of the programme's clients and 3 cases have been decided against. By December 2005, BRAC, together with ASK and BNWLA, has been successful in obtaining Tk.8,65,39,222 monetary compensation for its members.

## **Capacity building of Panel Lawyers**

BRAC has enrolled a number of lawyers to serve as representative lawyers for the poor to provide legal support free of charge. The panel lawyers review the cases and decide how to proceed with each case and handle all legal proceedings. BRAC is providing technical training and involving the lawyers in consultation meetings for their capacity building.



# Health Programme

# Health Programme

Since the beginning of BRAC, health intervention has been an integral aspect of the organisation. Responsiveness to client needs, adaptation of proven technology to local cultural norms, cost-effectiveness of the interventions and delivery of services through partnership with communities and government at all levels have been the guiding principles of its health programmes as they have expanded both in coverage and scope of activities. To address these guiding principles, BRAC applies sound epidemiology to identify the priority health problems, undertake rigorous experimentation and piloting to explore appropriate, affordable and culturally acceptable technology, emphasize community empowerment through knowledge and skills before scaling up its programmes. Throughout the process, BRAC measures and monitors its implementation and recommends remedial actions to modify programme delivery, health message, training and management, where needed, as coverage increases to larger populations. Through this never-ending process, over three decades in development, BRAC has time and again disproved traditional development ideologies, challenged rigid and disciplined structures and emerged with innovative health programmes.

BRAC had its Bare Footed Doctors in the early seventies, communication based Oral Therapy Extension Programme (OTEP) and primary health care oriented Child Survival Programme in the eighties and service based Women Health and Development Programme (WHDP) and Reproductive Health and Disease Control Programme (RHDC) in the nineties. Lessons learned from past experiences in the field of public health has enabled BRAC to extend preventive, remedial and rehabilitative health services to grassroots people. In response to emerging national health problems, new programmes have evolved and pilot projects scaled up. BRAC Health Programme (BHP) has been restructured to cope with demands of national priority and policy, strengthening partnerships with the government through various national health initiatives. Today, BRAC offers comprehensive health care to about 31 million people and through its Tuberculosis (TB) Control programme reaches 83 million people. BHP took its present shape by integrating all proven health interventions under one umbrella with four distinct components. These are as follow:

- Essential Health Care (EHC)
- Partnership Programme
- Facility-Based Programme
- Pilot Initiatives



A typical Health Forum in progress

## A. Essential Health Care (EHC)

Since 1991, BRAC has attempted to provide an integrated set of services based on successful health interventions of the past to beneficiaries in all areas where BRAC has established its Village Organisations (VOs). The Essential Health Care (EHC) is an integrated approach to reducing maternal, infant and child mortality as well as improving the nutritional status of women, children and adolescents. As BRAC continues to learn and refine new interventions they will be added to the EHC ensuring a comprehensive array of proven health services available to all at an affordable cost. The EHC now covers a population of 31 million and expansion of the population covered by EHC will continue along the full range of BRAC development activities.

In order to ensure programme sustainability and responsiveness to community needs, EHC is using low-literate community based health volunteers called Shastho Shebikas (SSs) to deliver its health services door to door. All SSs are members of BRAC's Village Organisations and each is responsible for approximately 300 households. The Shebikas provide health education, sell essential health commodities, treat basic ailments, collect basic health information and refer patients to health centres when necessary. The Shastho Shebikas work on a voluntary basis, but they are able to garner some income from the sale of essential health commodities during their household visits. Shebikas receive 500 Taka, (about 8.5 US dollars) to participate in a revolving fund that allows them to sell some essential drugs (paracetamol, vitamins, antihistamines, oral saline, antacids, antihelminthics etc.), temporary contraceptives (condoms and the pill), birthing delivery kits, hygienic soap, iodized salt, sanitary napkins, and vegetable seeds. The SSs earn a small income by receiving approximately 20% mark up on medicines and health commodities obtained from BRAC at cost as well as a small consultancy fee from patients. They also receive a nominal performance incentive for performing Directly Observed Treatment (DOT) for the tuberculosis programme and refer clients for pregnancy check-up and blood examination for malaria parasite. These allow the Shebikas to earn a small income, necessary for their retention in the programme as volunteers while community members gain access to high quality, affordable items that enable them to improve their health. In recent years cadres of female community health paramedics, called Shastho Karmis (SKs), have been recruited and trained to strengthen the work of the SSs. In addition to monitoring the targeted households and providing pregnancy-related care, each SK supervises 10 SSs.

## Components of EHC Programme

### Health and Nutrition Education

The SK organises monthly health education meetings to disseminate essential messages on family planning methods, pregnancy-related care, immunisation, water and sanitation, personal hygiene, child health, nutrition and tuberculosis with the assistance of the SSs in the community. To ensure the availability of vitamins and mineral-rich vegetables at the household level, they also motivate the community to initiate homestead gardening by distributing vegetable seeds. BRAC helps to organise different government-initiated mobilisation campaigns, e.g. Vitamin-A Capsule, Deworming, National Immunisation Day (NID), Measles Immunisation, etc. During 2005, a total of 4,322,205 participants attended 284,200 health and nutrition education forums. In the BRAC programme areas, 89% of the children aged between one and five years received Vitamin A capsules.

### Water and Sanitation

The Water and Sanitation component encompasses both software promotion and hardware development within the community. SSs and SKs work to generate demand for safe water and sanitation facilities through household visits and cluster health education forums. In addition, information on linkages between good health and sanitation are also provided through popular theatres, workshops, rallies and campaigns as well as through the orientation of teachers, religious and community leaders. A unique feature of this programme is promoting private-sector involvement in service delivery. BRAC provides interest free loans of Taka 10,000-15,000 (US\$ 145-218) to local entrepreneurs for manufacturing slab latrines.

A total of 100 slab ring production centres were established and 617,303 slab latrines were installed with BRAC's assistance. BRAC is working closely with other NGOs and the government to achieve universal coverage of sanitation by 2010 in 92 unions across the country, among which universal coverage in 11 unions has already been achieved in 2005. Universal sanitation coverage was achieved in Shibpur upazila (sub-district) under Narsingdi district. Currently, BRAC is involved in achieving universal coverage in Bogra district by June 2006 and by December 2005 achievement was 79.57%. Since 2002, 1,275,022 sets of sanitary latrines were installed under EHC programme against a target of 1,290,000. In addition, another 24,052 were distributed and installed at subsidised rate among ultra poor families in Specially Targeted Ultra Poor (STUP) working areas.

### Family Planning

The SSs and SKs educate women on the usage and benefits of modern contraceptive methods through household visits. The SSs also provide birth control pills and condoms, and refer women to the government's secondary and tertiary facilities for other temporary and permanent contraceptive methods. The SSs monitor results and refer women to health centres in case of side effects. During the past year, the contraceptive coverage was found to be 60%.

### Immunisation

The SSs and SKs are responsible for educating women about the importance of immunisation. They also provide information regarding the location of government-run immunisation centres and monitor for any immunisation-induced side effects. During the reporting period measles coverage was 83% in EHC areas.

### Pregnancy Related Care

BRAC provides pregnancy-related services through community-based ante and post-natal care to rural women. Identification and registration of pregnant women, screening for high risk pregnancy, education on danger signs, birth planning and diet during pregnancy as well as provision of iron-folic acid and TT immunisation are the major components of pregnancy related care. In addition, mothers are also motivated to seek assistance from trained professionals and paraprofessionals during delivery. About 465,006 pregnant women received antenatal care and 325,153 women received postnatal care from BRAC Ante Natal care centres and static facilities during 2005.



A BRAC Health Worker (Shashthyo Kormi) performing Ante Natal Care

### Basic Curative Services

To prevent income-loss from illness, SSs have been trained to diagnose and treat some basic health ailments common in the community such as anaemia, diarrhoea, dysentery, common cold, helminthiasis, ringworm, scabies, hyperacidity, angular stomatitis and prevention of goitre. Additionally, the SSs are able to refer individuals with more complicated conditions to the local public and private health facilities. During 2005, SSs treated 3,583,951 patients in their communities.

### Tuberculosis

The tuberculosis treatment programme has expanded since its introduction in 1984, and now covers 283 upazilas in 42 districts, including the Chittagong Hill Tracts, 37 district towns, prisons, 16 Medical College Hospitals, Chittagong EPZ, Chittagong and Khulna Port Authority Hospitals and parts of the 5 City Corporations. The SSs implement the programme through information dissemination, identification of suspect cases, administration of Directly Observed Treatment Short course (DOTS), follow-ups and referral.



## Essential Health Care for Specially Targeted Ultra-Poor (STUP)

BRAC initiated a special health programme designed to address the challenges of improving health outcomes among the more disadvantaged ultra poor population which has very limited access to health services and information provided through the conventional system. The provision of health care services for the STUP involves two distinct strategies in addition to normal EHC services. First, the programme provides health awareness and basic health care services to all STUP, irrespective of their health status. Second, STUP diagnosed with mild and severe morbidity are provided with financial assistance for their clinical care. An essential component of the implementation strategy is to undertake a health survey on mild and severe diseases among STUP households during household visits by the Programme Organiser (PO) and to take necessary steps for clinical care.

During 2005, 22,281 mild and 4,741 severe morbidity cases were diagnosed. Government doctors, BRAC panel doctors and other health service providers provided medical consultancies to these medical patients. 1,778 pregnant women were identified and among them 1,705 (95.89%) were provided antenatal care. Out of 1,282 deliveries, 1,270 (99.06%) women received TT vaccine during pregnancy and 1,278 (99.68%) received Vitamin 'A' capsules within seven days of delivery. A total of 1,097 out of the target 1,117 children aged less than one year (98.21%) were fully immunised. Among the severe cases, 174 STUP members underwent surgical intervention in different medical college hospitals, sadar hospitals, upazila health complex, BRAC Shushastho and private clinics. For the surgical cases BRAC covered 50% of the cost and the remaining cost was shared by the Government and the community (Gram Daridro Bimochan Committee and others).

### Training

Training can bring positive changes by improving the level of knowledge and skills and promoting a positive attitude that will contribute to the development of the programme. With the expansion of the existing programme and in addressing the new initiatives, the training unit played a major role in maintaining the quality of the programme through different needs-based capacity development initiatives. During 2005, 20,269 Shastho Shebikas and 1,420 Shastho Karmis received basic training while 503 SSs and 103 SKs received basic training on Malaria. In total, 34 health personnel, including 30 Regional Health Coordinators and 14 Medical officers received management training on tuberculosis programme, while 50 other staffs were provided with a 3 month modular Development Management Course. In addition, human communication, culture and values and Training of Trainers (TOT) courses were also organised for the managers and medical officers of the programme.

## B. Partnership Programmes

Since its inception in 1972, BHP has forged a close partnership with government in order to reach the desired scale as well as sustainability of improved health services. Currently BRAC works with government officials at all levels, from auxiliaries at village posts to national directorates, to analyse and rectify the deficiencies, largely through training and shared management of service delivery. The National Nutrition Programme and Tuberculosis Control Programme are two major interventions where BRAC is facilitating government efforts to ensure more effective and efficient programme management.

### National Nutrition Programme

As a partner of the National Nutrition Programme, BRAC facilitates the Government's initiatives to reduce malnutrition for 13 million people across 53 Upazilas of Bangladesh. The major target groups are children under 2 years, pregnant and lactating women, newly wed couples and adolescent girls. Under the Memorandum of Understanding (MOU), BRAC is responsible for implementing growth promotion and supplementation, social mobilisation, training, logistics and quality assurance in all 53 upazilas. In addition, BRAC is intimately involved with the Government in conceptualising and developing models and planning and human resources development of the entire programme. In addition BRAC also helps government initiatives to improve household food security activities through Poultry for Nutrition (PFN), Household Food Security through Nutrition Gardening (HFSNG) and Vulnerable Group Development programmes. A small loan, technical training, logistics and programme support were provided

under these programmes to beneficiaries. At the community level, all nutrition activities are centred in a Community based Nutrition Centre (CNC). A CNC covers a population of 1,000-1,500 where a Community Nutrition Promoter (CNP) is mainly responsible for the CNC activities. A total of 10,876 CNPs and 1,110 Community Nutrition Organisers (CNOs) are currently working in the field. Through CNCs, the CNPs under supervision of CNOs, and with the support of Women Group members offer nutrition education and food

supplementation to the target population.

Nutritional status of beneficiaries improved during 2005. Among children under two years of age, severe malnutrition was reduced from 23% to 17% and the proportion of children with normal weight increased from 27% to 30%. Improvement in maternal nutritional status was observed in the weight gain of more than 9kg, which increased from 25% in January to 28% in December. Simultaneously, low birth weight was reduced from 17% to 12% during this period. Linkages and coordination among BRAC and the local and national governments are reflected in the regular organisation of meetings. In 2005, 99% of the scheduled coordination meetings were organised at upazila, union and village levels. In HFSNG programmes, a total of 99% nutrition gardens and 96% nurseries were established and of them 20% gardens have started to sell additional vegetables. In the PFN programme, 100% of chick rearer units, 99% of key rearer units, 94% model rearer units and 80% of other units were established. About 94% families are getting eggs with 91% families getting 2 eggs per week.



BRAC Health Worker making her daily rounds

## Tuberculosis (TB) Control

BRAC's TB programme began in 1984 as a pilot programme in Manikganj sadar upazila in Manikganj district. In 1994, BRAC joined in the implementation of the National TB Control Programme in partnership with the Government of Bangladesh, using the Directly Observed Treatment Short-Course (DOTS) strategy. Presently the programme has expanded widely and covers 283 Upazilas, including the Chittagong Hill Tracts, 37 district towns, 13 medical college hospitals, Chittagong EPZ, Prisons, Chittagong and Khulna Port Authority Hospital and part of five city corporations.

In the Tuberculosis Programme, BHP's community based Shastho Shebikas and Shastho Karmis play a vital role by disseminating information, identifying and confirming suspected cases, administering DOTS, and following up and referring the patients in case of side effects and non-response to drugs.

The speciality of BRAC's DOTS programme is that patients have to deposit Taka 200 (US\$ 3.50) prior to the treatment and sign a bond with two witnesses for the guarantee of treatment completion. If a patient is unable to pay, then he seeks support from the community to pay on his behalf. If the community fails to support the patient, then the individual is exempted from paying the bond. On completion of the treatment, the money is refunded to the patient and Taka 150 (US\$ 2.5) is given from BRAC to the SS for her services.

In 2005 a total of 477,778 suspected persons were examined and 72,547 were diagnosed as TB patients. Of them, 56,049 were new sputum positive, 1,908 were sputum positive relapse cases, 10,098 were sputum negative and 4,492 were extra-pulmonary TB patients. The average case detection rate was 68%. The case detection rate in 8 old districts (i.e., those started before 1999) was 82%, in 11 new districts (i.e., those started between 2001 and 2002) it was 66% and in 23 recent districts (i.e., those started between 2003 and 2004) it was 64%. Treatment success rate of new sputum positive TB patients diagnosed in 2004 was 91%.

In mid 2004, the Ministry of Health and Family Welfare and BRAC signed agreements with the Global Fund to fight AIDS, TB and Malaria (GFATM) as the principal recipients to control TB in Bangladesh. Subsequently, BRAC signed agreements with ten partners (ICDDR,B, National Anti-Tuberculosis Association of Bangladesh, Damien Foundation, Urban Primary Health Care Project, RDRS, LEPR Bangladesh, Danish Bangladesh Leprosy Mission, HEED Bangladesh, LAMB Hospital and Salvation Army) to expand financial support for strengthening DOTS services in the remaining 22 districts and parts of six cities. The GFATM has approved the Ministry of Health and Family Welfare and BRAC to receive US\$ 88.44 million for a period of seven-years (2004 - 2011). This is the first time in Bangladesh the GFATM, at the recommendation of the Bangladesh Country

Coordination Mechanism (BCCM), has approved to lead an NGO to implement the TB Control Programme in collaboration with the National TB Control Programme.

In 2006, BRAC is planning to expand collaboration with additional 20 partners (NGOs and local government) for strengthening and expanding DOTS in urban areas. To increase awareness regarding TB among the general population and for civil society involvement, intensive advocacy, communication and social mobilization activities have been planned for next few years. Advocacy and mass media campaigns through organizing workshops with journalist, round table discussions, television talk shows and broadcasting /airing of TV and radio spots will also be done. It is expected that these activities will have a positive impact in increasing demand for TB control services among the population, stimulating service providers to more actively reach out to the community and generating the support of policy makers and civil society.



## Partnership with Other Organisations

In addition to the two above-mentioned major partnerships, several small agreements were also signed with Fulshind Pallishasthya Unnayan Kendro (FPUK), Society for Assistance to Hearing Impaired Children (SAHIC), Sight Saver International, and others. Fulshind Pallishasthya Unnayan Kendro (FPUK) is a project of Fulshind Village Trust (UK) started by members of the Bangladesh community in the UK to help the community in Fulshind village of Golapganj Upazila in Sylhet District of Bangladesh. A total of 16 camps were organized throughout the country in collaboration with SAHIC and a total of 5,529 patients were consulted till December 2005. ENT camps were held in Netrokona, Rajbari, Gopalganj, Madaripur, Shirajgonj, Gaibhandha, Lalmonirhat and Kishoregonj regions to provide extended health care services to the STUP members, IGVD and other Ultra poor.

Working with Sight Saver International, 2,198 patients have been screened for cataract and pterigium. Among them 226 patients underwent cataract surgeries and 94 pterigium operations were conducted between January 2005 to December 2005.

## C. Facility-based Services

### Shushastho (BRAC Health Centre)

Static health centres or "Shushasthos" were opened in 1995 to reinforce BHP's community-based health interventions. The Shushasthos were aimed at developing a financially and programmatically sustainable model in order to provide clinical services for complicated cases identified in the community. Additionally, the Shushasthos play a role in improving maternal health status by assisting deliveries in high-risk birthing situations. Shushasthos are equipped with outpatient and in-patient services, laboratory facilities,

essential drugs as well as behaviour change communications materials and equipment. Upgraded centres handle more complex clinical scenarios and emergency obstetric care.

Currently 37 Shushasthos are operating in 18 districts of Bangladesh, of which 7 are upgraded facilities. In 2005 (Till December 2005), 213,534 patients received care from the Shushasthos. Among those, 43% were Village Organisation members, 4% were other NGO members and 53% were Non-Village Organisation members. The recurrent cost recovery of Shushasthos is 71%.

### BRAC Limb and Brace Fitting Centre (BLBC)

BRAC Limb and Brace Fitting Centre (BLBC) at Shyamoly, Dhaka was established in 2000 to provide support to the physically disabled. The centre offers prosthetic (artificial limb) and orthotic (braces) services and a physiotherapy service was also introduced in 2001. Two satellite Limb and Brace Fitting Centres, at Chittagong and Rangpur, were added in subsequent years. Till December 2005, 1,115 individuals used the services of BLBC, and 826 were provided with appliances. BLBC is financed by Disability and Development Partners (formally Jaipur Limb Campaign London, UK).

#### Nadima's Story

Nadima was an expecting mother living in Takthar Pool area of Kalamia Bazar in Chittagong. Nadima learned from BRAC's local health volunteer that Rabeya, a BRAC Health Worker, performed free health checks and consultation for pregnant women. From her sixth month of pregnancy, Nadima started going to Rabeya for the check-ups. Rabeya informed Nadima that she was carrying twins. She suggested that Nadima not do any arduous work, advised her to stay clean, eat well, drink lots of water and rest for at least 2 hours every day. Rabeya also supplied Nadima with iron tablets and instructed her to consult a doctor immediately if she felt she was having any problems with her pregnancy.

Initially, Rabeya had advised Nadima to go to a hospital for delivery, but she learned that Nadima's mother-in-law had contacted a trained mid-wife who was able to perform the delivery at home safely. She visited Nadima frequently after the babies were born to see that whether she was feeding them properly and taking her iron tablets on a regular basis. Rabeya provided suggestions on how to take care of the new-born babies and advised Nadima to vaccinate them when they were 1 and a half months old. Following Rabeya's recommendation, Nadima also started taking contraceptive pills so that she could plan her next pregnancy after a safe gap. She and her family feel that they owe her good health after the pregnancy, as well as those of the babies, to the valuable advice and support they received from BRAC's Health Worker Rabeya.

## D. Pilot/New Initiatives

In addition to the above-mentioned interventions, some pilot initiatives have been undertaken to address priority health needs of women, men, children and other vulnerable groups. These are as follows:

### Maternal Neonatal and Child Health (MNCH) Initiative

BRAC started its Maternal, neonatal and child health (MNCH) initiative in Nilphamari district on August 2005 with the aim of achieving the Millennium Development Goals (MDGs) by 2015. A wide range of activities have been accorded with Health, Nutrition and Population Sectoral reform policies and Poverty Reduction Strategies of Bangladesh to improve maternal, neonatal and child health status at grassroots levels. This will be achieved by enhancing community empowerment, developing capacity and strengthening health care system, particularly, for poor people living in rural areas. The programme is working with specific objectives to promote maternal health from pregnancy to postpartum period, health and development of children from conception to 5 years of age, increase access to quality health services for pregnant and lactating women, neonates and under-five children at community and facility levels and improve inter-sectoral collaboration. The programme primarily targets pregnant and lactating women, neonates and children under five. Health service components of the programme include maternity care, neonatal care, under-five care, family planning, tuberculosis treatment, water and sanitation and basic treatment of common illnesses.

At community level, the Shastho Shebikas will be the frontline workers assisting in antenatal care and offering care to mothers and neonates during postnatal period, under-five child care, tuberculosis treatment, water and sanitation and basic treatment to 150-200 households. The traditional birth attendants (TBAs) will provide direct services to women during child birth and post-partum period and neonates and ensure antenatal care in 150-200 households. Shasthya Kormi will supervise activities of 10 SSs and 10 TBAs, offer antenatal care and postnatal care to women and neonates, organise health forums and get involved in different committees for mobilization and coordination. The programme organisers will supervise activities of each Shasthya Kormi.



HIV/AIDS Programme

BRAC initiated HIV/AIDS programme in 1999 in Mirzapur upazila of Tangail district as a pilot programme. In September 2002, the HIV/AIDS programme started in four districts to reduce further spread of HIV infection in the community. The programme addresses awareness raising activities among the general population including education of couples, adolescent boys and girls, high-risk groups, and promotes use of condoms. BRAC also provides treatment for STI/RTI and consumption loan to the brothel based sex workers to empower them for compliance to condom use.

## **Malaria Prevention and Control Programme**

In districts where malaria is endemic the entire population is at risk from the disease. In 1998, as part of the EHC programme, a special initiative to raise awareness about malaria control was undertaken in the hilly areas of Chittagong where the incidence of malaria is high. In 2002, Activities on Early Diagnosis and Prompt Treatment (EDPT) and distribution of Insecticide Treated Mosquito Nets (ITMN) were initiated in close collaboration with the Mal-VBDC (Malaria-Vector Borne Disease Control) of the Directorate General of Health Services, Government of Bangladesh, MRG (Malaria Research Group) and ICDDR, B. At present, this programme is running in all 25 upazilas of the three Chittagong hill-tract districts Khagrachari, Bandarban and Rangamati. During the reporting period, a total of 69,912 uncomplicated malaria cases and 2,621 treatment failure cases were treated and 13 cases were referred to higher facilities.

## **Micro-Health Insurance**

Micro-health insurance was initiated in July 2001 as a BRAC funded project. The ILO has been funding the project since October 2001. The goal of this project is to facilitate the access of the poor to affordable and quality health services and empower women as the entry point for their family's access to health care. Premium cost varies with VO membership and family size. Three packages such as a general package, a pre-paid pregnancy related care package and an equity package for free enrolment of the ultra poor are offered through this project.

So far 12,987 families were enrolled in the micro-health insurance. Of them, 8,105 families were under the general health package, 4,544 were under the pre-paid pregnancy related care package and 338 were under the equity package. During 2005 about 4,558 were targeted for renewal of general package and half of the target was achieved.

## **Community Based Arsenic Mitigation Project**

BRAC's arsenic mitigation project seeks to raise community awareness, test tube-well water for arsenic contamination, and implement safe drinking water strategies. BRAC has developed five options to ensure safe drinking water. These include: new and renovated dug wells, rainwater harvesters, pond sand filters, deep hand tube-wells, and rural pipe water supply systems. A total of 2,508 safe water units have been constructed in six Upazilas. This is a partnership programme of DPHE, UNICEF and BRAC.

## **Early Childhood Development**

The Early Childhood Development programme advocates, does research and makes use of family empowerment and networking to increase the skills and awareness of the caregiver for holistic development of a child from conception to five years of age. Under this project, supported by Bangladesh Shishu Academy and UNICEF, 9,299 SSs and SKs of 52 upazilas of 12 districts were provided with communications training. A child-to-child intervention programme is operating in six Upazilas of six Divisions to orient 11,710 adolescents in creating safe, secure, stimulating, enabling and learning environments for childhood development. In addition, 10,230 community leaders, 6,440 BRAC staff, 9,299 front-line health workers and 5,821 adolescents participated in different type of planning and education seminars. Also 41 Gonokendro Pathagar members and 12 schools received a one-day orientation. In order to bring about behavioural change of the caregivers as well as prepare children holistically for attending schools, BRAC has started 130 Shishu Bikash Kendros (SBKs) in 4 upazilas.

## **Public Private Partnership Facilitation Programme**

Over the last three years BRAC has made significant contribution in creating the provision of Essential Service Delivery making optimum utilisation of available public-private community resources. BRAC acted as a catalyst to establish 6 Community Health Schemes (CHSs) based at Government Community Clinics at Brahmanpara upazila of Comilla district in line with the PPP Vision of Empowering people to take care of their own health making better use of existing resources.

During 2005, in view of transforming the CHS into a self-managed autonomous community healthcare trust, 6 Trustee Boards were registered between July and September 2004. The Trustee Boards collected Taka 1 million from the community and deposited the money receiving a monthly interest used as a subsidy for its monthly operational expenses. A total of Tk.322,161 has been generated by the CHSs and two CHS outlets have been upgraded by constructing additional rooms. A total of 16,369 individuals received ESP services from the CHS outlets, of which 4,444 were extremely poor.

With its stated goal of making a significant contribution towards Education for all in Bangladesh, the BRAC Education Programme, along with the Health and Development programmes, form the foundation of BRAC's efforts towards a society free of poverty, illiteracy and disease. Begun experimentally in 1985 with 22 one-room schools providing a 3 year primary education, BRAC Education Programme, or BEP, has come a long way in 20 years. BEP now provides a full 5 year primary education in 4 years using mostly its own textbooks developed in accordance with the national curriculum. To date 3,115,031 children have graduated from BRAC primary system and of them 2,876,472 made the transition to formal system at higher grades.

At the end of 2005 BEP was operating 31,877 primary schools (including 5,500 Education Support Programme schools) and 16,025 pre-primary schools throughout Bangladesh providing access to education to a total of more than 1.4 million children of the rural poor (65% of whom were girls). In recent years, BEP's services have expanded nationally to offer specialised educational access to children from ethnic minority groups, inclusion of children with disabilities in BRAC Schools, continuing education and life skills training for adolescents, in-service teacher training for primary and secondary school teachers and establishment of Gonokendros (Community Libraries). BEP has also expanded internationally with the introduction of BRAC Schools in Afghanistan and replication of the BRAC School Model in Sudan and other African countries.



# Education Programme



# Education Programme



A Brac Primary School student of Class III, Rahima Akhter won an award at the 1st Intervida National Painting Competition. Rahima's father is a fruit-seller and her mother a domestic aide. Her award winning painting depicts a Nobo Barsha Mela, or New Year Fair. Rahima dreams of becoming an artist when she grows up.

## BRAC Primary Schools

Although BRAC's Education Programme is involved in a number of initiatives aimed at the holistic improvement of the country's education infrastructure, the School Operations component is the heart and soul of the programme and consequently garners a major portion of BEP's budget. To date, BEP has been operating BRAC Primary Schools (BPS), BRAC Adolescent Primary Schools (BAPS), BRAC Pre-primary Schools (BPPS) and Educational Support Programme (ESP) schools in all 64 districts of Bangladesh.

The operational management structure of school operation (BPS/BAPS) is a simple one. At the grassroot there is an Area office from which schools are supervised and given other forms of support (e.g. teachers' monthly refreshers). An Area Office usually coordinates 50-60 schools. Frontline staff are known as Programme Organisers (POs) and are usually responsible for 12-14 schools depending on the geographical cluster. POs are guided by the Area Manager (AM) who in turn reports to a Regional Manager (RM). The qualitative aspects of BRAC's schools are managed by Quality Assurance Specialists (QASs). The QASs are supported by Master Trainers (MTs) and Core MTs, one for each core subject: Bengali, English, Mathematics, Science and Social Studies. The RMs and QASs report to the Head Office.

Major differences between the three types of schools lie in the span of school duration and the age range of the students. BPS/ESP schools are for children aged 8-10 years while BAPS schools are for 11-14 years olds. While BPS and BAPS offer a full primary education (Grades I through V) over a period of 4 calendar years, the ESP schools cover a 3-year curriculum in 3 years. Other key features of the schools are similar; they are meant for the drop out/non-enrolled children of poor families, function in a one-room rented house, the teacher is a local woman who has at least 10 years of schooling and parents are directly involved in school related matters.

At the end of 2005 the total number of teachers in 31,877 BRAC Primary schools (BPS, BAPS and ESP) was 33,107. These schools had a combined student body of 997,562 of whom 66% were girls. BRAC maintained not only the composition of girl:boy ratio among its students but also its high level in graduation rates. During the reporting period 306,784 students out of a total of 324,963 completed their studies from BRAC schools. Of these, 299,640 (i.e. 97.67%) transferred to higher grades in the formal system.

BRAC received free textbooks from the Government of Bangladesh for classes in Grades IV and V for the first time in 2005. However, issues of timeliness and reliability arose as the textbooks arrived late and with no guarantee of future provisions.

## Children with Disabilities

BRAC began its CWD initiative in 2003 with a focus on building awareness amongst BRAC staff and community members regarding issues of disability and the concept of inclusive education. The first step was to create an environment that enabled access for disabled children in the classroom. These efforts resulted in a substantial number of enrolments of disabled children in BRAC schools. BRAC's current focus is on expanding the range of disabilities that their staff is capable of facilitating (mild to moderately disabled ), as well as improving the quality of education that these children receive in BRAC schools. BRAC employs a holistic approach in its educational programme for disabled children. Realising that children with disabilities were limited in schools by a lack of specialised facilities, both the HO and field staff have not only been provided with conventional training and exposure, but also given technical support from consultants who have extensive experience in inclusive education.

In total, 14,471 children with special needs were enrolled in more than 8,000 BRAC schools by the end of 2005. Some of these children were given assistive devices such as wheel chairs, crutches, artificial limbs, hearing aids and glasses. Initiatives were taken in all BEP regions to build ramps to the schoolhouses and to place a coloured line around the blackboard to assist disabled students.



*Where necessary, BRAC sponsored corrective operations for students with disabilities such as cleft palate and lips. In total, 181 disabled children underwent successful surgery. In the reporting period, BRAC also provided stipends to 4,288 children with special needs. In a special collaboration with the BEP Management Information Systems (MIS) unit, 35 disabled persons were hired as computer operators in BEP regional offices.*

## Babul's Story

Babul is a 9 year-old boy in class 2 suffering from speech and hearing disabilities. Two years ago, when Babul found out that BRAC was starting a first class NFPE school in his community, he simply went to the local team office and told them that he'd like to enroll. Recognising his drive for education, the local officers allowed Babul to enroll despite his severe hearing and speech impairments.

In class, Babul's energy is visible and carries over to his classmates, who he seems to get along with very well. When the interviewers visited, he and some friends volunteered to dance. He also demonstrated his writing ability on the board. His father explained that since attending school, Babul's speech has improved and that he often practices at home. His dedicated teacher shared some of the many innovative strategies she uses to teach Babul. She explained that to address Babul's needs, she stands directly in front of him, places him at the front of the class where the majority of instruction

takes place, uses a form of sign language with him, gives him extended time, writes out questions if he can't hear them, and helps him with his reading individually. These adaptations by the teacher are remarkable considering that at that point in time, she had not been given any training on teaching children with disabilities.

Babul's father, a rickshaw driver, explained that a hearing aid and surgery were recommended by a local doctor. However, due to the extensive costs involved, the parents haven't been able to provide either. With Babul's drive to learn, an assistive device such as a hearing aid could open up a whole new world for him both socially and academically.

Babul's energy and will to learn, along with the unique support of his teachers allows him to achieve his previously unimaginable educational goals. His spirit and perseverance are truly an inspiration to all students.

## Education for Ethnic Children

In 2001, BEP established the Education for Ethnic Children unit charged with the responsibility of including children of ethnic minorities into BRAC schools while preserving their rich cultural heritage. The EIC programme was thus designed to meet the specific educational needs of the ethnic communities, with a critical aspect being the usage of ethnic mother tongues as the language of instruction in ethnic schools. Although the primary goal of the EIC unit is to increase the enrolment of ethnic children in BRAC Schools, its long-term impact is expected to be an increase in self-esteem of ethnic minorities and their acceptance by mainstream Bengalis.

In addition to the 1,861 ethnic schools funded by the Donor Consortium, which are included in the overall number of schools, BRAC also runs an additional 300 schools with Norwegian funding. Together these schools have a total of 52,149 students and 2,947 teachers. In schools that have students with more than one mother tongue, BRAC employs 2 teachers, one from each community, to address the needs of students.

## Education Support Programme (ESP)

BRAC's Education Support Programme (ESP) began its activities in September 1991 to expand education opportunities for disadvantaged children through partnerships with other NGOs and provide them with technical and financial support to implement BRAC's school model with adaptations as needed. ESP schools cover a 3-year curriculum in 3 years and although the other key features of ESP schools are identical to those of BPS and BAPS, ESP schools are usually operated in remote areas with higher concentration of ethnic students who are not covered by BRAC Education Programme.

At the end of 2005, Education Support Programme (ESP) was working with 616 partner NGOs. ESP is now operating 4,000 schools with 119,934 students. In addition, there are 1,500 schools with 44,966 students funded by Norway. ESP schools maintain a gender ratio of 71% girls among its learners. A total of 234,456 students have graduated to date from ESP schools.

## Capacity and Materials Development

### Education Development Unit

The Education Development Unit (EDU) is an integral part of the BRAC Education Programme (BEP). Its goals are to provide quality education through the development and subsequent revision of all teaching and learning materials and to set the curricula for BRAC schools. A group of personnel with theoretical expertise as well as professional experience in educational practice is involved in the process of curriculum and materials development and dissemination. EDU develops materials based on national competency standards across five subject areas: Bangla, English, Mathematics, Science and Social Studies.

By the end of 2005 EDU had revised English Grade III Workbook and Teacher's Guide. In addition to that Bangla and English Teachers' guide for Grade IV on Govt textbook were developed. As for Multi-Strategy Language Teaching method, Grade I Bangla Teachers guide was developed. The Social Studies Workbook and Teacher's Guide for Grade III were completed and are in use. Ethnic issues were incorporated into



Social Studies for Grades III, IV and V. Specific subject-based training was provided to Master Trainers on English, Mathematics, Bangla and Social Studies.

### Capacity Development Unit

The Capacity Development Unit (CDU) is responsible for training and professional development including skills development for BRAC Education Programme's teachers and support staff. CDU focuses on contributing to BEP's efforts at significantly improving the delivery of education in its schools through the improvement of the quality of training, and ultimately, the quality of student learning.

In 2005, 27,877 teachers (including 1,800 EIC schools with two teachers per school) received subject-based training at monthly refreshers and year opening orientation. Subject based Master Trainer (MT) training was provided to 737 Master Trainers on a need basis. CDU included Ethnic and Inclusive Education (CWD) training with teachers' basic training module and teacher and staff orientation. CDU also developed a video on teacher training as well as a Training and Resource Centre Trainer manual for basic teacher training course. Additionally, a new training initiative on the theoretical aspects of managerial competencies with some pedagogical learning and with field-based exercises was designed for Regional Managers, Regional Sector Specialists, and Quality Assurance Specialists.

## Government Partnership Programme

The Government Partnership Programme (GPP) began as the Primary Initiative in Mainstreaming Education (PRIME) in 2001 and was renamed in 2004 to explore the opportunities of collaboration with the Government of Bangladesh in the education sector. In one of its major achievements, The GPP was approved by The Ministry of Primary and Mass Education (MoPME) to establish pre-primary schools throughout the country in 2002. This recognition also enabled BRAC to work more closely with the mainstream primary schools. The operation of these pre-primary schools and the follow up of their graduates in formal primary schools are the primary responsibilities of the Government Partnership Programme.



## BRAC Pre-primary Schools

The number of on-going pre-primary schools stood at 16,025 with a total of 425,000 (63.5% girls) students and 30,400 teachers, 100% female, at the end of 2005. Cumulatively, a total of 753,145 children have completed their one-year course in pre-primary schools and have gone on to enroll in Government Primary Schools.

Efforts continued in 2005 to make pre-primary schools more inclusive and towards that end 4,847 children with disabilities have been enrolled. BEP now operates 150 schools for ethnic children funded by Norway. Most of these schools are located in the Chittagong Hill Tracts areas. Enrolment in these ethnic schools is 3,312 learners with a girls to boys ratio of 52:48. Class sizes vary from a minimum of 20 to a maximum of 30 students.

## Community and Formal Schools

The 44 Community schools that were handed over by the MoPME to BRAC to make functional were in operation with 7,573 students and 213 teachers. In addition, 11 Formal schools were also in operation with 2,561 students and 66 teachers. 98% of the teachers and 53% of the students in these schools (both community and formal) are female. These schools, which follow the government curriculum and textbooks, but apply BRAC experience for teacher training and conducting teaching learning in the classroom, are performing well in terms of teaching learning environment and learning outcome. A total of 289 students appeared in the government administered end Grade V scholarship test in 2005. Of these, 87 students were awarded scholarships.

## Adolescent Development Programme

The establishment of the Adolescent Development Programme (ADP) came about as it was noticed that BAPS graduates who do not continue their study in higher grades in the formal institutions tend to relapse. To encourage them to retain their literacy, numeracy, and life skills, an idea to establish centres equipped with reading materials was realised in 1993 and developed into the Adolescent Development Programme in 2000 with the establishment of Reading Centres. The Reading Centres were later renamed Kishori Kendros meaning Adolescent Centre in Bengali. The centres not only contained reading materials, but also became a safe place where the girls could socialise, play indoor games, sing, dance, and exchange ideas amongst themselves.

In 1999 BRAC's Research and Evaluation Department (RED) conducted a study comparing BRAC Kishori Kendra graduates with illiterate adolescents. The results indicated that although Kishori Kendra education had allowed the adolescents to improve their economic status it had virtually no impact on changing social patterns such as early marriage and dowry practice (Hossain & Kalam 1999). Given these and many other factors, BRAC felt that giving the girls respite from their daily lives through the Reading Centres was not enough; it was also imperative for them to be further educated and given knowledge that would empower them economically and socially, by helping them to make informed choices and developing their leadership potential. Thus the Adolescent Peer Organised Network (APON) programme was conceived in 1999 for girls to be educated by their peers about essential issues which typically are not discussed in Bangladeshi society such as reproductive health, early marriage, women's legal rights, dowry, inheritance laws, oral divorce, acid throwing,



HIV/AIDS, abuse, and drug addiction. A number of life-skills training courses were also designed to enhance the status and self-esteem of adolescent girls by increasing their earning potential and financial management skills.

ADP was operating 8,016 Kishori Kendros at the close of the year; these centres had a total membership of 204,488. In 2005 3,143 girls and 1,228 boys received leadership training to perform their role as a Kishori Netri (Adolescent Leader) and a Peer Educator. These 3,143 girls and 1,228 boys successfully completed the training and they facilitate the life skill course for adolescent girls and boys. In addition to that, 3,035 Kishori Netris together with Project Staff and Programme Organisers also received professional training.

There are two Kishori Netris for each Kishori Kendra (KK). They are responsible for operating the centre's activities as well as conducting the APON course. All Kishori Netris receive a 6 day basic training in order to acquaint them with their duties. In addition they also receive a 6 day Training of Trainers (TOT) to facilitate the APON course in their KK.

BRAC granted Tk. 700 as SSC examination fees to 36 adolescent girls in the reporting period to encourage them to delay their marriage. Under the Delayed Marriage Scheme, ADP encourages adolescent girls to wait until they are of at least 18 years of age before marriage.

ADP has introduced community workshops to raise the awareness of community leaders on topics such as women empowerment and gender equality by influencing prevailing views on social issues like child marriage, dowry, HIV/AIDS, drug addiction, marriage registration and birth registration. In the reporting period a diverse array of participants, numbering 150 in total, took part in such workshops. The participants varied from principals and lecturers of colleges; religious leaders such as madrassa teachers and imams; headmasters and teachers of secondary and primary schools, to chairmen and members of Union Parishads and village doctors.

## Post Primary Basic and Continuing Education

The Continuing Education Programme (CEP) was launched in 1995 with the aim of operating community-based libraries at the union level called Gonokendros to provide reading access to rural populations. In addition to Gonokendros, several other activities began to take place under the CEP, such as Information Technology (IT), the Mobile Library and the Micro Library. With cooperation from the Government, Gonokendro members are also provided with skills development training for trades such as livestock, fish culture, computer training, electrical repair, and vegetable cultivation. In 2001, BRAC began to work with the non-government secondary schools of Bangladesh under a programme named Post-Primary Basic Education (PBE). The aim of the programme was to develop capacity of the teachers of the rural non-government secondary schools in core subject areas (English, Mathematics, and General Science) and to improve school management through training and workshops. In this regard, BRAC obtained permission from the Ministry of Education. In 2003 the initiative was mainstreamed and combined with CEP and the two together renamed as Post-primary Basic and Continuing Education (PACE) programme.

## Continuing Education Programme

Under continuing education, the total number of Gonokendros in 2005 was 964, including 30 Gonokendros set up in the ethnic areas with Norwegian support during the reporting period. Total membership of Gonokendros now stands at 410,937, of whom 47.9% are women. Records reflect that on an average 47 persons visited Gonokendros each day and 227 books were issued per month. Women outnumber men both in terms of visiting Gonokendros and borrowing books. Besides school students, mobile libraries, which operate as extensions of Gonokendros, and reach women and elderly citizens, contribute to increasing the proportion of female users. During the reporting period 20 new mobile libraries (libraries on rickshaw vans for those unable to travel to Gonokendros) were added, bringing the total to 215. On a pilot basis 15 micro libraries were set up. Micro libraries are a smaller version of Gonokendros, targeting a smaller number of people (100-150 persons) and limit their services to books and magazines only.

The number of Gonokendros equipped with computers now stands at 185, including 30 operated in the ethnic areas with Norwegian support. Librarians of these Gonokendros have been duly prepared through training to work as computer instructors. A total of 2,102 children, students and youths (including 52 who were disabled) received courses of different duration (1 month to 2 months) on computer application/literacy and of them 43% were female. This brings the cumulative number of trained persons to 5,563. BRAC arranged multimedia projection on major issues (e.g. sanitation, arsenic etc.) to raise social awareness and also to take IT to the adult community. In 2005, such projections were held in 61 locations. Usually 150-200 people (including children, students, and adults) attended the programmes. The programme is a mobile one with two projectors.

To date, a total of 36,688 Gonokendro members have received skills training. Skills training at Gonokendros is usually imparted on different trades such as livestock rearing, horticulture, fish-culture, electric works etc. This training is done in collaboration with the Ministry of Youth and Sports. Members of the Gonokendros and Reading Centres also attend these training

courses. Some of the courses are of long duration (3 to 6 months) and residential, while others are shorter (3 weeks to 2 months) and usually take place on the premises of a nearby Gonokendro. However, application rates of training vary depending on the trade. Courses such as fish-culture, electric works, computer etc. seem to have better usage rates than poultry/dress making. This issue has been taken up with the relevant ministry and they have indicated possibilities for allocating a greater number of places for marketable trades.



Organising socio-cultural activities at the Gonokendro is almost a regular phenomenon as these centres also serve as places for promotion of culture and values. 458 Gonokendros during the reporting period organised events to observe important national days (e.g. International Language Day, Independence Day etc.), which included cultural as well as other activities. These programmes are financed from local resources.

## Post-primary Basic Education (PBE)

The PBE programme supplements government efforts to bring improvements in the state of quality of secondary education in Bangladesh and works with the rural non-government secondary schools, where problems related to quality of teaching-learning and learning outcomes are poor. Many teachers in these schools often lack formal training on education and in-service teacher's training is almost non-existent.

To date 919 Non-Government secondary schools have been selected for intervention. 2,020 Head teachers and Assistant Head Teachers, representing 919 schools, attended a 3-day orientation workshop and a training course on education management. In order to sensitise School Management Committee members about the core issues in their schools, 2,064 members from those schools went through an orientation session.

As far as subject training is concerned, 3,098 Mathematics, 3,059 English and 1,019 Science teachers from 919 schools have received 3-week long residential training on relevant subject areas. In order to improve students' participation in the teaching/learning process and develop their potential, 717 teachers from 919 schools were provided training on Values Education and on their return introduced mentoring in their own schools.

## Teacher's Development Forum

In order to enable teachers to share their experiences about teaching and to find solutions to the problems they face in imparting the techniques they received from BRAC training, a Teacher's Development Forum was designed by PBE in 2005. The forum has been holding meetings with English teachers at least once a month, held on school campuses where the teachers work. English Teachers from 8-10 schools sit together and share views and ideas about the problems of teaching English, the familiar and chronic problems of the students etc. with one another.

## Project School Trainer Development

In 2005, BRAC began a project school trainer initiative to further develop the professional skills of secondary school English and Mathematics teachers and to create a bridge between training and teaching. Each teacher selected for Project School Trainer (PST) development receives training from a Resource Trainer and observes classrooms for three days. In total, 39 Grade-A PSTs were developed in 2005 in English and 83 in Mathematics.

## Computer Aided Learning (CAL):

With the view to making lessons more attractive and interactive, a pilot Computer Aided Learning (CAL) programme was introduced in Maths in seven schools at Mirzapur in 2005. It was aimed at measuring the impact of computers in attracting students to school, and the improvement in learning levels among students in their regular academic work. The basic objectives of CAL are to give conceptual clarity of the difficult lessons and to make the class interesting, participatory and enjoyable for the students. From the 7 chosen schools, 28 teachers (14 in each of two subjects) have already been trained on CAL. In both the subjects the training is divided in two parts. The First part focuses on computer handling and the second on subject-based lessons. The Maths group at PBE has already developed materials on difficult content in the grades 9-10 curriculum and are working on grades 6-10. The English group is working on developing materials on grades 9-10.

## Other Interventions

### Hobirbari Project

The pilot for the Multi Strategy Language Teaching Methodology (originally called the Whole Language Learning approach) in Hobirbari is a holistic endeavour by BRAC to provide opportunities to develop balanced language skills. The objective of this pilot initiative is to develop learners as independent readers and writers by focusing on meaning, communications, accuracy and correctness. Under the programme, 9 schools completed Grade 1 in December 2004. Encouraged by its progress, BRAC expanded the programme to a further 10 schools in 2005, bringing the total to 19 schools. A learning package for the project has been developed for Grades I and II and piloted in one area in Gazipur district. Instructional materials for teachers and activities for students have already been completed. Creation of other materials (e.g. story books) including materials for Grade II are now in process.

### Partnership with Primary Schools (PPS)

At the request of local administration, BRAC launched another pilot intervention in 2004 to develop the professional and management capacity of mainstream primary school teachers and increase

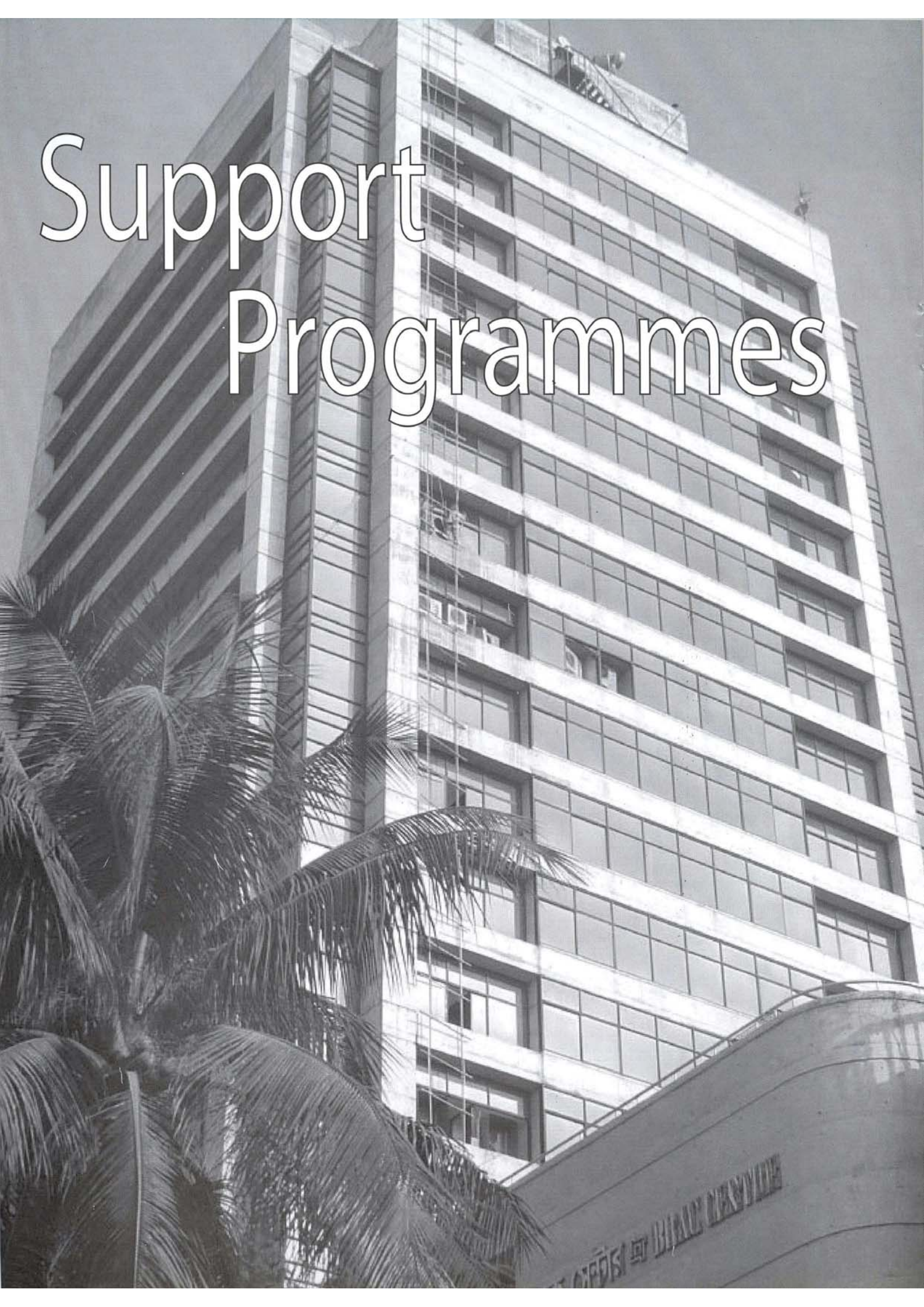


community participation. However, facing demand from the local level Government and the community, it became necessary for BEP to expand this intervention rather than continuing to operate in three upazilas in two districts - Kurigram and Hobigonj. Thus in April 2005, BEP renamed the above project as 'Partnership with Primary Schools (PPS)' and started expanding. So far 193 head teachers, 152 Mathematics teachers and 105 English teachers have received in-service training. In addition, 83 untrained teachers were provided with a foundation course.

The core PPS activities include:

- Training/refreshers for GPS/RNGPS teachers
- Management training for head teachers
- Foundation training for untrained teacher
- Subject-based training for assistant teachers (English and mathematics)
- Social mobilisation
- Arranging workshops for SMC members
- Holding meetings with the parents of children
- Holding discussions with the head teachers of GPS/RNGPS
- Involving the local community people in school activities
- Dialogue with the members of the Upazila Education Committee (UEC)
- Follow ups in GPS/RNGPS to identify absenteeism of students, drop-out and repetition

# Support Programmes



# Support Programmes

## Training Division

The overall goal of the BRAC Training Division is to improve the management competencies of development practitioners and to enhance the human and operational skills of BRAC staff and programme participants. BRAC Training Programme was an integral part of BRAC's operations from the beginning. Eventually, the training programme took a formal shape by establishing a Training and Resource Centre at Savar in 1978. In 1993, the training programme was renamed BRAC Training Division (BTD) and made responsible for capacity building and professional development of all BRAC staffs and development professionals.

BRAC Training focuses on making training participatory, learner-centred, problem-focused and need-oriented. It promotes individual involvement in the training process and group interaction. The training courses are designed and delivered from the perspective of the participant's needs. The courses are continuously upgraded to meet the changing and emerging needs of BRAC's programmes.



In 2005 BTD made significant progress in the field of capacity building of BRAC as well as the staff of other organisations. It developed qualitative training courses for different BRAC programmes and also offered some need-based and tailor-made training courses for the government officials and development organisations of Afghanistan, Bangladesh, Sri Lanka and Tajikistan.

109,935 participants took part in human development and management related training courses in 2005. A total of 443,120 participants received occupational skills development training courses and workshops in order to develop their operational skills.

BTD also organised a total of 67 training batches comprising 1,364 participants for other development organisations both within and outside Bangladesh.

## Objectives of BRAC Training Division :

- To develop and provide training courses for BRAC's development practitioners and programme participants.
- To develop the capacities of government staff and NGOs by providing need-based professional management training at home and abroad.
- To extend appropriate support and facilities to other organisations for organising training, workshops, seminars, and conferences

## Specialised Training

In terms of specialised training, BTD in 2005 took an initiative to identify the training needs and develop a creative training programme for the mid-level managers of BRAC Health Programme and developed a number of modular training courses to meet the growing needs of BRAC's Education programme and Post primary Basic and Continuing Education programme. A special need-based course on Human Communication Skill Development was organised for BRAC's Regional Managers to improve their interpersonal communication and presentation skills. A total of nine batches of training courses were held in 2005.

A two-month training programme on 'English Proficiency and Computer Literacy' was designed by BTD in 2005 as a part of its ongoing capacity development initiative. A group of 27 participants from different BRAC programmes attended the course.

## International Training

BTD organised three batches of training on Microfinance Management for 32 participants from Sri Lanka and Tajikistan. Additionally, a group of 12 Microfinance managers from Afghanistan participated in an exposure/training programme administered by BTD in 2005.

BRAC also organised three batches of training courses, on good governance, policy advocacy and effective communication skills, to enhance the capacity of Afghan ministries and local NGOs. A total of 59 participants attended the course.

## Internship Programme

BRAC Training Division's Internship Programme was founded on the premise of providing students and new graduates with first-hand development experience in BRAC Programmes. In 2005, a total of 259 participants from around the world completed internships with BRAC. In addition to students, some sixty professionals from nine different countries were exposed to BRAC Programmes.

## New Initiatives

To address the need for quality managers for BRAC's activities both home and abroad a new programme named Leadership for Advancing Development (LeAD) was initiated in 2005. Additionally, BRAC arranged for half-day English proficiency tests on English at TARC's for mid-level managers selected for professional development.

## Human Resources Division (HRD)

BRAC HR enforces procedural justice to intensify transparency and equity in order to facilitate an organisational environment that nurtures potential, promotes innovation, change and quality. In 2005, BRAC brought about a large change to modernise the HR division by decentralisation and enhancement. BRAC created the post of Director, Human Resources for the first time. BRAC HR consists of the following units: Human Resource Management (HRM), Communication and Management (C&M), Performance Management System (PMS), Human Resource Development (HRD), Recruitment, HR-Management Information Systems (HR-MIS), HR Field Operations Management (HRFOM), Gender Justice and Diversity (GJ&D) and SHarE (Sexual Harassment Elimination). To increase the outreach of HR, BRAC set up eleven Field HR Offices (FHRO). To strategise and also to regularise its activities and make the HRFOs effective, BRAC HR has recruited and trained professionals and plans to continue developing the capacity of HR, as well as bring FHROs under ICT automation. In 2005, BRAC revised its salary structure and the Human Resources Policies and Procedures (HRPP) and provided orientation on HRPP and Sexual Harassment Elimination (SHE) Policy to 4,159 BRAC managers in different levels, conducted about 300 batches of gender justice training to 7,000 Union Chairmen and Members and supported 11 other NGOs to develop gender policy. The Gender Quality Action Learning (GQAL) Programme is sensitizing the community to initiate a platform for resolving gender discrimination and violence against women and children. In this regard, GJ&D Unit provided 29 training sessions to 696 community members, facilitated 1,779 Courtyard meetings, 1,179 follow-up, 723 group discussions, 116 video shows and 4 popular theater shows. HR is also involved with local, national and international networks related to HR and Gender.

To ensure a work friendly environment free from sexual harassment and other abuse the Sexual Harassment Elimination (SHE) Policy is being implemented through the Sexual Harassment Elimination (SHarE) Unit. The SHarE works in the field of Gender and SHE policy implementation, regularises the complaint redressal system, monitors and supports BRAC programmes in initiating new interventions to end violence against women specially in the field of domestic violence. It also promotes dialogue and interactions among staff members. The number of complaints received by November 2005 was 171 and 106 of these complaints were addressed by the end of the year. A plan to install a Hot line (Telephone connection) to address complaints instantly is already in the pipeline.

## Internal Audit

BRAC's Internal Audit Department undertakes routine Internal Audit, Investigation, Physical Inventory and other assignments to maintain organisation transparency and accountability according to international audit guidelines and practices. The Internal Audit Department consists of 128 Audit Staff. 100% audits are conducted where irregularities are detected in the course of normal internal audit, which occurs on a sample basis. The frequency of audit in each of the Area Offices, Head Office and Commercial Projects is at least once a year but is flexible according to need. Since 2004 a system of continuous audit, whereby all financial transactions at BRAC Head Office are checked within a week, as well as risk based auditing, has been introduced. Internal audits were conducted in 3,341 BRAC locations in 2005.



HRD also takes part in various job fairs to bring in bright, young graduates

## Advocacy and Human Rights Unit

The objective of BRAC Advocacy and Human Rights Unit (BAHRU) is to assist collective and individual behavior to reach BRAC programme milestones through a right-based approach. BAHRU uses advocacy and social communication tools including Gono Natok (People's Theatre) and audio/video shows in its work.

Since its establishment in 2002, BAHRU has been working with the programme 'Challenging the Frontiers of Poverty Reduction-Targeting the Ultra Poor' (CFPR-TUP) and has developed a comprehensive social communication model to mobilise civil society to help the ultra poor. The communication activities concerning the CFPR-TUP programme in 2005 continued in 59 upazilas under 13 districts.

BAHRU has been assisting the BRAC Health Programme (BHP) with the National Tuberculosis Control Programme since July 2005. In 2005, BAHRU also initiated a pilot project on 'Migration Rights' to enhance the capacity of migrants and their families to facilitate a safe and productive migration.

## Administration and Special Projects

To address the serious road safety problem in the country, BRAC has developed and is implementing an innovative Community Road Safety Programme under its Administration and Special Project Department.

Community Road Safety Awareness Project was successfully implemented on the Dhaka Sylhet Highway as a partner of the Roads and Highways Department of the Ministry of Communications under the World Bank supported Road Rehabilitation and Maintenance Project-III. Assessment on the project has revealed that pedestrians' knowledge of safe walking, crossing and use of footpaths and drivers' knowledge on use of centre lines, zebra crossings and speed-limit signs improved considerably.

A Road Safety Awareness campaign targeting students of educational institutions situated beside 14 upazila roads of LGED in Barisal and Khulna divisions is being implemented by BRAC.

BRAC has undertaken an animated film programme titled *Lal, Holud aar Shobuj* (LHS, or Red, Yellow and Green) – a unique educational initiative for road safety in Bangladesh. Four episodes, of 2.30 minutes length each were created by BRAC and shown in BTB in 2005.

Additionally, a road safety awareness campaign for Bangladesh has been developed with special focus on the road leading to Kuakata from Patuakhali. Road safety training for drivers belonging to BRAC and other operators for improving their defensive driving skill continued in 2005.

## Monitoring

Monitoring is part of BRAC's internal controlling mechanism of programmes. It is the periodic analysis of selected indicators to enable managers to determine whether key activities are being carried out as planned and having the expected impact on the target population.

Monitoring activities are designed as a continuous process of data collection, analysis and judgement in order to produce relevant, timely and accurate information. Monitoring Department findings are disseminated on a bi-monthly basis through presentations and discussions, publication of bulletins and narrative reports. Emphasis is laid on assessing the effectiveness of the project components with an indication of the corrective measures required. This information is especially designed for senior BRAC management, programme managers, stakeholders and programme sponsors. The Monitoring Department has gradually broadened its area of activities to include all core and support programmes of BRAC. On an average, 115 issues are monitored annually covering all BRAC programmes.

The Monitoring Department is also a part of the internal redress mechanism of BRAC. This mechanism was set up to uphold BRAC's ethical values and to ensure greater transparency and accountability of its overall management and internal observation procedures. All complaints regarding maladministration and misuse of power including corruption, financial misappropriation, abuse of discretion, negligence, oppression, nepotism, indecent behaviour, arbitrariness and discrimination fall under its coverage. The Monitoring Department conducted a total of 426 investigations up to the end of 2005.

## Research and Evaluation Division (RED)



The Research and Evaluation Division (RED) was established in 1975 to provide research support to BRAC programmes. RED conducts multidisciplinary studies on various development issues and subjects of national and global importance. These include poverty alleviation, socioeconomic development, agriculture, nutrition, health, population, education, environment, gender, and related fields. Although RED concentrates its activities on BRAC programmes, it also maintains strong linkages with government organisations, UN bodies and a number of academic and research institutions at home and abroad. In 2005, RED undertook 17 collaborative research projects with organisations such as the Aga Khan Foundation (Canada), Bangladesh Bureau of Statistics (GoB), Campaign for Popular Education (Bangladesh), Columbia University (USA), Emergence Energy Inc. (USA), European Commission (UK), The Hospital for Sick Children (Canada), ICDDR,B: Centre for Health and Population Research (Bangladesh), INDEPTH Network (Ghana), Karolinska Institute (Sweden), Plan Bangladesh, Population Council (USA), The Rockefeller Foundation (USA), Save the Children (USA), SIDA (Sweden) and UNICEF.

A major focus in socioeconomic research during 2005 was on the BRAC programme for the ultra poor called CFPR/TUP. This included a repeat survey, research, and process documentation of different programme activities. Research on microfinance, social capital, gender relations, and indigenous people were some of the other areas of socioeconomic research in 2005. A nationwide survey has been conducted every year since 1998 to examine the state of primary education in Bangladesh and to bring qualitative improvement in primary education. The theme of the last survey was the status of secondary education in Bangladesh. Several other studies were also conducted on various aspects of BRAC's Education Programme, such as out of school and ethnic minority children. RED's major work on health concentrated on early childhood development, maternal, neonatal, and child health, food supplementation, national low birth weight survey, formative research and flexible administration of micronutrient sprinkles and primary health care for the ultra poor and elderly people. The major environmental studies include research on medical waste management and helping the government to formulate a waste management policy, rural energy and assessment of rural pipe water system to provide safe drinking water at village level.

RED emphasizes the importance of effectively sharing research findings with its stakeholders, such as BRAC management, donors, field managers, and also policy makers and researchers at home and abroad. Research findings are disseminated through reports, monographs, annual reports, books and book chapters, journal articles, vernacular research compendia and short articles in newspapers and newsletters. The research findings are also disseminated through presentations in national and international conferences, seminars, and workshops. Summaries of major findings and important activities are posted on display boards placed at all the training venues of BRAC. RED launched its website ([www.bracresearch.org](http://www.bracresearch.org)) in April 2005, the goal being to disseminate worldwide RED's resources and knowledge gained over the last 30 years.

As of December 2005, RED has produced more than 1,000 research reports and papers that are available in bound volumes in the Ayesha Abed Library at BRAC University. The abstracts of completed studies are available in the RED annual report and at the RED website ([www.bracresearch.org](http://www.bracresearch.org)) in PDF format. Twelve original research papers were published in national and international journals during the year. Some of the international journals that published the research findings of RED include World Development, Development in Practice, Journal of International Development, The Lancet, Bulletin of the WHO, Public Health Nutrition, Public Health, Journal of Health Population and Nutrition, Small Enterprise Development, Journal of Family Violence, Death Studies, and Bangladesh Education Journal. BRAC researchers also contributed 7 book chapters to 3 books and some popular articles in newspapers and newsletters during the year.

## Publications Department

BRAC Publications Department provides media solutions to the respective core programmes by designing, producing and publishing printed materials such as books, banners and pamphlets promoting BRAC and BRAC activities. Maintaining audio-visual records of BRAC events is another one of Publication's responsibilities.

## Public Affairs & Communications

BRAC's Public Affairs and Communications department is responsible for all external communications, public events, and press relations for BRAC. Its additional duties include identity building and public relations exercises, internal communications, development of publicity materials and advertisements. Public Affairs also maintains all electronic communications including the BRAC Website to ensure proper representation and understanding of BRAC and its activities to both internal and external audiences.

In 2004, the Public Affairs and Communications department, in partnership with BRAC Training Division, became involved with the Salma Sobhan Fellowship in Journalism for Women. Funded by the Protichi Trust, the fellowship was conceived and implemented in order to make the concept of developing women journalists in Bangladesh a reality. By December 2005, all 32 journalists in training had completed their fellowship requirements and were awaiting their convocation ceremony to be held in January 2006.

## BRAC University

BRAC University (BU) was established in 2001 with the aim of not only imparting broad-based, high-quality education to its students, but also to develop them into the next generation of inclusive, pro-poor, and visionary leaders. To this end, BRAC University acts as an ideal meeting point of knowledge and justice by combining the in-depth field experience garnered by BRAC with the insights of its world-class faculty. In 2005, around 2,200 students were studying at BU for their Bachelor degrees in Business Administration (BBA), Computer Science (CS), Computer Science and Engineering (CSE), Electronics and Communication Engineering (ECE), Economics, English, Architecture, Law and Physics. The Graduate programmes include Master of Business Administration (MBA), Master of Development Studies (MDS), Master in Disaster Management, Master of Arts in Governance and Development and Master of Public Health under the newly established James P. Grant School of Public Health. BU also offers Post Graduate Diplomas in Bank management and IT, South Asian Development and Cooperation Studies, Disaster Management and CISCO Certified Network Associate.

Based on the research report about graduate employability a residential campus had been set up in BRAC Training and Resource Centre (TARC), situated in Savar in July 2003 where every undergraduate student is required to attend a 'Residential Semester'. The main objective of the Residential Semester is to improve communication, presentation and English skills and prepare students for the 4-year undergraduate program. Students are also expected to learn about community living through an environment that supports learning and development through leadership opportunities, activities, and educational programming. A special course on Leadership is also offered at Savar, focusing on the qualities of a good leader and the ability to take on responsibilities. The English Language Programme (El-Pro) was established in September 2005. The main purpose of the programme is to teach, monitor, improve and support the English Language skills of all BU students. In terms of extra-curricular activities, BU features a total 20 student clubs and forums.

In 2005 an important agreement was signed with the Netherlands where the Netherlands Development Cooperation agreed to provide support over three years for two sets of interlinked governance activities at BRAC University. The US \$150,000 contribution will aid in capacity building of the Centre for Governance Studies (CGS), to tackle policy issues and managerial problems through the Masters in Governance & Development (MGD) and research and publication on related issues. BRAC University also signed Memoranda of Understanding with international universities such as Massey University and Auckland Institute of Studies in New Zealand, and Johns Hopkins in the US.

BRAC University opened a local chapter of AIESEC, the largest student organisation in the world, established in 1948, currently operating in 84 countries across the world. By doing this, BRAC University supports AIESEC in its mission of developing young people to become individuals able to meet the challenges of the international business world. OIKOS, the International Student Organisation for Sustainable Economics and Management gave BRAC University permission to become the first Bangladeshi University to open a local chapter in 2005.



## **BRAC University Institute of Educational Development (BU-IED)**

The main mandate for BRAC University Institute of Educational Development, a joint venture of BRAC University and BRAC Education Programme, is to work on national capacity-building in Bangladesh's education sector. In line with its mission, BU-IED is working in a number of areas to support the national system at the school, local and national levels.

In 2005 BU-IED prepared and tested learning packages for Bengali and Math in primary schools and English, Science and Math in the secondary grades. The particular grades for which packages were tested are grades 1 and 6. A primary education teacher training model combining face-to-face teaching, distance education and supervised class-room practice was developed. BU-IED also established in 2005 an Early Childhood Care (ECD) resource centre to under-take training, research, learning materials development and policy advocacy in respect of early childhood development. A number of education research studies were undertaken by BU-IED in 2005 including a tracer study of BRAC Primary Schools graduates. It also led the research work for Education Watch 2005.

## **BRAC Bank**

A fully operational Commercial Bank since its inception in July 2001, BRAC Bank focuses on pursuing unexplored market niches in the Small and Medium Enterprise Business, which hitherto has remained largely untapped within Bangladesh. The Bank operates under a 'double bottom-line' agenda where profit and social responsibility go hand in hand as it strives towards a poverty-free, enlightened Bangladesh. In its four years of operation, the Bank has disbursed over BDT 1,200 crore in loans to nearly 32,000 small and medium entrepreneurs. BRAC Bank believes that this sector of the economy can contribute the most to the rapid generation of employment in Bangladesh.

BRAC Bank Limited, with institutional shareholdings by BRAC, International Finance Corporation (IFC) and Shorecap International, has been the fastest growing Bank in 2004 and 2005. At yearend 2005, BRAC Bank had recorded a 103 per cent growth in assets and a 65 per cent growth in liabilities, with an operating profit of 84 per cent over the previous year 2004.

BRAC Bank has grown to 18 branches, 292 SME unit offices and 11 ATM sites across the country, and the customer base has expanded to 90,000 deposit and 37,000 advance accounts through 2005.

In 2006 the Bank expects to introduce many more services and products as well as add a wider network of SME unit offices, Retail Branches and ATMs across the country.

# BRAC ABROAD



As an organisation committed to fighting poverty, BRAC has taken the initiative of bringing the learning it has acquired over three decades of work in poverty alleviation in Bangladesh to the aid of other countries similarly ravaged by war or natural disaster. In May 2002, BRAC started work in helping to rebuild war-torn Afghanistan, and following the devastating Tsunami of 2005, BRAC went into Sri Lanka with immediate relief and rehabilitation programmes.

## Afghanistan & Sri Lanka



## Microfinance Programme

Started in 2002, BRAC Afghanistan's Microfinance programme aims to provide poor Afghans with no access to the formal banking system the facilities to borrow, save, and invest in productive purposes. In Afghanistan, the formal banking sectors remain largely underdeveloped which means it is difficult for the rural poor to get access to bank credit. Making credit facilities available to the rural poor enables them to become involved in income generating activities, which in return, allow them to be financially viable. BRAC's Microfinance Programme in Afghanistan has started work with a view to creating a self-sustaining and reliable financial service programme for the poor, especially women.

The programme envisions a society where the poor will be able to:

- Achieve and maintain sustainable livelihoods and
- Attain a high degree of self reliance by improving their social, economic, political and cultural dignity and freedom

BRAC Afghanistan's Microfinance Programme has the following objectives:

- To make credit available to the poor, particularly women
- To provide credit at a reasonable rate
- To involve the poor, especially women, in income generating activities through the provision of credit
- To increase economic development in Afghanistan by increasing the income level of poor women

### The Target Group:

BRAC Afghanistan Microfinance Programme is targeted towards those who are:

- Within the age range of 18 - 60 years
- Only one member per household
- A resident of the village or area for at least 5 years.
- Widows
- From poor households which have less than 20 *biswa* land, including homestead
- Day laborers who sell manual labor (on and off farms) for earning livelihoods.
- Small businessmen and traders who earn their livelihood on a daily basis through these businesses

### Key Features of Microfinance:

- Loan Range:  
8,000 Afg. – 25,000 Afg  
(US\$ 160 – 500)
- Administrative Cost:  
17.5 Percent Per Annum
- Payment Period:  
One year (47 weeks)
- Repayment Mechanism:  
Equal Weekly Installments

### Loan Products:

- General loan and sector loans:
  - Commercial/Retail
  - Service
  - Craft/Hańdicraft
  - Agriculture
  - Manufacturing
- Weekly Personal Savings
- Compulsory Savings
- Death Benefit.

BRAC Afghanistan is also implementing two other loan products, which are Small Enterprise Project (SEP) and Agriculture & Livestock Development and Credit Support Programme (ALDCSP)

<b>Small Enterprise Project (SEP)</b>	<p>Small Enterprise Project extends loans to existing businesses demonstrating potential for growth and was launched with the aim to develop and expand existing businesses as well as to create new businesses for income generation and employment creation. The main objectives of SEP are:</p> <ul style="list-style-type: none"> <li>• To provide credit facility and technical assistance to micro-enterprises</li> <li>• To motivate small and medium entrepreneurs in the rural and urban areas to produce better products and create job opportunities</li> <li>• To provide valuable information about production and marketing of products</li> </ul>	<p><b>Characteristics of the SEP Loan facility are:</b></p> <ul style="list-style-type: none"> <li>• Loan Range: Afg. 40,000 – 300,000 (US \$800-6000)</li> <li>• Loan Products: Credit facilities to small and medium businesses</li> <li>• Repayment: Equal Monthly Installments</li> <li>• Loan Duration: 1 year</li> <li>• Collateral needed.</li> </ul>
<b>Agriculture &amp; Livestock Development and Credit Support Programme (ALDCSP)</b>	<p>The General objectives of the ALDCSP programme are:</p> <ul style="list-style-type: none"> <li>• To increase agricultural production with the involvement of poor women and women-headed households</li> <li>• To build up farmers' awareness and knowledge through proper technical training</li> <li>• To provide assistance in income generation and employment opportunities for betterment of rural livelihood and alleviation of poverty</li> <li>• To mobilize small farmers socially to use their local resources</li> <li>• To provide good quality poultry chicks and feed to the beneficiaries</li> <li>• To increase good agricultural practices including horticulture nursery, kitchen gardening as well as poultry and livestock.</li> </ul> <p>Specific Objectives are:</p> <ul style="list-style-type: none"> <li>• To generate income and create employment opportunities for small and marginal farmers</li> <li>• To develop existing entrepreneurs by providing technical assistance and financial support</li> <li>• To increase and improve agricultural production and practices</li> </ul>	<p><b>Characteristics of the ALDCSP Loan facility are:</b></p> <ul style="list-style-type: none"> <li>• Loan range: 10,000 Afg - 30,000 Afg (US \$ 200 - \$ 600)</li> <li>• Loan products: Agriculture, Poultry, Livestock and Agro-based Enterprises</li> <li>• Repayment: Equal Weekly Installments</li> <li>• Loan Duration: 1 year</li> </ul>

Afghanistan is an extremely challenging environment in which to develop a large-scale, sustainable microfinance programme, the challenges for the microfinance community is to find ways to offer more effective microfinance services that gain the confidence of the community and work to change traditional societal norms restricting the development process.

The Afghans however are well known for their entrepreneurial spirit. At least one member of most Afghan families has been operating a micro-business for a significant period of time. These relatively mature enterprises represent a sizable market for the expansion of microfinance activities.

### PALWASHA - An Agent of Change

Palwasha, a married 35 year-old mother to two sons and a daughter, is from the Mirbachakot District in Kabul Province. Her life now seems idyllic compared to that of many Afghans - she watches television with her neighbours every afternoon and evening, and is unworried about where her next meal is coming from. But this was unthinkable even three years ago, when given the limited earnings of her husband and a lack of savings, it was difficult for her to provide for her family's needs. Things are different now and the institution behind the dramatic changes in her life is BRAC.

Palwasha used to notice that one girl from BRAC Afghanistan often visited their area and talked about small loans, savings and the importance of organising a Village Organisation (VO) for the women of Palwasha's village to improve their economic situation. Inspired, Palwasha started the Village Organisation in her area and served as President, following which she took her first loan of Afg 5,000 in October 2004. Having some skill in cloth sewing, she bought materials like needle, thread, and a sewing machine with the help of her BRAC loan. She crafted women's dresses enlisting the help of her children and sold them to her neighbors. Occasionally, she would get orders from local market for her clothes. Now Palwasha earns around Afg 1,500 a week selling clothes, and has never failed to pay back any of her instalments, even while contributing to her family earnings. Although she is almost at the end of her instalment payments, she has plans to take more loans from BRAC Afghanistan to further improve her family's condition by providing better food, clothing, and education for her children. She remains grateful to BRAC, especially to the members of BRAC Mirbachakot branch office who helped bring about the changes in her life. Palwasha is now admired by her neighbours for her perseverance and entrepreneurship, and is a source of inspiration for other impoverished Afghan women hoping to begin their own businesses in order to bring about their own economic independence and empowerment. It is the Palwashas of Afghanistan who will ultimately be the agents of change in the country leaving behind their tragic past.

## Health Programme

In rural Afghanistan, access to health care facilities and awareness of health and hygiene issues are limited. In order to improve the health condition of the rural Afghans, BRAC Afghanistan started its Health Programme, providing essential services at the grassroots level in May 2002. The programme is implementing the Basic Package of Health Services ( BPHS) in the following ways:

- Community-based care
- Facility-based care in collaboration with the public sector and other agencies through Four Tiers:
  - Health Posts (Population: 1000- 1500)
  - Basic Health Centres (Population: 15,000-30,000)
  - Comprehensive Health Centres (Population: 30,000- 60,000)
  - District Hospitals (Population:100000- 300,000)

The Community-Based Health Care project provides essential health services door-to-door through health workers. The Community Health Worker (CHW) is a person selected by the community according to criteria reflected in the policy on CHW, capable of recognising community health problems, working towards solving them through awareness, and providing basic treatment at the community level.

The CHW is accountable to the local Shura-E-Shahi (Health Committee). The CHWs play a very important role in service delivery at the field level and undergo theoretical and practical training on topics such as family planning and reproductive health as well as the identification and treatment of common illnesses. CHWs are each responsible for 150 to 200 households in their health post catchments area. They each visit 10 households daily and provide basic curative care for common diseases, promote and provide contraceptives, identify pregnant women and provide support for pregnancy-related care, mobilise children for immunisation and ensure Directly Observed Treatment, Short- Course (DOTS) for tuberculosis patients. They also provide health education to the family members, raise awareness in the community on health care and assist in compiling records of births, deaths and migratory movements of people. Community Health Supervisors have been developed to support and supervise the CHWs by conducting visits to 10 households together.

### Facility Based Health Care is provided at the fixed and mobile clinics

<p>Fixed Clinics</p>	<p>At present the programme operates 73 fixed clinics and has established 2,205 Health posts. BRAC has so far trained 3,586 Community Health Workers in the areas covered by the programme. It also provides support in running 3 Basic Health Centres, owned by the Ministry of Public Health, in Nanagarhar province and technical support to the 300-bed Balkh Provincial Hospital.</p> <p>The clinics provide need-based essential services to the rural people and function as backup to the community-based health interventions. Patients with comparatively serious conditions are referred to the appropriate health facility by CHWs. The Programme also establishes and maintains an effective referral mechanism with the government, other NGOs and private clinics.</p> <p>The fixed clinics are equipped with outpatient and laboratory facilities, essential drugs and vaccines. Poor Afghans receive services free of cost in the centres while those who can afford to, pay fees for services.</p> <p>Widely demanded services include the treatment for diarrhoea, dysentery, ARI/common cold, peptic ulcer, scabies, worm infestation, anaemia, malaria, fever, UTI, asthma, hypertension, allergic, fungal infection, eye infection etc. in the outpatient department of the fixed clinics. A substantial proportion of patients are also referred to specialists at the provincial level hospitals for further treatment.</p>	<p>The common services provided at the fixed clinics are as follow:</p> <ul style="list-style-type: none"> <li>• Basic Curative care to outpatients and referred patients</li> <li>• Pregnancy related care (antenatal care, postnatal care)</li> <li>• Family planning services</li> <li>• Normal/ Instrumental delivery with Caesarean section</li> <li>• Supply of essential drugs</li> <li>• Vaccination</li> <li>• Treatment of tuberculosis patients</li> <li>• Wide range of Laboratory services including X ray and ECG</li> <li>• 50 indoor beds for the management of surgical, Medical, Pediatric and Obs/ Gynae cases in 5 district hospitals</li> </ul>
<p>Mobile Clinics</p>	<p>As part of its efforts to take health services to people's doorsteps, the health programme operates several mobile clinics where trained physicians treat patients for common conditions and if necessary, refer them for special attention to the fixed clinics.</p> <p>These clinics are usually run in the afternoon to make it easier for women to attend. The CHWs ensure that all pregnant women in the respective area attend these clinics to receive antenatal and postnatal care and midwives often consult with the physicians at the mobile clinics on complicated cases.</p>	<p>The common services provided at the mobile clinics are:</p> <ul style="list-style-type: none"> <li>• Basic Curative care</li> <li>• Pregnancy related care (antenatal care, postnatal care)</li> <li>• Family planning services</li> <li>• Supply of essential drugs</li> <li>• Health and nutrition education</li> <li>• Behaviour change communication (BCC) through proper counselling</li> </ul>

BRAC is implementing BPHS through the Performance based Partnership Agreement (PPA) and the Rural Expansion of Afghanistan's Community Based Health Care (REACH) programme in 44 districts under 7 provinces and covering a population of about 3.15 million.

The programme employs techniques such as Behaviour Change Communication (BCC) in providing health education, ensuring that messages are targeted and communicated in such a way that it brings about changes in the views, behaviours and habits of the target groups.

The CHW's use BCC to inform community members of the benefits of using contraception and spacing needed between childbirths. Target audience includes not only couples, but parent-in-law as well. Non-clinical contraceptives are provided through CHWs.

BRAC is actively participating in the National Immunization Days and operating mobile outreach vaccination centres in the remotest parts of its catchment areas. BRAC is also utilizing Community Health Workers and Sura-E-Shahi members to motivate and raise awareness in the community about routine immunization.

The health programme provides antenatal care services both at the community and static levels. Pregnant women are educated on nutrition and care for women, breast feeding, infant care and nutrition, immunization, danger signs of pregnancy etc. They are provided with iron and folic acid tablets in the mobile clinics and in various other forums. High-risk pregnancies are identified and referred to the health facilities. BRAC ensures, through the health workers, that every pregnant woman receives at least three antenatal care check ups and receives Tetanus Toxoid vaccine. The CHWs follow up with postnatal care through household visits, providing advice on health issues relating to newborns and identifying potential problems.

BRAC has expanded its Tuberculosis Control Programme in 26 districts of Afghanistan under the auspices of the National TB Control Programme and the additional support of Fidelis and UN agencies. The community health workers identify and refer suspected cases to the BRAC TB diagnostic and treatment centre. The programme also works towards community mobilization, which has played an important role in the success of the programme. At present community-based DOT has been introduced through the CHWs.

BRAC has started the training and capacity building of CHWs in three Strengthening Mechanism provinces, implemented by the Ministry of Public Health. Both theoretical and practical training is provided to the workers, followed by refresher courses.

## Perspective of a Female Doctor

"I am Dr. Arefa Haidari. I have been working with BRAC Afghanistan in Bar Arghandy Comprehensive Health Centre in Kabul province. I joined BRAC on 8th August 2005. I am single. I studied in Peshwar, Pakistan in a medical institute and worked there in a private hospital as Medical Officer.

When my parents shifted from Pakistan to the city of Kabul in Afghanistan, I joined BRAC. After the extended political and military conflict, Afghanistan needs people like us to reconstruct the country. I feel very satisfied being able to serve my country and thank BRAC for giving me opportunity to help my people. Life is getting better gradually for us here. I look forward for a bright future in Afghanistan"



## Education Programme

From its inception, BRAC Afghanistan's Education Programme was intended towards providing an opportunity for quality education to the poorest children. The programme's goal was to encourage community initiatives to set up schools as well as to improve the overall quality of education. BRAC is working to increase the enrolment of girls and their retention in schools and encourage the concept of girls' education among parents, guardians and community members. The programme objectives include:

- Increasing access of girls to education through Feeder and Basic Education for Older Children (BEOC) schools
- Increasing the enrolment of girl students in formal schools
- Ensuring adolescents carry on education and increase life-skills knowledge
- Involving communities in the management of schools and mobilizing them in favour of education, especially for girls
- Creating employment opportunities for local women as school teachers
- Improving capacity of the programme staff at all levels

BRAC Afghanistan Education Programme is currently providing primary education through community based schools. BRAC also operates the Accelerated Learning Programme (ALP) and the Emergency Education Rehabilitation and Development Programme (EERDP) with the aid of other organisations.

The Education Programme works in 26 districts of 13 provinces through its 52 area offices. It operates two types of schools - Basic Education for Older Children (BEOC) and Feeder. BEOC schools follow the National School Curriculum of Afghanistan, however the three-year primary school course is covered in 2 years. Feeder Schools have a duration of one year and are designed to prepare younger children for formal schooling. This year, 824 schools were opened of which 608 are BEOCs and 216 are Feeder schools, accommodating 24,633 students (23,206 of whom are girls) altogether. The all-female teaching staff receives a 12-day basic teacher training course as well as regular refresher courses where they are trained on education and its objectives, primary education in Afghanistan, teaching methods, aids and techniques, teacher-parent relationship and lesson plan preparation as well as teaching specific subjects. A total of 971 teachers have so far been recruited and trained. A total of 824 teachers attended one-day monthly refreshers and 608 teachers participated in the 6-day grade promotion refreshers.

The Community Based Schooling (CBS) Programme was started with the overall objective of increasing enrolment of girls and to promote female teachers in the primary education sector. Under the CBS programme a total of 100 schools completed their course of which 15 were BEOC, 61 were Feeder and 24 were NFPE schools. Out of a total of 3,147 students who enrolled (3,002 girls) 3,076 students have graduated and among the graduates, 2,826 students (2,680 girls) were admitted into government primary schools.

The Adolescent Reading Centres originated to cater to the needs of girls whose parents were reluctant to send them to schools too far from their houses but who needed to continue their education, having finished primary school. At the Adolescent Reading Centres, adolescents girls get a chance to read various types of books, magazines and news papers and participate in recreational and cultural activities with their peers. At present 10 Adolescent Reading Centres are operating across Balkh and Parwan provinces with 280 members.

The Accelerated Learning Programme (ALP) covers 9 provinces and has provided basic teacher's training to 3,079 government primary school teachers as well as mathematics training to 168 teachers. There are 86,970 children currently enrolled in ALP classes and 82,227 have so far been admitted into government schools after graduation.

Emergency Education Rehabilitation and Development Programme (EERDP) is designed to work more closely with the Afghan ministry of education to develop government primary and secondary schools through the construction of school buildings, training of head teachers and subject teachers and the formation of school management committees (SMCs). The programme also provides SMCs with training on their responsibilities and on social mobilization to increase female enrolment and retention. To date, 452 government schools have been surveyed and 402 SMCs have been formed, as well as 20 District Coordination Committees (DCCs) and 2 Provincial Coordination Committees (PCCs) involving government officials. The programme provided training on Proposal preparation to 120 SMCs, on School management to 105 headmasters, constructed 28 school building, installed 33 tube wells, constructed 10 school boundaries and supplied furniture to

schools. More over, the project arranged and conducted 1,063 small group and 355 large group meetings with villagers.

The Materials Development Unit (MDU) was formed to develop materials for the students, teachers and staff of the education programme. The unit is comprised of 1 Bangladeshi expert and 4 Afghan nationals who develop basic training guides, refreshers guides on how to teach different subjects in class two and Teacher's guide for preparatory phase and three and lesson distribution plans for teachers as well as manuals and school supervision checklists for programme organisers. MDU has also written 90 stories as supplementary material for school students.

The quantitative and qualitative aspects of education programme activities are continuously monitored by the Monitoring, Training and Logistics Unit. Feedback is generated from teacher to programme manager as well as to management, based upon which necessary steps are taken to improve or readjust activities. The unit also coordinates with BRAC's Training and Resource Centre and provincial master trainers deployed by BEP to improve teacher and staff capacity. It also works to develop capacity of the master trainers, create training manuals and modules and collect and analyze information on the training provided. In 2005, the unit provided 971 teachers with basic training and conducted courses on operation management, training of trainers and foundation training, in which 138 programme organisers participated. An additional 144 attended its Operation Management course (OMC). The unit also handles logistics activities such as the procurement of teaching materials.

BRAC Afghanistan Education Programme is working to involve rural women in managing education in their society. The enrolment for girls is 100% in BEOC schools and 80% in Feeder schools and the BRAC school teachers are all female. BRAC staff conduct monthly parent meeting with the mothers of students and form School Management Committees (SMCs) with a majority of female members. Out of the 108 Programme Organisers employed to supervise the schools, 81 are female.

## **Agriculture & Livestock Development Programme:**

Despite years of conflict and limited arable land, more than 70% of Afghanistan's population still depends on agriculture for a living. The nation has a history of plentiful food production and much of its foreign exchange earnings come from agricultural products. The Livestock sector is almost as important to Afghanistan's economy as the Agriculture sector. Animal husbandry produces meat and dairy products for local consumption. Considering the agriculture and livestock potentiality in Afghanistan, BRAC Afghanistan started its Agriculture and Livestock Development Programme in September 2003 with a view to improve agriculture and livestock production through the involvement of poor rural women.

The programme aims to provide technical training along with quality tools that would make the cultivation of crops such as wheat, maize and vegetables more efficient and profitable. Furthermore, conducting proper training and demonstrations by technical experts, the programme also intends to increase the efficiency of farming activities so that harvesting, threshing, ploughing, sowing etc. can be completed in short a period of time. The programme also aims to promote income generation through poultry, sheep and goat, cow rearing training and at the same time treatment and vaccination through livestock clinics as well as artificial insemination by its trained artificial insemination workers. Efforts are also being made for production-enhancing interventions for the landless, to create employment opportunities with the utilization of natural resources.

In addition to the agriculture and livestock programme, BRAC Afghanistan is also implementing forestation activities in order to protect the environment from desertification and deforestation. These activities include the establishment of nurseries and block

The objectives of programme are to:

- Increase agricultural production with involvement of poor rural women
- Build awareness and disseminate knowledge among farmers through proper technical training
- Create income generation and employment opportunities for betterment of livelihoods of the rural poor.
- Mobilize small farmers socially to use their local resources
- Provide good quality poultry chicks and feed to the beneficiaries
- Increase efficient agriculture and livestock practices including horticulture nurseries, kitchen gardening, rearing of poultry and livestock and high yielding breed introduction by artificial insemination of cows.
- Enhance tree-plantation to protect the environment.

## National Solidarity Programme

The National Solidarity Programme (NSP) has been established by the Afghan Ministry of Rural Rehabilitation and Development (MRRD) to develop the ability of Afghan communities to identify, plan, manage and monitor their own reconstruction and development projects. BRAC is working as a facilitating partner and implementing the NSP in twenty districts. The goal of NSP is to reduce poverty through empowering communities with regard to improved governance and social, human, and economic capital. NSP promotes a new development paradigm whereby communities are empowered to make decisions and control resources for their development through community participation.

The programme aims to facilitate community empowerment and rural reconstruction through the formation of local administrative bodies by election. The elected local administrative body is known as the Community Development Council (CDC). These local councils work as the nucleus of all development activities in their respective communities. CDCs identify their own problems and challenges, frame out their own strategies and development plan and then manage, monitor and implement all reconstruction and development processes at the field level. NSP mobilizes the community, raising awareness on the goals and objectives of CDCs and oversees the election process. The programme has also instituted a system of direct block grant transfers to support the development activities of the CDCs and conducts capacity building activities to enhance the competence of the communities for financial assistance as well as programme staff.

Currently NSP is working in 20 districts in 5 provinces with a total of 196,276 beneficiary families. Of the 516 staff members engaged in the programme, 32 are expatriates while the remaining 484 are local. As of December 2005, a total of 1,267 CDCs have been formed and 2,423 projects have been prepared, with another 1,032 projects under implementation. So far 801 projects have already been completed under the programme. US\$ 19.6 million has been disbursed for projects (requested amount: US \$ 28.8 millions) The communities have chosen varieties of projects which includes: hand pump, reservoir, road, culvert & bridge, pipe water supply, diesel generator for electricity, water intake, dam and protection wall construction, aqueduct, micro-hydro power, school and public bath. A good number of vulnerable women and disabled persons have been supported with income generating activities like carpet weaving,

tailoring and sheep rearing under the productive asset transfer programme. So far, 6,895 beneficiaries have been provided with 11,221 sheep.

## Capacity Development

Recognising capacity development as a strategic intervention for development, in June 2003, BRAC Afghanistan established a training centre in Kabul with a residential capacity of 100. Training is an integral part of capacity development - keeping this in mind from the inception of the training centre, BRAC Training and Resource Centre (BTRC) initiated a number of training programmes and following their success, a second Training Centre with seating capacity of 50 was built in Mazar-e-Sharif in April 2004.

The specific objectives of the training are as follows:

- To develop and provide training courses for Development Practitioners and programme participants of BRAC Afghanistan
- To develop the capacity of Government Organisations and other NGOs by providing needs-based professional training
- To extend appropriate support and facilities to other organisations for organising training, seminars, workshops etc.

Of the total number of current participants in the programme 2,462 are from BRAC Afghanistan while 1,399 are from different organisations including national and international NGOs, women-led institutions as well as government ministries.

BRAC Afghanistan's training courses are of the highest quality, integrating the conceptual and the practical and ensure a participatory approach to learning, taking advantage of available new training technologies based on the needs and culture of Afghanistan. The Training Centres are fully equipped with educational and capacity development resources in English as well as the local languages of Dari and Pashtu. It has modern training equipments for delivering training by using participatory methodologies. There are 62 training curricula and 18 non-training interventions, which were developed during the 2002-2005 period based on the findings of Training Needs Assessment (TNA) as well as demand. The Centres conduct both residential and field-based training when and where required.

BTRC offers a variety of training courses in different areas of development. The training courses are arranged for the grassroots level workers, supervisors, senior and mid-level managers of development organisations and government ministries and of them Development Management, Effective Office Management, Project Proposal Writing, Report writing, Effective Communication Skills, Gender Awareness and Advocacy courses are the most popular. These courses are conducted by professional facilitators who have gained considerable experiences in the art and technology of training in Bangladesh and around the world. The BRAC Afghanistan Training staff are experienced in various fields of development and are often aided by guest experts from Bangladesh for some of the courses.

BTRC Afghanistan has initiated training and workshops at the executive level alongside its regular staff training, an example of which, Policy Advocacy, provides much benefit to executives and policy makers of Afghanistan. BRAC Afghanistan was actively involved in preparing the three year strategic plan for the Ministry of Rural Rehabilitation and Development.



In spite of challenging cultural differences as well as a competitive training market, BRAC Afghanistan is planning to set up two more training centres, in Herat and in Kandahar, to enhance capacity for thousands more development practitioners across the country. Currently there are 2 Training Centres, one in Kabul and one in Mazar-e-Sharif. 4,203 development workers from BRAC Afghanistan and other organisations have so far been trained, 50% of whom are female.

### Khushbu Bibi's Story

Forty year old Khushbu Bibi is a successful farmer under BRAC Afghanistan's National Solidarity Programme. She has been living with her six children in the village of Sarakala in the Sharan district of Afghanistan. One of the poorest families in her village, Khushbu's family led a difficult life, depending solely on the income of her husband for their livelihood.

Then, 8 years ago, when her youngest child was only a year old, Khushbu's husband died suddenly of a fatal disease and with the loss of the only earning member, the family fell into ruin. For a long time, Khushbu had no means to feed her children as the only asset



the family had was a 0.4 hectare apple garden. Left with very few alternatives, Khushbu concentrated on growing apples on her garden, believing that to be a reliable source of income which would support her and her family. Unfortunately, each year, when the apples were in their growing stage at the beginning of spring, snow from the nearby mountain melted and caused the canal running by her garden to flood,

damaging her crop substantially. Khushbu's sincere efforts at rebuilding her life were unrewarded, causing her great frustration

In 2004, Sarakala's village community, with financial support from the National Solidarity Programme (NSP) and technical support from BRAC, built a 2.2 km long "Protection Wall"

along the side of the canal. As a result, Khushbu Bibi's garden was protected from the flood water and she is now able to produce a large supply of apples in her garden. She explains delightfully that she now has 338 apple trees in her garden and was able to sell 11,830 kg of apples for

US\$ 3,350 this year alone. She has already begun to repay her loans. Her children have started going to school. Apple gardening has at last proved very profitable for her and Khushbu is planning to extend the gardening area to increase her crop. She leads a very comfortable and happy life now and exclaims "Thanks a lot to Allah, NSP and BRAC!"



## Rehabilitation and Livelihood Programme For the Tsunami-Affected People of Sri Lanka

BRAC Sri Lanka has been implementing its Rehabilitation and Livelihood activities in 7 districts, covering a total of 26 divisions. The programme is still identifying people who need livelihood assistance using surveys, discussion, population census and damage assessments, cross checking to eliminate duplication and wrong identification of beneficiaries. The total number of beneficiaries under the new proposal will be 28,983 and the project's duration is 24 months from 16th May 2005.

### Objectives:

BRAC's programme in Sri Lanka has two main objectives:

- To address the most immediate needs of the affected communities through rehabilitation support
- Cleaning and disinfecting the contaminated wells
- Constructing latrines to prevent health hazards
- Replacing lost and damaged school materials to tsunami affected school students
- To implement sustainable livelihood activities for tsunami affected people in some selected areas in Sri Lanka over a period of two years
- Reestablishment of fishing activities
- Reestablishment of small businesses
- Initial startup capital for poultry and livestock farms
- Reestablishment of agricultural activities
- Training and capacity development

### Activity Sectors:

BRAC is working in the following sectors.

#### I. Fisheries Sector

- Replacing destroyed fishing boats and fishing nets
- Repairing boats and fishing nets

#### II. Agricultural Sector

- Restoring damaged paddy fields
- Procuring seedling fertilizer and farming equipment
- Regenerating destroyed homestead gardens

#### III. Poultry and Livestock

- Promoting livestock and poultry farms
- Training and capacity development of beneficiaries

#### IV. Small Business Sector

- Providing initial funds for repair of small business
- Replacing lost tools, equipment and products
- Developing mid to long-term women entrepreneurs

#### V. Income generation activities

- Activities such as weaving, sewing, spice making, mat making, paddy husking, string hopper making, carpentry and masonry

#### VI. Education Sector:

- Replacing lost and damaged school materials (such as school textbooks, uniforms and stationery) to tsunami affected school students

#### VII. Health Sector

- Repairing, cleaning and disinfecting contaminated water wells
- Reconstructing latrine

## Project Activities:

BRAC Sri Lanka currently employs 161 staff of whom 144 are local and 116 are female. To date, BRAC Sri Lanka has set up 7 district and 26 divisional offices to provide a total of 8,666 Tsunami-affected people with a grant/loan for livelihood assistance. These beneficiaries consist mostly of small traders, entrepreneurs and poultry and livestock rearers. Out of the total, 300 are male beneficiaries from Jaffna who received fishing boats and nets.

The Livelihood Programme has developed selection criteria prioritizing women, especially widows and those with disabled husbands as well as women-headed households. The survey process to identify potential beneficiaries is continuing. After a preliminary selection of about 1,200 Tsunami affected people from every division, the field staff at the divisional office crosschecks those beneficiaries with other NGOs to avoid duplication and misidentification. Before providing grants/loan the list of beneficiaries are again checked on the basis of the present BRAC criteria and then submitted to the local government for their concurrence.

In order to sustain the livelihood enterprises of the beneficiaries, BRAC Sri Lanka has taken some important steps:

- Divisional Staff (Programme Organisers or POs) have developed a business plan of each enterprise which gives detailed information about each individual beneficiary in terms of his/her assets, daily sales, daily purchase, net profit, need for further training and other assistance, etc.
- The PO follows up each beneficiary individually with intensive visits on a weekly basis for the first few months and then meets with them in groups
- A marketing plan has also been developed to ensure the sale of their products, which in turn will help maximize production capacity and also encourage beneficiaries to expand their activities
- A plan has been made to maintain direct interaction with beneficiaries and help them improve their business by meeting the enterprise groups on a monthly basis at the division level to discuss their needs and any problems faced
- The PO will identify 10 spots within her area with 20 beneficiaries per spot, for a total of 200 beneficiaries in her working area.

## New Initiatives:

Initially BRAC Sri Lanka identified Livelihood beneficiaries according to an existing selection criteria and distributed assets and soft loans to them.

Recently it was observed that there are people who do not fall in the beneficiary selection criteria but whose businesses and sources of income were affected by the Tsunami. A decision was taken to divide future BRAC Sri Lanka beneficiaries in to three categories, which would be:

- **Target Group:** Beneficiaries of this group are Tsunami affected poor people and are of present selection criteria. The target group will receive grants whose range will vary according to the enterprises, amounting between Sri Lankan Rs.5,000 -30,000.
- **Non-Target Group:** The beneficiaries of this group will be those who are socio-economically better off than the Target Group but have lost their business and their source of income due to the Tsunami. This Non Target Group will not receive

any grants, instead they will receive a soft loan to restart their affected business, the range of which will be from 10,000 -50,000 rupees, according to the type business.

- **Target Group New Enterprise:** Beneficiaries of the group will be widows without any prior Income Generating Activity experience. Their capacity will be built-up through vocational training according to their enterprise of interest and aptitude.

## Health Activities:

Sri Lanka the majority of rural dwellers consume water from dug wells. Immediately after the Tsunami there was an urgent need to clean those wells. Many INGOs supplied drinking water, placing water tanks in the affected area which were filled in daily by water botches. As this did not meet the entire water requirement, BRAC Sri Lanka took a step forward in cleaning the infected dug wells. A total of 2,338 dug wells were cleaned by December 2005. With the cleaning of the wells, the villages were able to acquire clean water not only for drinking but for all other household needs. Some areas were found to not contain wells or any other sources of water so BRAC Sri Lanka installed 44 tube wells in those areas. BRAC has also been providing medical support to those who were badly injured in the tsunami.

## Education Activities

As the new session commences in January 2006, BRAC Sri Lanka will address the education sector in the next two quarters with necessary repairs of school building, provision of furniture and distribution of school materials to needy students. The programme will also provide a stipend to about 1,800 tsunami orphan students so that they may continue their education.

### Kalasothy's Fuel Business

Kalasothy Thiruppathinathan was a mother of two from Jaffna. Before the Asian Tsunami of 2004, she and her husband owned and operated a small but successful fuel business in their village. The Tsunami disaster destroyed not only everything they had, but also took the life of their daughter. The family was living in a temporary shelter when BRAC began surveying Tsunami victims for inclusion into its programmes. Kalasothy was selected to receive a grant with which she wished to restart the fuel business she had owned before the disaster.



Kalasothy participated in BRAC Sri Lanka's orientation on Programme Objectives and Goals held at the local office in her area. She received 150 litres kerosene, 25 litres of petrol, 40 litres diesel and 15 cans engine oil as a capital grant. Now she runs her business with the help of her husband. Her husband purchases and brings the fuel to their shop and Kalasothy does the selling. "We earn about Rs.1000 a week and I want to expand my business. I hope that BRAC will support me further, and wish to obtain a loan for the improvement of my business."

# Governance

## Governing Body

The Governing Body comprises twelve members. Apart from the Chief Executive Officer, who is the Founder of BRAC, all the other members of the Governing Body are non-executive. Distinguished, well reputed individuals in business and professions with pro-poor mindset have been elected to the Governing Body to bring their diverse skills and wise counsel in the governance of BRAC.

- Chairperson

Fazle Hasan Abed, Founder and Chief Executive Officer

- Members

Syed Humayun Kabir, Chairman, Renata Limited

Taherunnessa Abdullah, Social Scientist, Gender Specialist

Kazi Aminul Huque, Chartered Accountant

Debapriya Bhattacharya, Executive Director, Centre for Policy Dialogue

Rokia Afzal Rahman, Industrialist

Latifur Rahman, Industrialist

Ainun Nishat, Country Representative, IUCN, Bangladesh

Timothy G. Evans, Assistant Director-General, WHO

Shabana Azmi, Social Activist & Film Actress

Maria Otero, President & CEO, ACCION International

Abdul-Muyeed Chowdhury, (ex-officio), Executive Director, BRAC

Four meetings of the Governing Body and an Annual General Meeting of the General Body were held in 2005.

## Audit Committee

- Chair

Kazi Aminul Huque, Member, Governing Body

- Members

Taherunnessa Abdullah, Member, Governing Body

S. K. Sarkar, Director, Monitoring & Audit and Member, General Body

Four meetings of the Audit Committee were held in 2005. All members attended.

## Ombudsperson

BRAC has established the office of the Ombudsperson with a comprehensive mandate to investigate any incident of misadministration and misuse of power within BRAC. This includes grievances, such as corruption, abuse of power or discretion, negligence, oppression, nepotism, rudeness, arbitrariness, unfairness and discrimination especially in the context of gender. Mr. Manzoorul Karim was appointed as the first Ombudsperson on September 01, 2004 for 3 years.

## Delegation of Authority

Clear-cut policy regarding authority of each level of staff has been laid down. The staffs are empowered to take decisions at Area, Regional and Head Office level. Procedure manuals and policy documents contain organisational policies and procedures, which are open to all.

## Internal Control

Internal Audit, Inventory Monitoring and Financial Monitoring Section are working in this regard.

Internal Audit Department consists of 128 Audit Staff. 100% audits are conducted where irregularities are detected in course of normal internal audit, which is on a sample basis. The frequency of audit in each of the Area Offices, Head Office and Commercial Projects is at least once a year but two or more audits are conducted in a year at locations and programmes that warrant a close watch. In 2005, a system of continuous audit, whereby all financial transactions at BRAC Head Office are checked within a week, and risk based auditing took place. Internal audit, during 2005, was conducted in 3,431 locations. Quarterly reports are prepared on unsettled irregularities of the review meeting decisions and submitted to the audit review committee.

Inventory & Internal Financial Monitoring Section consists of 12 staff, periodically monitoring on inventory and internal financial control matters at BRAC Head Office and projects.

### Accountability and Transparency

Audit reports for all projects, along with FD-4 certified by the Auditors, were submitted to the NGO Affairs Bureau, Prime Minister's Office. A total of 44 external auditing missions, from 11 audit firms and Audit Directorate, Foreign Aided Projects, Government of Bangladesh, reported on different BRAC programmes in 2005.

### External Audit Groups

Ernst & Young, Malaysia Khaleque Jamal Haider & Co.  
 S. F. Ahmed & Co. K. M. Alam, Khaleque & Co.  
 J. R. Chowdhury & Co. M. Ruhul Amin & Co.  
 ACNABIN & Co. S. K. Barua & Co.  
 Ahmed Zaker & Co. Rahman Rahman Haque  
 Mohammed Quddus & Co. Audit Directorate, Foreign Aided Projects, Government of Bangladesh

BRAC has two Donors' Consortia for the BRAC Education Programme and for the Challenging the Frontiers of Poverty Reduction programme. These two programmes account for a large part of total donor finance to BRAC. The consortia conducted their own audits and external reviews and met twice in 2005 to discuss findings. The Consortia donors are the European Commission, Department for International Development (UK), The Royal Netherlands Embassy (RNE), CIDA (Canada), NOVIB (the Netherlands), Norway, and World Food Programme (WFP).

BRAC Finance & Accounts Division prepares financial statements following International Financial Reporting System (IFRS) ensuring financial transparency. In recognition, The Consultative Group to Assist the Poor (CGAP), a World Bank Organization has awarded BRAC with CGAP Financial Transparency Award 2005 as one of the top winners.

The Institute of Chartered Accountants of Bangladesh (ICAB) has recently awarded BRAC the ICAB National Award 2004 for Best Presented Published Accounts and Reports, where BRAC has secured the 1st position in the category of NGO-MFI Sector.

### Contribution of BRAC to Government Exchequer

Income Year	2005 Taka	2004 Taka
Income Tax deduction at source by third parties	35,979,094	14,581,993
Tax deduction at source from third parties	24,599,433	27,408,997
Income Tax deduction at source from Staff salary	4,064,165	3,200,000
VAT collection from customers	34,501,882	38,391,301
Import Duty paid	29,050,967	55,050,257
<b>Total</b>	<b>128,195,541</b>	<b>138,632,548</b>

# Management

Fazle Hasan Abed, Chief Executive Officer

Faruq A. Choudhury, Adviser

Abdul-Muyeed Chowdhury, Executive Director

Md. Aminul Alam, Deputy Executive Director

Dr. AMR Chowdhury, Deputy Executive Director

Manzoor Hasan, Deputy Executive Director

Muazzem Hasan, Director BRAC Printers

Sukhendra K. Sarkar, Director Monitoring & Audit

Dr. Md. Golam Samdani Fakir, Director Training Division

Ahmed Najmul Hussain, Director Administration & Special Projects

Faruque Ahmed, Director BRAC Health Programme

Dr. Manzoor Ahmed, Director Institute of Education & Development

Afsan Chowdhury, Director Human Rights & Advocacy

Saieed Bakth Mozumder, Director Tea Estate

Dr. Imran Matin, Director Research & Evaluation Division

Sheepa Hafiza, Director Human Resources

Abdul Munim Chowdhury, Director BRAC Salt Programme

Shabbir Ahmed Chowdhury, Director Microfinance

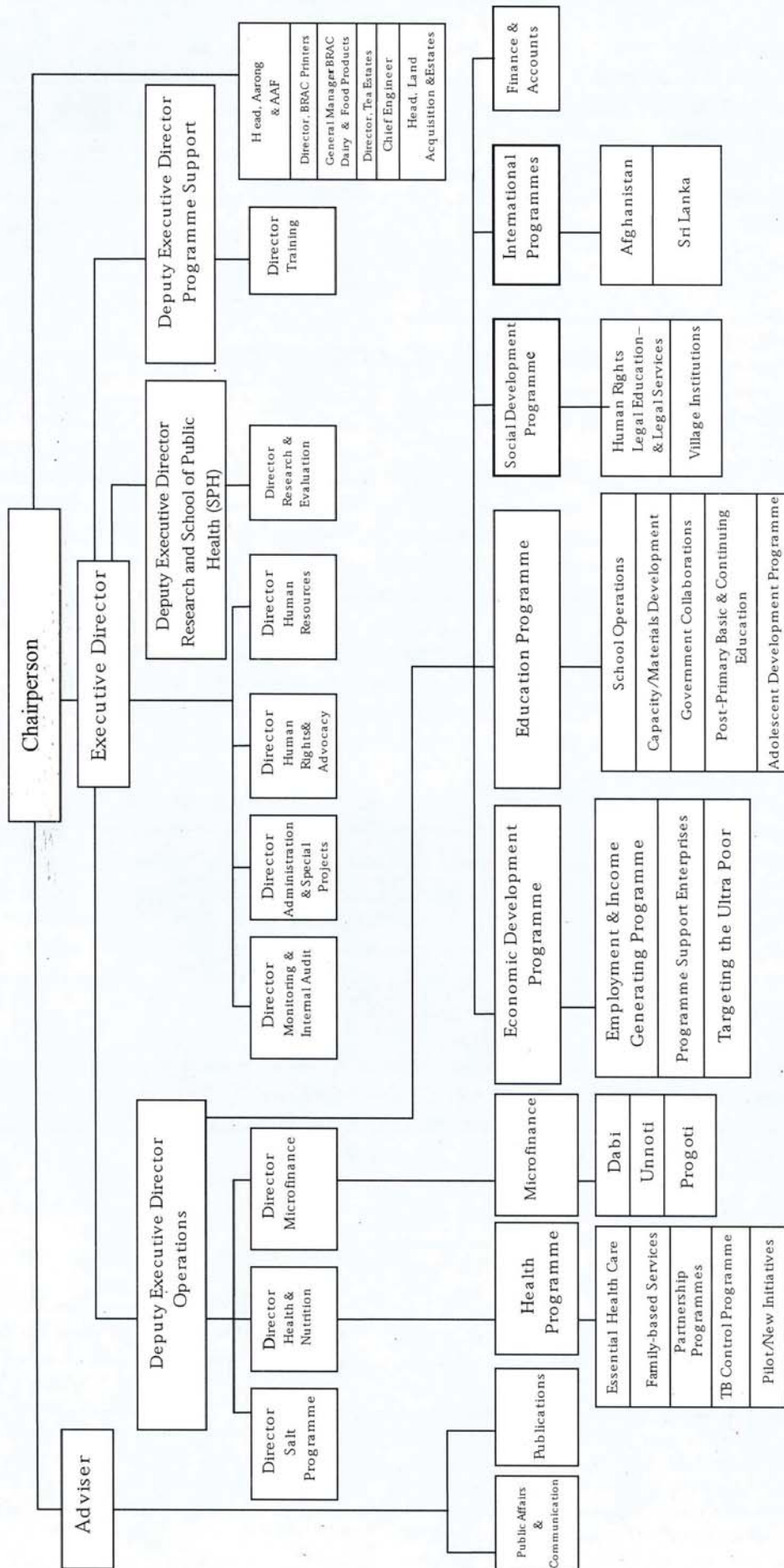
Dr. Safiqul Islam, Head of BRAC Education Programme

S. N. Kairy, Head of Finance & Accounts

Md. Abdul Majid, Head of Internal Audit

Tamara Hasan Abed, Head of Aarong and Ayesha Abed Foundation

# B R A C O R G A N O G R A M



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## INDEPENDENT AUDITORS' REPORT

To The Governing Body of BRAC

We have audited the accompanying Balance Sheet of BRAC (registered in Bangladesh as a society under the Societies Registration Act 1860 and operating as a non-government development organisation) as of December 31, 2005 and the related Statements of Income and Expenditure and Cash Flows for the year then ended. These financial statements, which are set out on pages 1 to 37, are the responsibility of BRAC's Governing Body.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, 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

We conducted our audit in accordance with auditing standards adopted in Bangladesh. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRAC as of December 31, 2005 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 of the financial statements.

*Ernst & Young*

ERNST & YOUNG  
Chartered Accountants  
Kuala Lumpur, Malaysia

*S. F. Ahmed & Co.*

S. F. AHMED & CO  
Chartered Accountants  
Dhaka, Bangladesh

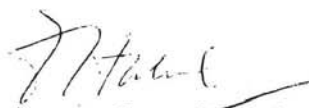
16 March, 2006



**BRAC**  
**(Registered in Bangladesh under the Societies Registration Act, 1860)**  
**Balance Sheet**  
**as at December 31, 2005**

	Notes	2005 Taka	2004 Taka
<b>ASSETS</b>			
Property, plant and equipment	3	4,732,938,330	4,077,284,843
Investment in related undertakings	4	1,307,965,572	991,808,643
Investment in securities and others	5	152,961,388	210,593,765
Loans to Village Organisation members	6	16,652,963,824	13,374,678,938
Motor cycle loans		438,863,344	316,313,194
Inventories	7	1,223,831,654	1,053,995,636
Grants and accounts receivable	8	728,709,543	1,068,207,404
Advances, deposits and prepayments	9	895,729,684	682,426,064
Fixed deposits	10	4,105,998,516	3,560,872,504
Cash in hand and at banks	11	1,249,954,566	626,009,950
<b>TOTAL ASSETS</b>		<b>31,489,916,421</b>	<b>25,962,190,941</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
Deferred income	12	451,957,172	433,928,776
Term loans	13	6,771,785,935	5,914,074,360
VO members' savings deposits	14	9,159,249,306	7,657,087,732
Other long term liabilities	15	2,050,748,010	1,692,213,337
VO members' project and current account		28,975,169	32,088,660
Grants received in advance account	16	1,136,028,604	939,856,649
Other current liabilities	17	783,746,770	698,946,885
Provision for taxation		60,741,030	31,741,030
Bank overdraft	18	1,333,049,411	713,349,797
<b>Total liabilities</b>		<b>21,776,281,407</b>	<b>18,113,287,226</b>
<b>Net Assets:</b>			
Capital fund			
- unrestricted		9,527,438,332	7,692,206,910
- temporarily restricted		186,196,682	156,696,805
		<b>9,713,635,014</b>	<b>7,848,903,715</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>31,489,916,421</b>	<b>25,962,190,941</b>

The annexed notes form an integral part of these statements.

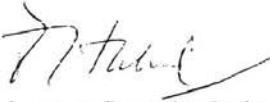
  
Chairperson, Governing Body  
BRAC  
Dhaka, March 16, 2006

  
Executive Director  
BRAC

**BRAC**  
(Registered in Bangladesh under the Societies Registration Act, 1860)  
**Statement of Income and Expenditure**  
for the year ended December 31, 2005

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2005 Taka
<b>Income</b>				
Donor grants	19	44,101,005	4,094,905,942	4,139,006,947
Revenue from:				
- Commercial projects		1,930,997,947	-	1,930,997,947
- Programme support enterprises		2,481,189,299	-	2,481,189,299
Service charge on loans to VO members		4,553,013,881	-	4,553,013,881
Investment income	20	577,791,252	4,587,653	582,378,905
Other income	21	175,536,911	17,251,138	192,788,049
Rental income from House property		88,949,483	-	88,949,483
<b>Total income</b>		<b>9,851,579,778</b>	<b>4,116,744,733</b>	<b>13,968,324,511</b>
<b>Expenditure</b>				
Commercial Projects		1,704,778,606	-	1,704,778,606
Program Support Enterprises		2,378,887,231	-	2,378,887,231
House property related expenses		66,262,687	-	66,262,687
Education Programme		75,859,825	1,913,987,309	1,989,847,134
Challenging the Frontiers of Poverty Reduction Programme		81,920,662	959,446,127	1,041,366,789
Nutrition Programme		-	430,383,121	430,383,121
Health and Population Programme		18,530,322	389,446,876	407,977,198
Micro Finance Programme		3,616,479,757	1,221,858	3,617,701,615
Relief and Rehabilitation		14,288,422	202,017,120	216,305,542
Poultry & Livestock Extension Programme		11,810,805	27,893,997	39,704,802
Fisheries Extension Programme		-	12,377,593	12,377,593
Agriculture & Sericulture Extension Programme		7,629,588	34,533,448	42,163,036
Livelihood Development Programme		721,909	82,908,813	83,630,722
Grants for BRAC Sri Lanka		10,178,542	-	10,178,542
Research, Monitoring and Evaluation		-	33,028,594	33,028,594
<b>Total expenses</b>		<b>7,987,348,356</b>	<b>4,087,244,856</b>	<b>12,074,593,212</b>
Surplus of income over expenditure before taxation		1,864,231,422	29,499,877	1,893,731,299
Taxation	22	(29,000,000)	-	(29,000,000)
<b>Net surplus for the year</b>		<b>1,835,231,422</b>	<b>29,499,877</b>	<b>1,864,731,299</b>

The annexed notes form an integral part of these statements.

  
Chairperson, Governing Body  
BRAC  
Dhaka, March 16, 2006

  
Executive Director  
BRAC

**BRAC**  
**(Registered in Bangladesh under the Societies Registration Act, 1860)**  
**Statement of Income and Expenditure**  
**for the year ended December 31, 2004**

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2004 Taka
<b>Income</b>				
Donor grants	19	46,077,062	3,392,191,154	3,438,268,216
Revenue from:				
- Commercial projects		1,585,219,547	-	1,585,219,547
- Programme support enterprises		2,336,960,301	-	2,336,960,301
Service charge on loans to VO members		3,610,151,992	-	3,610,151,992
Investment income	20	366,018,502	4,682,559	370,701,061
Other income	21	87,049,546	5,687,343	92,736,889
Rental income from House property		87,978,674	-	87,978,674
<b>Total income</b>		<b>8,119,455,624</b>	<b>3,402,561,056</b>	<b>11,522,016,680</b>
<b>Expenditure</b>				
Commercial Projects		1,429,166,640	-	1,429,166,640
Program Support Enterprises		2,343,264,970	-	2,343,264,970
House property related expenses		58,978,742	-	58,978,742
Education Programme		68,377,798	1,868,034,858	1,936,412,656
Challenging the Frontiers of Poverty Reduction Programme		73,718,041	513,091,195	586,809,236
Nutrition Programme		1,317,340	486,394,379	487,711,719
Health and Population Programme		3,350,896	162,122,936	165,473,832
Micro Finance Programme		3,181,541,076	277,325	3,181,818,401
Relief and Rehabilitation		31,672,779	153,974,020	185,646,799
Poultry & Livestock Extension Programme		2,315,430	70,340,123	72,655,553
Fisheries Extension Programme		2,980,369	17,735,663	20,716,032
Agriculture & Sericulture Extension Programme		5,566,285	48,083,867	53,650,152
Livelihood Development Programme		-	16,986,500	16,986,500
Research, Monitoring and Evaluation		-	42,721,916	42,721,916
<b>Total expenses</b>		<b>7,202,250,366</b>	<b>3,379,762,782</b>	<b>10,582,013,148</b>
Surplus of income over expenditure before taxation		917,205,258	22,798,274	940,003,532
Taxation	22	-	-	-
<b>Net surplus for the year</b>		<b>917,205,258</b>	<b>22,798,274</b>	<b>940,003,532</b>

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 December 31, 2005**

Note	Capital Fund		Total Net assets Taka
	Unrestricted	Temporarily restricted	
	Taka	Taka	
At 1 January 2004	6,775,001,652	133,898,531	6,908,900,183
Net surplus for the year	917,205,258	22,798,274	940,003,532
At 31 December 2004	7,692,206,910	156,696,805	7,848,903,715
At 1 January 2005	7,692,206,910	156,696,805	7,848,903,715
Net surplus for the year	1,835,231,422	29,499,877	1,864,731,299
At 31 December 2005	9,527,438,332	186,196,682	9,713,635,014

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 December 31, 2005**

Note	2005 Taka	2004 Taka
<b>Cash flows from operating activities:</b>		
Surplus of income over expenditure before taxation	1,893,731,299	940,003,532
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Loan loss provision	306,069,362	718,246,273
Depreciation	263,575,246	237,561,677
Gain on disposal of property, plant and equipment	(2,398,499)	(28,200,866)
Loss on dilution/disposal of related undertakings	1,531,677	6,531,087
Share of results in related undertakings during the year	(139,331,017)	(78,290,542)
Provision for doubtful debts	-	2,571,724
Reversal of impairment in value of investment in related undertakings	(998,193)	(1,094,250)
Donor grants - amortisation of investment in property, plant and equipment	(51,062,951)	(49,468,172)
Donor grants - amortisation of motorcycle replacement funds	(17,917,561)	(9,240,432)
Service charge on loans to VO members	(4,553,013,881)	(3,610,151,992)
Interest on fixed deposits and bank accounts	(424,765,072)	(252,369,021)
Interest on VO members saving deposits	411,081,926	356,527,402
Interest on long term loans and overdraft facilities	621,889,394	438,318,703
Adjustments for other accounts:		
Decrease/(increase) in service charge outstanding on loans to VO members	15,596,385	(26,187,045)
Increase in inventories	(169,836,018)	(85,035,332)
Increase in advances, deposits and prepayments	(213,303,620)	(99,566,906)
Decrease/(increase) in accounts receivable, net	32,478,579	(66,963,850)
Increase in other current liabilities	84,799,885	9,610,945
Increase in other long term liabilities	358,534,673	281,802,013
Increase in deferred income	87,008,908	61,322,218
Increase in motorcycle loans	(122,550,150)	(71,228,668)
Net cash used in operating activities	(1,618,879,628)	(1,325,301,502)
<b>Cash flows from investing activities:</b>		
Increase in loans to VO members	(3,599,950,633)	(3,210,929,196)
Service charge received on loans to VO members	4,553,013,881	3,610,151,992
Interest received on fixed deposits and bank accounts	424,765,072	252,369,021
Interest paid on VO members saving deposits	(411,081,926)	(356,527,402)
Interest paid on long term loans and overdraft facilities	(621,889,394)	(438,318,703)
Purchase of property, plant and equipment	(922,635,978)	(622,450,181)
Proceeds from disposal of property, plant and equipment	5,805,744	51,523,462
Proceeds from disposal of related undertakings	60,000,000	-
Increase in fixed deposits pledged with financial institutions	(496,485,415)	(1,944,769,859)
Increase in investments in related undertakings	(248,384,352)	(45,419,958)
Dividends received from related undertakings	11,024,956	13,569,204
Realisation of investment in securities and others	57,632,377	220,313,096
Net cash used in investing activities	(1,188,185,668)	(2,470,488,524)

**BRAC**  
**(Registered in Bangladesh under the Societies Registration Act, 1860)**  
**Statement of Cash Flows**  
**for the year ended December 31, 2005**

	Note	2005 Taka	2004 Taka
<b>Cash flows from financing activities:</b>			
Grants received during the year		4,660,226,580	3,713,468,474
Grants utilised during the year for:			
- operational expenditure & micro-finance		(4,070,026,435)	(3,379,559,608)
- investment in property, plant and equipment		(40,234,373)	(29,161,061)
- motorcycle replacement funds		(46,774,535)	(32,161,157)
Increase in term loans		857,711,575	1,764,917,014
Increase in VO members savings deposits		1,502,161,574	1,371,148,895
(Decrease)/increase in VO members project and current accounts		(3,113,491)	537,278
Net cash provided by financing activities		2,859,950,895	3,409,189,835
Net increase/(decrease) in cash and cash equivalents		52,885,599	(386,600,191)
Cash and cash equivalents, beginning of the year		302,368,737	688,968,928
Cash and cash equivalents, end of the year	11	355,254,336	302,368,737

The annexed notes form an integral part of these statements.

**BRAC**  
**(Registered in Bangladesh under the Societies Registration Act, 1860)**  
**Notes to Financial Statements**  
**December 31, 2005**

**1 Introduction:**

BRAC, a national private development organisation, 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 BRAC Dairy and Food project, BRAC Tea Estates, and various programme support enterprises such as poultry farms, feedmills, seedmills and prawn hatcheries.

During the year, BRAC invested in a new related undertaking, BRAC Kodala Tea Company Ltd (formerly known as Kodala Tea Estate Ltd), for a consideration of Taka 79,295,154

BRAC also disposed of its investment in BRAC Concord Lands Ltd for a consideration of Taka 60,000,000 resulting in a net loss of Taka 1,149,138.

**2 Summary of Significant Accounting Policies:**

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

The significant accounting policies followed in the preparation and presentation of these financial statements are summarized below.

**2.1 Basis of preparation of financial statements**

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

These financial statements include the financial statements of BRAC and, on an equity accounted basis, those of the related undertakings set out in Note 4 in which BRAC has equity interests through which it exercises control or significant influence. As stated in Note 2.2, BRAC, being a society under the Societies Registration Act, 1860, is not subject to any requirement to prepare consolidated financial statements.

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

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

In contrast to the ownership of equity interest in related undertakings, BRAC also extends gratuitous grants to certain organisations that, in some instances may bear names with resemblance to BRAC, viz BRAC University, BRAC Afghanistan and BRAC Sri Lanka. However, no equity is held in these entities, and BRAC's financial statements therefore do not include the financial statements 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:

- **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 includes amongst others, amounts designated by BRAC for commercial activities, programme support enterprises and micro-financing activities.

### 2.2 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 2.11, together with related undertakings in which the effective equity interests are between 20% and 50%.

### 2.3 Donor Grants

Income from donor grants is recognized when conditions on which they depend have been met. Substantially, BRAC's donor grants are for the funding of projects and programmes, and for these grants, income is recognized to equate to expenditure incurred on projects and programmes. For donor grants which involve funding for fixed assets, grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed assets concerned. For donor grants provided to purchase motorcycles for specific projects, income is recognized over the estimated useful life of the motorcycles.



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

### 2.3 Donor Grants (contd.)

All donor grants received are initially recorded at fair value as liabilities in Grants Received in Advance Account. For grants utilized to purchase fixed assets and motorcycles, the donor grants are transferred to deferred income accounts whilst for grants utilized to reimburse 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 consequent 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.

### 2.4 Revenue Recognition

*Commercial projects* - Aarong Rural Craft Centre, BRAC Printers and BRAC Dairy and Food Project.

*Programme Support Enterprises* - mainly comprising poultry farms, feedmills, seedmills, prawn hatcheries.

Revenue is recognized based on billings, net of discounts and allowances.

#### *Service charge on loans to VO members*

Service charges on loans to VO members 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 2.9. Service charge is included in income thereafter only when its receipt becomes probable, generally when it is realized. Loans are returned to the accrual basis only when the full amounts of the outstanding arrears of loans are received and future collectibility is reasonably assured.

#### *Interest on bank accounts, fixed deposits and debentures*

Revenue is recognized as the interest accrues unless collectibility is in doubt.

#### *Other income*

All other income are recognized when BRAC's right to receive such income has been reasonably determined and all conditions precedent are satisfied.

### 2.5 Expenses

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

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

### 2.6 Property, plant and equipment

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

<u>Item</u>	<u>Annual Depreciation Rate (%)</u>
Buildings	2.5 – 4
Furniture & Fixtures	10-20
Equipment	15-33.3
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.

### 2.7 Loans to VO Members

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

### 2.8 Provision for Loan Losses

BRAC generally provides for loan losses based on 2% of loan disbursements made. Management regularly assesses the adequacy of the loan loss provision based on the age of the loan portfolio. At the year end, BRAC calculates required provision for loan losses based on the loan classification and provisioning methodology which is shown below and any adjustments, if required are made and accounted for in the financial statements for the year.

Loan Classification	Days in Arrears	Provision required
Standard	Current (no arrears)	3%
Watchlist	1 - 30	5%
Substandard	31 - 180	20%
Doubtful	181 - 350	75%
Loss	Over 350	100%

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

### **2.9 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 is classified as "Non- Interest Bearing Loan"(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.

### **2.10 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. Where the effect of the time value of money is material , the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### **2.11 Investments 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 4.

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. Provision is also made for any impairment if the carrying amount of an investment exceeds its recoverable amount.

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

### 2.12 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.

### 2.13 Accounts Receivable

Accounts receivable arise principally from BRAC's commercial activities and programme support enterprises, and are stated net of provision for doubtful debts.

### 2.14 Inventories

Retail inventories are stated at cost based on selling price less average mark-up, and other inventories are stated at cost. Cost is determined using the weighted average basis. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Provision is made for obsolete or slow moving items, to reduce their carrying amounts to net realizable value.

### 2.15 Motorcycle Replacement Fund

Applicable donor funds are utilized for providing motorcycles to project or programme staff, and these funds are held in a replacement fund. BRAC provides motorcycles to staff, the cost of which is recovered through monthly salary deductions. Donor funds received and utilized for the purchase of motorcycles are amortized to the statement of income and expenditure over a period of 5 years, being the average estimated useful life of the motorcycles.

### 2.16 Foreign Currency Translations

BRAC maintains its books of account in Bangladesh Taka. Transactions in foreign currencies are translated into Taka at the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Bangladesh Taka at exchange rates prevailing at that date and any gain or loss is recognized in the statement of income and expenditure. BRAC's foreign currency denominated monetary assets and liabilities are disclosed in Note 23 below.

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

### 2.16 Foreign Currency Translations (contd.)

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

	2005 Taka	2004 Taka
United States Dollars	67.20	59.10
Euro	78.82	79.68
Great Britain Pound	114.78	112.73

### 2.17 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' (Note 15) and is not externally funded.

BRAC also sets aside monthly amounts equivalent to 3% 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 within 'Other long term liabilities' (Note 15) 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 immediately following financial periods have been determined based on actuarial valuations carried out in 2005 in respect of the funds, and are disclosed in Note 15 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.

### 2.18 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' (Note 15), 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.

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

### 2.19 Employee Gratuity and Redundancy Fund (contd)

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediately following financial periods have been determined based on actuarial valuation carried out in 2005, and are disclosed in Note 15 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.

### 2.20 Deferred Taxation

Deferred taxation is provided for, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred taxation benefits are only recognised when their realisation is probable.

### 2.21 Borrowing Costs

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.

### 2.22 Impairment of Assets

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

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

### 2.23 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 2.2 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. Summary of Significant Accounting Policies (contd.)

### 2.24 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 2.22.

#### 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 and overdrafts are recorded at the amount of proceeds received, net of transactions costs.

All borrowing costs are recognized as an expense in the income statement as an expense in the period in which they are incurred.

### 2.25 Cash and Cash Equivalents

Cash and cash equivalents for the purposes of the statement of cash flows comprise cash and bank balances and unpledged fixed deposits, against which bank overdrafts, if any, are deducted. Included in cash and bank balances are donations which are received through donor grants. By virtue of donor agreements, the manner in which such donations are to be applied may be restricted to specific projects and/or assets.

## 3. Property, plant and equipment

Group of fixed assets	Cost			Depreciation			Net book value		
	Opening balance Taka	Additions during the year Taka	Transferred during the year Taka	Disposals during the year Taka	Closing balance Taka	Charged during the year Taka	Adjustment for disposals/transfer during the year Taka	Closing balance	
								Taka	
Freehold land	1,719,659,208	180,843,258	-	(447,986)	1,900,054,480	-	-	1,900,054,480	1,719,659,208
Buildings	1,978,973,777	-	129,342,837	(2,959,259)	2,105,357,355	74,183,731	-	1,577,302,047	1,525,102,200
Furniture and fixtures	369,393,597	43,571,514	-	-	412,965,111	30,187,822	-	129,803,070	116,419,378
Equipment	954,299,835	102,977,277	-	-	1,057,277,112	87,246,800	-	391,264,372	375,533,895
Vehicles	239,200,006	54,286,723	-	(5,792,813)	287,693,916	19,868,938	(5,792,813)	76,465,006	42,047,221
Bicycles	22,998,376	2,565,474	-	-	25,563,850	3,152,903	-	9,974,109	10,561,538
Machinery	305,548,904	355,546,750	-	-	661,095,654	35,920,348	-	421,928,846	102,302,444
Deep tubewell and tank	9,249,639	-	-	-	9,249,639	5,600,280	-	2,477,273	3,649,359
Hatchery	7,647,073	2,461,594	-	-	10,108,667	1,172,086	-	5,345,527	4,422,270
Camp/poultry/livestock sheds	150,228,469	-	-	-	150,228,469	6,009,137	-	112,050,799	118,059,936
Motorcycles	2,555,315	2,030,950	-	-	4,586,265	690,164	-	2,640,577	1,299,791
Construction work in progress	40,790,921	176,667,622	(129,342,837)	-	88,115,706	-	-	88,115,706	40,790,921
Crates/mannequins/samples	59,339,810	1,684,816	-	-	61,024,626	3,604,980	-	15,516,518	17,436,682
<b>Total 2005</b>	<b>5,859,884,930</b>	<b>922,635,978</b>	<b>-</b>	<b>(9,200,058)</b>	<b>6,773,320,850</b>	<b>263,575,246</b>	<b>(5,792,813)</b>	<b>2,040,382,520</b>	<b>4,732,938,330</b>
<b>Total 2004</b>	<b>5,263,310,422</b>	<b>622,450,181</b>	<b>-</b>	<b>(25,875,673)</b>	<b>5,859,884,930</b>	<b>237,561,677</b>	<b>(2,553,077)</b>	<b>1,782,600,087</b>	<b>4,077,284,843</b>

## Allocation of depreciation:

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

	2005 Taka	2004 Taka
	10,360,367	4,933,385
	253,214,879	232,628,292
	<u>263,575,246</u>	<u>237,561,677</u>

An amount of Tk 51,062,951 (2004: Tk. 49,468,172) 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 12 & 19.

Landed properties with an aggregate net book value of Tk. 1,085,817,711 (2004: Tk. 673,350,055) have been pledged to secure term loans and overdraft facilities as disclosed in Notes 13 and 18 to the financial statements.



#### 4. Investment in related undertakings

Related undertakings - unquoted	2005				
	Shares Taka	Share of Reserves Taka	Loans Taka	Provision for impairment in value Taka	Total Taka
BRAC Bank Ltd.	317,390,000	179,570,952	-	-	496,960,952
BRAC Industries Ltd.	24,999,900	1,628,383	-	-	26,628,283
BRAC BD Mail Network	88,450,000	(492,317)	5,500,000	-	93,457,683
Documenta TM Ltd.	2,400,000	592,737	-	-	2,992,737
BRAC Services Ltd.	10,000,000	(38,014,772)	31,978,324	(3,963,552)	-
Delta BRAC Housing Finance Corp. Ltd.	50,000,000	27,353,770	-	-	77,353,770
BRAC Kamafuli Tea Company Ltd.	243,908,025	700,071	104,519,619	-	349,127,715
BRAC Kaiyacharra Tea Company Ltd.	63,300,695	(4,007,926)	15,914,552	-	75,207,321
BRAC Banshkhali Tea Company Ltd.	27,719,870	(10,772,008)	32,602,725	-	49,550,587
BRAC Kodala Tea Company Ltd.	79,295,154	(2,214,931)	13,401,911	-	90,482,134
Bangladesh Netting Factory	17,071,429	368,462	28,764,499	-	46,204,390
	<u>924,535,073</u>	<u>154,712,421</u>	<u>232,681,630</u>	<u>(3,963,552)</u>	<u>1,307,965,572</u>

Related undertakings - unquoted	2004				
	Shares Taka	Share of Reserves Taka	Loans Taka	Provision for impairment in value Taka	Total Taka
BRAC Bank Ltd.	317,390,000	57,261,478	-	-	374,651,478
BRAC Industries Ltd.	24,999,900	1,157,740	-	-	26,157,640
BRAC BD Mail Network	9,250,000	(639,914)	5,500,000	-	14,110,086
Documenta TM Ltd.	2,400,000	366,124	-	-	2,766,124
BRAC Services Ltd.	10,000,000	(33,186,756)	28,148,501	(4,961,745)	-
BRAC Concord Lands Ltd.	60,000,000	(5,106,450)	-	-	54,893,550
Delta BRAC Housing Finance Corp. Ltd.	50,000,000	21,733,350	-	-	71,733,350
A.Q.Choudhury & Sons Tea Estate Ltd	243,908,025	(383,897)	53,312,320	-	296,836,448
Purbachal Tea Company Ltd.	63,300,695	(5,218,110)	10,977,036	-	69,059,621
Banshkhali Tea Company Ltd.	27,719,870	(7,281,994)	18,207,423	-	38,645,299
Bangladesh Netting Factory	17,071,429	(763,534)	26,647,152	-	42,955,047
	<u>826,039,919</u>	<u>27,938,037</u>	<u>142,792,432</u>	<u>(4,961,745)</u>	<u>991,808,643</u>

Represented by:

Share of net tangible assets

Goodwill on acquisition

Loans

	2005	2004
Share of net tangible assets	1,024,430,173	808,151,489
Goodwill on acquisition	50,853,769	40,864,722
Loans	232,681,630	142,792,432
	<u>1,307,965,572</u>	<u>991,808,643</u>

4. Investments in related undertakings (contd)

Related undertakings (All Incorporated in Bangladesh)	2005 %	2004 %	Principal activities
BRAC Bank Ltd.	63.5	63.5	Banking business
BRAC Industries Ltd.	99.9	99.9	Cold storage
BRAC BD Mail Network Ltd.	39.5	95.2	Internet service provider
BRAC Services Ltd.	100	100	Hospitality
BRAC Concord Lands Ltd.	-	50.0	Land and housing
Delta BRAC Housing Finance Corp. Ltd.	25.0	25.0	Housing finance
Documenta TM Ltd.	80.0	80.0	Software Development
BRAC Karnafuli Tea Company Ltd. (Formerly known as A.Q.Choudhury & Sons Tea Estate Ltd.)	99.9	99.9	Tea Plantation
BRAC Kaiyacharra Tea Company Ltd. (Formerly known as Purbachal Tea Company Ltd.)	99.9	99.9	Tea Plantation
BRAC Banshkhali Tea Company Ltd. (Formerly known as Banshkhali Tea Company Ltd.)	99.9	99.9	Tea Plantation
BRAC Kodala Tea Company Ltd. (Formerly known as Kodala Tea Estate Ltd.)	99.1	-	Tea Plantation
Bangladesh Netting Factory	94.0	94.0	Poultry Processing

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 9% (2004: 12%) interest per annum. These loans have no fixed repayment terms.

Included in share of reserves in 2005 is a non-distributable portion amounting to Tk 61,606,739 (2004: Tk 31,369,972).

5. **Investment in securities and others**

	2005 Taka	2004 Taka
Original cost of shares in companies listed in Bangladesh	80,000	6,851,195
Write-up in value	24,250	4,549,716
	104,250	11,400,911
Debentures and Bonds	152,857,138	199,192,854
	152,961,388	210,593,765
Market value of shares in companies listed in Bangladesh	104,250	11,400,911

Debentures and Bonds amounting to Tk. 140,000,000 have been pledged as securities for borrowing facilities from banks (Note 13). The debentures and bonds earned interest at 12.5% - 13.50% (2004: 12% - 13.50% and 8.5%) per annum respectively during the year.

6. **Loans to Village Organisation members**

	Principal outstanding Taka	Service charge receivable Taka	Loan loss provision Taka	Total Taka
At January 1, 2005	14,491,538,929	138,579,691	(1,255,439,682)	13,374,678,938
Additions	32,582,147,500	4,553,013,881	(306,069,362)	36,829,092,019
Realisation	(28,982,196,867)	(4,516,004,260)	-	(33,498,201,127)
Write-off	(286,240,191)	(52,606,006)	286,240,191	(52,606,006)
At December 31, 2005	17,805,249,371	122,983,306	(1,275,268,853)	16,652,963,824

Loans to VO members bear annual service charges as follows:

Micro-credit	15% per annum on loan disbursed
Housing loans	10% per annum on loan disbursed

Repayments are made in weekly/monthly instalments.

**6. Loans to Village Organisation members (contd.)**

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

Loan Classification	Days in Arrears	Loan Principal	Loan loss Provision	Loan Principal	Loan loss Provision
		2005 Taka	2005 Taka	2004 Taka	2004 Taka
Standard	Current (no arrears)	16,513,839,058	495,415,172	12,834,557,198	385,036,716
Watchlist	1 - 30	236,943,423	11,847,171	460,139,095	23,006,955
Substandard	31 - 180	349,680,809	69,936,162	713,859,083	142,771,817
Doubtful	181 - 350	26,862,932	20,147,199	149,498,035	112,123,526
Loss	Over 350	677,923,149	677,923,149	333,485,518	333,485,518
General loan loss provision			-		259,015,150
		<u>17,805,249,371</u>	<u>1,275,268,853</u>	<u>14,491,538,929</u>	<u>1,255,439,682</u>

**7. Inventories**

	2005 Taka	2004 Taka
Seeds and feed	420,932,147	390,731,753
Medical supplies and consumables	156,075,082	91,726,547
Printing and stationery	81,911,532	91,104,178
Handicraft goods	387,675,925	280,621,127
Dairy products	46,412,017	43,456,975
Programme materials	130,824,951	156,355,056
	<u>1,223,831,654</u>	<u>1,053,995,636</u>

**8. Grants and accounts receivable**

Grants receivable (Note 16)	133,796,569	440,815,851
Interest receivable on fixed deposits and bank accounts	253,950,181	252,693,472
Other accounts receivable	345,754,254	382,775,864
	<u>733,501,004</u>	<u>1,076,285,187</u>
Provision for doubtful debts	(4,791,461)	(8,077,783)
	<u>728,709,543</u>	<u>1,068,207,404</u>

Included in interest receivable on fixed deposits is Tk. 110,545,993 (2004: Tk. 98,097,820) receivable after 12 months.

9. Advances, deposits and prepayments	2005 Taka	2004 Taka
Advances:		
Employees	77,491,764	66,071,237
Suppliers	607,127,014	454,806,834
Advance for tax	109,421,042	79,858,292
	<u>794,039,820</u>	<u>600,736,363</u>
Deposits for facilities and utilities	12,348,553	10,554,874
Prepayments	89,341,311	71,134,827
	<u>895,729,684</u>	<u>682,426,064</u>

10. Fixed deposits		
Fixed deposits pledged with financial institutions (Notes 13 and 18)	3,667,649,335	3,171,163,920
Fixed deposits unpledged	438,349,181	389,708,584
	<u>4,105,998,516</u>	<u>3,560,872,504</u>

11. Cash in hand and at banks		
Cash in hand	25,298,403	24,781,223
Cash at banks	1,224,656,163	601,228,727
	<u>1,249,954,566</u>	<u>626,009,950</u>

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following as at December 31:

Cash in hand and at banks	1,249,954,566	626,009,950
Fixed deposits unpledged (Note 10)	438,349,181	389,708,584
Bank overdraft (Note 18)	(1,333,049,411)	(713,349,797)
	<u>355,254,336</u>	<u>302,368,737</u>

12. Deferred income

	Note	Investment in Fixed Assets Taka	Motorcycle Replacement Fund Taka	Total Taka
At 1 January 2005		404,035,382	29,893,394	433,928,776
Transferred from				
Grants received in advance	16	40,234,373	46,774,535	87,008,908
Amortisation to Statement of Income and Expenditure	19	(51,062,951)	(17,917,561)	(68,980,512)
At 31 December 2005		<u>393,206,804</u>	<u>58,750,368</u>	<u>451,957,172</u>

### 13. Term loans

	Note	2005 Taka	2004 Taka
Government of Bangladesh (GOB)	(a)	112,599,391	164,471,781
Palli Karma Shahayak Foundation (PKSF)	(b)	1,459,166,611	2,298,266,626
* Bangladesh Krishi Bank (BKB)	(c)	465,539,044	363,762,953
* Standard Chartered Bank (SCB)	(d)	850,000,000	800,000,000
* Agrani Bank	(e)	520,000,000	740,000,000
Sonali Bank	(f)	212,500,000	-
* Pubali Bank Ltd (PBL)	(g)	870,000,000	870,000,000
IIDFC	(h)	617,554,682	-
Janata Bank	(i)	84,353,207	-
Prime Bank Ltd	(j)	1,000,000,000	-
Rajshahi Krishi Unnyon Bank (RAKUB)	(k)	295,073,000	77,573,000
* HSBC Bank	(l)	285,000,000	600,000,000
		<u>6,771,785,935</u>	<u>5,914,074,360</u>

Term Loans are analysed as follows:

Amount repayable within 12 months	4,329,847,550	3,367,745,287
Amount repayable after 12 months	2,441,938,385	2,546,329,073
	<u>6,771,785,935</u>	<u>5,914,074,360</u>

All repayment obligations in respect of the term loan have been met and no amounts were in arrears as at 31 December 2005.

\* Secured by fixed deposits and debentures amounting to Tk.2,213,613,758 (2004: Tk.2,720,834,692) and properties amounting in aggregate to Tk.812,171,796 (2004: Tk.390,330,849).

- (a) (i) A loan from the Government of Bangladesh of Tk.100,000,000 was obtained for construction of Garments workers hostel, and bears interest at 1% per annum. The loan is repayable in equal half early instalments over twenty years, starting from September 01, 2005.
- (a) (ii) A loan from the Government of Bangladesh of Tk.54,000,000 was obtained to disburse among VO members as housing loans, and bears interest at 1% per annum. The loan is repayable in equal half yearly instalments over five years, starting from August 31, 2000.
- (b) (i) A loan from PKSF of Tk.3,401,000,000 was obtained to support the credit program and bears service charge at 5% - 7% (2004: 5% - 7%) per annum. Each drawdown is repayable in ten equal half-yearly instalments by March 08, 2010.
- (b) (ii) A loan from PKSF of Tk.292,000,000 was obtained to support the Participatory Livestock Development Program and bears service charge at 6.25% (2004: 6.25%) per annum. Each drawdown is repayable in ten equal quarterly instalments by March 24, 2006.
- (c) (i) A loan from BKB of Tk.120,572,400 was obtained to support the credit program and bears interest at 8% (2004: 8%) per annum. It is repayable in twenty equal half- yearly instalments, starting from January 01, 1998.

### 13. Term loans (contd)

- (c) (ii) A loan from BKB of Tk.390,000,000 was obtained to support rural helpless women for employment and income generation through cow rearing, and bears interest at 9% (2004: 9%) per annum. It is repayable in eight equal half-yearly instalments, starting from June 30, 2005.
- (c) (iii) A loan from BKB of Tk.20,000,000 was obtained to support the broiler processing plant and bears interest at 11.5% (2004: 11.5%) per annum. It is repayable in twelve equal quarterly instalments, starting from March 31, 2004.
- (c) (iv) A loan from BKB of Tk.140,000,000 was obtained to support farmers to produce hybride vegetable and seeds and bears interest at 9% (2004: 9%) per annum. It is repayable by September 30, 2006.
- (d) (i) A loan from Standard Chartered Bank of Tk.500,000,000 was obtained for working capital purposes and bears interest at 10% (2004: 8.5%) per annum and is to be fully repaid on March 27, 2006.
- (d) (ii) A loan from Standard Chartered Bank of Tk.350,000,000 was obtained for working capital purposes and bears interest at 10% (2004: 8.5%) per annum and has been fully repaid on January 29, 2006.
- (e) (i) A loan from Agrani Bank of Tk.300,000,000 was obtained to support credit programme and bears interest at 9.5% (2004: 9.5%) per annum. It is repayable in 5 equal half yearly instalments, starting from September 30, 2004.
- (e) (ii) A loan from Agrani Bank of Tk.500,000,000 was obtained to support credit programme and bears interest at 9.5% (2004: 9.5%) per annum. It is repayable in five equal instalments, starting from August 04, 2005.
- (f) A loan from Sonali Bank of Tk.225,000,000 was obtained to support credit programme and bears interest at 9% per annum. It is repayable in monthly instalments, starting from November 23, 2005, within one year thereafter.
- (g) (i) A loan from Pubali bank Ltd. of Tk.120,000,000 was obtained for working capital purposes and bears interest at 11% (2004: 11%) per annum and is repayable on December 31, 2006.
- (g) (ii) A loan from Pubali Bank Ltd of Tk.750,000,000 was obtained to finance working capital requirements and bears interest at 9.25% (2004: 9.25%) per annum. It is repayable on December 31, 2006.
- (h) A loan from IIDFC of Tk.1,000,000,000 was obtained to support credit programme and bears interest at 11.5% per annum and is repayable in monthly installments, starting from May 04, 2005. It is repayable within 24 months from the date of each disbursement.
- (i) A loan from Janata Bank of Tk.100,000,000 was obtained to support credit programme and bears interest at 10% per annum. It is repayable in monthly 18 equal installments, starting from November 01, 2005.
- (j) A loan from Prime Bank Ltd of Tk.1,000,000,000 was obtained to support credit programme and bears interest at 12.5% per annum. It is repayable in monthly installments, starting from July 31, 2006.
- (k) A loan from RAKUB of Tk.295,073,000 was obtained for operation of credit activity among small farmers, and bears interest at 6%-7% (2004: 6% -7%) per annum. It is repayable within 23 months from the date of disbursement, starting from March 29, 2006.

### 13. Term loans (contd)

- (l) (i) A loan from HSBC of Tk.300,000,000 was obtained to finance working capital requirement and bears interest at 10.5% (2004: 8.5%) per annum. It is repayable in quarterly instalments starting from March 21, 2005.
- (l) (ii) A loan from HSBC of Tk.80,000,000 was obtained to finance working capital requirement and bears interest at 10.5% (2004: 8.5%) per annum. It is repayable in quarterly instalments starting from April 04, 2005.
- (l) (iii) A loan from HSBC of Tk.75,000,000 was obtained to finance working capital requirement and bears interest at 10.5% (2004: 8.5%) per annum. It is repayable in quarterly instalments starting from February 20, 2006.

### 14. VO members' savings deposits

	2005 Taka	2004 Taka
Opening balance	7,657,087,732	6,285,938,837
Deposits during the year	5,125,146,115	3,996,762,314
Withdrawals during the year	(3,622,984,541)	(2,625,613,419)
Closing balance	9,159,249,306	7,657,087,732

VO members' savings deposits are analysed as follows:

Compulsory savings	2,930,959,778	2,405,321,238
Own savings	6,228,289,528	5,251,766,494
Total	9,159,249,306	7,657,087,732

The average rate of interest paid in respect of savings deposits by VO members was 6% (2004: 6%) per annum.

BRAC has already initiated two types of savings deposits namely (a) Own savings and (b) Compulsory savings, with a view to facilitating and encouraging savings by people in rural areas.

- (a) **Own savings:** Each VO member deposits a minimum amount of Tk.5 in a weekly meeting. The amount to be deposited weekly is fixed by the VO member at the beginning meeting of the year. A member may deposit a maximum amount of Tk.20 per week.
- (b) **Compulsory savings:** When loans are disbursed to VO members, 5% of the loan sanctioned is deducted at source at inception and recorded under "saving deposits" of the VO member loan. This deducted amount is considered as "deposit against loan disbursed".

#### Rules for Savings withdrawals:

- (a) The entire amount of savings deposits of a VO member will be refunded when the member retires or becomes terminated from membership.
- (b) After one year of becoming a VO member 50% of savings deposits may be withdrawn to meet special requirement (such as marriage of offspring, illness, etc).



**14. VO members' savings deposits (contd.)**

- (c) Loan outstanding balance including service charge on loan is to be fully repaid by a VO member before withdrawal of entire amount deposited to savings deposits inclusive of interest earned.
- (d) If the savings deposit balance of a VO member is less than Tk 2,000 after part withdrawals, no interest will be paid on remaining balance. Moreover, if a VO member withdraws more than two times in a year from savings deposits, no interest will be paid for that financial year.

**15. Other long term liabilities**

Employee gratuity and redundancy fund

2005 Taka	2004 Taka
1,446,095,537	1,233,301,673

Self-insurance fund

- Employees

153,299,864	115,603,965
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- BRAC properties and motorcycles

227,971,508	171,053,434
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381,271,372	286,657,399
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Other funds

- Special fund for scholarship

3,535,408	3,457,175
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- Flood rehabilitation fund

15,781,587	16,101,262
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- Emergency fund

203,282,856	152,695,828
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- Staff welfare fund

781,250	-
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2,050,748,010	1,692,213,337
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An actuarial valuation of the self-insurance fund for employees as at 31 December 2005 was performed by an independent professional actuary. Based on the valuation, there was an excess provision of Tk 31,658,000. The principal assumptions applied in the actuarial valuation, which were consistent with a similar valuation carried out in 2003, included official mortality rates in Bangladesh and an interest rate of 8%, which is the average long-term rate of interest expected to be applicable.

An actuarial valuation of the employee gratuity and redundancy fund as at 31 December 2005 was performed by an independent professional actuary. Based on the valuation, there was an excess provision of Tk 66,733,000. The principal assumptions applied in the actuarial valuation were similar to those applied for the self-insurance fund for employees, and additionally a rate of salary increase of 7% per annum. The principal assumptions used were consistent with a similar valuation carried out in 2003.

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 98,391,000, 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 2005. Similar to the valuation carried out in 2003, 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 2006. Accordingly, Tk 25,000,000 has been accreted in the financial year 2006.

**15. Other long term liabilities (contd.)**

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 Flood rehabilitation fund represents recoveries from prior disbursements of grants for flood rehabilitation, and is held as a liability. This fund will be utilized to meet outgoings during natural disasters.

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.

**16. Grants received in advance account**

	Note	2005 Taka	2004 Taka
At 1 January		939,856,649	350,232,107
Receivables as at 1 January		(440,815,851)	(123,777,953)
		<u>499,040,798</u>	<u>226,454,154</u>
Donations received during the year	25	4,660,226,580	3,713,468,474
Transferred to deferred income:			
- Investment in fixed assets	12	(40,234,373)	(29,161,061)
- Motorcycle replacement fund	12	(46,774,535)	(32,161,157)
Transfer to Statement of Income and Expenditure for expenditure during the year	19	(4,070,026,435)	(3,379,559,612)
		<u>1,002,232,035</u>	<u>499,040,798</u>
Receivables as at 31 December	8	133,796,569	440,815,851
At 31 December		<u>1,136,028,604</u>	<u>939,856,649</u>

**17. Other current liabilities**

Liabilities for expenses		171,744,380	162,471,794
Liabilities for goods		138,188,481	196,653,936
Advances received for training, publications, supplies etc.		473,813,909	339,821,155
		<u>783,746,770</u>	<u>698,946,885</u>

**18. Bank overdraft**

Pubali Bank Ltd	(a)	1,040,377,833	371,714,122
Bangladesh Krishi Bank (BKB)	(b)	154,955,687	341,635,675
Janata Bank	(c)	90,060,427	-
Trust Bank Ltd	(d)	39,853,525	-
HSBC Bank	(e)	7,801,939	-
		<u>1,333,049,411</u>	<u>713,349,797</u>

**18. Bank overdraft (contd.)**

The overdrafts are secured by fixed deposits amounting to Tk.1,594,035,577 (2004: Tk. 622,379,228) and properties amounting in aggregate to Tk.273,645,915 (2004: Tk.283,019,206).

- (a) The bank overdraft from Pubali Bank Ltd was obtained for BRAC's micro-finance programme, bears interest at 9.25% -10% (2004: 10%) per annum, and is repayable on December 31, 2006.
- (b) The bank overdraft from Bangladesh Krishi Bank was obtained to finance working capital requirements of Agro-based program support enterprises, bears interest at 9% (2004: 10%) per annum, and is repayable on March 03, 2006.
- (c) The bank overdraft from Janata Bank was obtained for BRAC's micro-finance programme, bears interest at 10% per annum, and is repayable on August 21, 2006.
- (d) The bank overdraft from Trust Bank Ltd. was obtained for BRAC's micro-finance programme, bears interest at 12.5% per annum, and is repayable on June 30, 2006.
- (e) The bank overdraft from HSBC bank was obtained for BRAC's micro-finance programme, bears interest at 10.5% per annum, and is repayable on May 31, 2006.

**19. Donor grants**

Donor grants recognised in the Statement of Income and Expenditure:

Note	2005 Taka	2004 Taka	
Transferred from grants received in advance	16	4,070,026,435	3,379,559,612
Transferred from deferred income:			
(a) amortisation of investment in fixed assets			
- unrestricted		42,938,965	45,008,743
- temporarily restricted		8,123,986	4,459,429
	12	51,062,951	49,468,172
(b) amortisation of motorcycle replacement fund			
- unrestricted		1,162,040	1,068,319
- temporarily restricted		16,755,521	8,172,113
	12	17,917,561	9,240,432
		<u>4,139,006,947</u>	<u>3,438,268,216</u>

	2005 Taka	2004 Taka
<b>20 Investment income</b>		
Interest on bank accounts and fixed deposits	424,765,072	252,369,021
Debenture interest	19,344,694	37,516,653
In respect of investments in related undertakings:		
- Share of profits less losses	139,331,017	78,290,542
- Reversal of impairment losses	998,193	1,094,250
- Loss on dilution	(382,539)	(6,531,087)
- Loss on disposal	(1,149,138)	-
	138,797,533	72,853,705
Write up in value of investment in securities	24,250	4,549,716
Loss on sale of shares in companies listed in Bangladesh	(716,249)	-
Others	163,605	3,411,966
	<u>582,378,905</u>	<u>370,701,061</u>
<b>21. Other income</b>		
Gain on disposal of property, plant and equipment	2,398,499	28,200,866
Partial reimbursements on cost of programme supplies	14,197,681	5,687,343
Training income	72,605,241	35,008,235
Sale of wastage materials	11,250,151	-
Interest received on loans and advances	15,483,657	21,205,047
Foreign exchange gain - unrealised	76,852,820	2,635,398
	<u>192,788,049</u>	<u>92,736,889</u>
<b>22 Taxation</b>		
Income taxation charge for the year	<u>29,000,000</u>	-

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

The tax charge is in respect of taxable income arising from BRAC's taxable activities in 2005 after utilisation of all brought forward estimated tax losses, and is subject to agreement with the tax authorities.

On 28 November 2004, The Office of the Deputy Commissioner of Tax had issued BRAC a directive requesting for payment of taxes in respect of the financial years 2000 to 2003, amounting to Tk200,113,000. BRAC has successfully obtained a stay of execution and this matter has been referred to the High Court Division of the Supreme Court of Bangladesh. BRAC is of the view that the basis for taxation in the above-mentioned directive is inappropriate, and therefore, BRAC will not finally be liable for this taxation. Accordingly, the amount has not been provided for in the financial statements as at 31 December 2005.

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

	2005 Taka	2004 Taka
Resident Foreign Currency Deposits (in US\$)	495,515,778	1,125,156
Resident Foreign Currency Deposits (Euro)	17,808,213	1,620,879
Resident Foreign Currency Deposits (in GBP)	15,655,216	119,138
Cash at bank (in US\$)	818,289	1,345,321
Cash at bank (in Euro)	728,305	-
Cash at bank (in Pakistani Rupees)	-	2,785
Cash at bank (in Indian Rupees)	-	2,636
Cash at bank (in GBP)	236,992	33,552

**24. 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 VO members. 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 arises 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.

## 25 Schedule of donations received

Name of the projects	Donor	2005 Taka	2004 Taka
BRAC Education Program (NFPE Phase III and BEP Phase IV)	UNICEF	-	24,067,955
	RNE	476,655,451	217,650,000
	NOVIB	53,365,000	50,365,000
	DFID	680,925,684	633,452,847
	CIDA/AKF	300,321,483	252,252,240
	NORAD	86,171,380	170,939,631
	EC	192,600,000	410,497,971
	Sub total	1,790,038,998	1,759,225,644
Challenging the Frontiers of Poverty Reduction Programme	NOVIB	16,420,000	26,063,400
	EC	737,081,212	277,443,506
	DFID	471,621,337	229,600,000
	CIDA	105,015,889	96,228,756
	Sub total	1,330,138,438	629,335,662
Nutrition Facilitation Program (NNP)	GOB	493,793,678	427,934,708
	ICDDRB	-	1,835,433
	Sub total	493,793,678	429,770,141
Flood Relief and Rehabilitation Programme	NOVIB	779,900	96,880,000
	UNDP	143,080,110	76,938,388
	SID	12,000,000	
	United way International	1,637,500	
	OXFAM America	-	2,364,000
	DANIDA	-	2,700,000
	CIDA	-	2,237,136
	AusAID	-	2,027,055
	Mercy Corps	-	5,681,682
	Local Contribution	56,440	9,608,929
	Sub total	157,553,950	198,437,190
Community Based Safe water Supply and Arsenic Mitigation Project	UNICEF	12,233,628	9,340,528
	Rotary International	1,292,100	1,304,850
	Sub total	13,525,728	10,645,378
Early Childhood Development Project	UNICEF	4,757,353	7,582,794
	Plan International	978,272	780,526
	Sub total	5,735,625	8,363,320
BRAC Limb Centre	Jaipur Limb Centre	2,680,699	2,466,051
	International Red Crescent Society	-	220,357
	Sub total	2,680,699	2,686,408
Diagnostic value of Sputum AFB Microscopy	University of Leeds	1,944,040	-
Income Generating Vulnerable Group Development	GOB	-	2,807,457
Forth Fisheries Program	ULG Northumbrian	9,375,985	13,630,867
Employment and Livelihood for Adolescent	CAF-America	40,265,940	-
Inclusion of Visual Impaired Children	Sight Savers	1,309,300	-
Char Development and Settlement Program-	DGIS	13,121,438	13,168,188
Expanding inclusiveness & Govt. Partnership with Skill Attendants	NORAD	80,270,793	-
Micronutrient Beverage Supplementation for Adolescent Girls	Micronutrient Initiatives	-	3,245,537
Alternative Livelihood Program	ULG Northumbrian	6,489,816	12,034,260
BRAC AKF Learning Partnership Project	AKF/CIDA	2,654,786	416,098

Name of the projects	Donor	2005 Taka	2004 Taka
Adolescent Development Program (APON)	UNICEF	102,674,513	28,995,106
Community Based Fisheries Management Project	ICLARM/World Fish Centre	6,258,689	7,410,396
Community Health Programme Under PPP	The British Council/ Nicare Bangladesh	-	5,071,366
Community Road Safety Education Research	TRL Ltd.	771,155	1,290,683
Atta Fortification Program	WFP	42,385,432	12,378,702
Education Support Program	NORAD	-	37,564,650
Institute of Education and Development	Plan International	-	866,573
Micro Health Insurance for Rural Women in Bangladesh	ILO	373,247	2,048,326
National Survey for Birth weight and Anemia Survey	UNICEF	-	2,271,184
Newborn Lives Initiative Program	Save the Children	1,487,834	9,650,000
Northwest Crop Diversification Project	GOB	3,294,599	5,076,712
Exploring Emerging Areas of Microfinance Impact	Institute of Development Agencies	-	1,360,018
Community based HIV/AIDS Education	SIDA	6,651,926	30,542,415
HIV/AIDS Prevention Project	UNICEF	11,140,313	3,750,000
Primary Healthcare for Later life	EC	-	2,317,205
Interpersonal Communication Training	UNICEF	477,000	-
WFCL Program in Haragacha	ILO	(655,730)	-
Poultry for Nutrition	GOB	42,279,747	6,688,048
BRAC Pre-primary School Program	DGIS	-	10,473,944
Womens Domestic Violence Health Policy	University of Calgray	-	478,936
Sundarban Biodiversity Conversion project	GOB	-	1,961,028
BRAC University Institute of Education	Plan International	7,774,323	-
Training of Adolescent Girls	UNICEF	-	1,705,400
Routine Maintenance Program	GOB	1,339,533	2,032,562
School Feeding Program	Land O Lakes	1,635,293	859,603
Northwest Microfinance Expansion Program	AusAID	29,345,341	30,066,687
Animated Film for Road Safety Education	Corolla Corporation	2,744,823	-
An Ethnography Study in Rural Bangladesh	WHO	252,600	-
Community based Kangaroo Mother care	Population Council	4,045,640	729,671
Sprinkles for Pregnant Womens Study	Hospital for Sick Children	2,292,729	1,154,027
Research Pilot Project to Develop an Appropriate Micronutrient Sprinkles Distribution	Hospital for Sick Children	2,186,907	2,766,930
TB Control Program	The Global Fund	288,696,347	268,182,391
Community based TB Control Program in Rural	Fidelis, France	8,064,699	5,197,727
Strengthening DOTS Service in Selected Thana	Fidelis, France	6,172,079	3,712,337
MA in Governance and Development Program	RNE	42,789,988	-
Non Communicable Disease Risk Factors in Bangladesh	Indepth Network	1,205,982	-
Social Protection Package for Retrenched State Owned Enterprise Workers	DFID	11,372,751	-
Targeting Low Arsenic Aquifers	Columbia University	2,265,007	-
Education for Indigenous Children	NORAD	14,949,385	104,334,401
Tree Improvement Project	Inter- Cooperation Bangladesh	2,000,000	-
Distribution of Water Purifying Tablets	Ameri Cares Foundation	2,452,320	-
IT in Rural Area through Existing Gonokendra	Unicol BD Ltd	-	1,751,693
Management Training to NNP Managers	GOB	2,488,713	2,284,433
Nutrition Gardening Project	GOB	43,048,570	26,638,023
Road Safty Awareness Campaign	Ircon International Ltd	3,496,000	2,000,000
VGD - NNP Implementation Collaborative Project	GOB	13,569,611	6,091,147
TOTAL		4,660,226,580	3,713,468,474

## 26. Segmental financial information

	Unrestricted											Temporarily restricted		Total 2005 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	Total Taka			
Property, plant and equipment	80,193,846	148,349,676	308,935,728	844,277,307	13,181,268	1,416,784,429	1,608,086,387	218,864,335	4,638,672,976	94,265,354	4,732,938,330			
Investment in related undertakings	-	-	-	-	-	-	1,307,965,572	-	1,307,965,572	-	1,307,965,572			
Investment in securities and others	-	-	-	-	-	-	152,961,388	-	152,961,388	-	152,961,388			
Loans to Village Organisation members	-	-	-	-	-	16,595,568,664	-	-	16,595,568,664	57,395,160	16,652,963,824			
Motor cycle loans	-	-	924,332	10,268,037	212,572	227,737,922	78,607,927	-	317,750,790	121,112,554	438,863,344			
Inventories	387,675,925	70,650,921	46,412,017	490,749,913	16,723,397	34,221,293	172,368,770	-	1,218,802,236	5,029,418	1,223,831,654			
Grants and accounts receivable	54,004,207	38,540,125	18,859,251	173,487,582	25,269,066	149,989,486	126,750,474	7,944,597	594,844,788	133,864,755	728,709,543			
Advances, deposits and prepayments	44,505,790	11,834,878	25,980,488	132,611,493	681,297	142,965,914	376,052,015	12,081,581	746,713,456	149,016,228	895,729,684			
Term loan - internal	(11,681,400)	(247,798,676)	-	-	-	-	259,480,076	-	-	-	-			
Fixed deposits	-	-	-	-	-	1,883,794,767	2,222,203,749	-	4,105,998,516	-	4,105,998,516			
Cash in hand and at banks	60,617,928	11,525,326	(93,408,566)	(647,858,461)	1,925,927	714,104,619	(189,436,992)	422,995,373	280,465,154	969,489,412	1,249,954,566			
<b>Total Assets</b>	615,316,296	33,102,250	307,703,250	1,003,535,871	57,993,527	21,165,167,094	6,115,039,366	661,885,886	29,959,743,540	1,530,172,881	31,489,916,421			

**Liabilities and Net Assets****Liabilities:**

Deferred income	-	-	-	-	-	1,522,129	329,455,849	-	330,977,978	120,979,194	451,957,172
Term loans	120,000,000	-	139,999,998	356,666,664	-	5,167,897,051	987,222,222	-	6,771,785,935	-	6,771,785,935
VO members' savings deposits	-	-	-	-	-	9,159,249,306	-	-	9,159,249,306	-	9,159,249,306
Other long term liabilities	55,621,836	19,513,117	-	-	-	203,282,856	1,544,358,693	227,971,508	2,050,748,010	-	2,050,748,010
VO members project and current account	-	-	-	-	-	28,975,169	-	-	28,975,169	-	28,975,169
Grants received in advance account	68,998,559	10,562,095	19,443,737	25,921,070	13,873,988	378,160,274	170,515,116	13,876,053	701,350,892	1,136,028,604	1,136,028,604
Other current liabilities	-	-	-	-	-	-	60,741,030	-	60,741,030	82,395,878	783,746,770
Provision for taxation	-	-	-	-	-	-	-	-	-	-	60,741,030
Bank overdrafts	-	-	-	-	-	-	1,333,049,411	-	1,333,049,411	-	1,333,049,411
<b>Total Liabilities</b>	244,620,395	30,075,212	159,443,735	382,587,734	13,873,988	14,939,086,785	4,425,342,321	241,847,561	20,436,877,731	1,339,403,676	21,776,281,407
Net assets -Capital fund	370,695,901	3,027,038	148,259,515	620,948,137	44,119,539	6,226,080,309	1,689,697,045	420,038,325	9,522,865,809	190,769,205	9,713,635,014
<b>Total Liabilities and Net assets</b>	615,316,296	33,102,250	307,703,250	1,003,535,871	57,993,527	21,165,167,094	6,115,039,366	661,885,886	29,959,743,540	1,530,172,881	31,489,916,421



26. Segmental financial information (Contd.)

	Unrestricted											Total 2004 Taka
	Unrestricted										Temporarily restricted	
	Aarong Rural Craft Centre Taka	BRAC Primers Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Nun-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		
Property, plant and equipment	40,590,781	9,818,524	156,350,152	652,818,664	114,916,876	1,449,103,770	1,285,239,429	218,295,720	3,927,133,916	150,150,927	4,077,284,843	
Investment in related undertakings	-	-	-	-	-	-	991,808,643	-	991,808,643	-	991,808,643	
Investment in securities and others	-	-	-	-	-	-	210,593,765	-	210,593,765	-	210,593,765	
Loans to Village Organisation members	-	-	-	-	-	13,280,390,513	-	-	13,280,390,513	94,288,425	13,374,678,938	
Motor cycle loans	-	-	870,136	13,135,858	1,905,611	162,915,887	29,179,041	-	208,006,533	108,306,661	316,313,194	
Inventories	280,621,127	26,468,620	43,456,975	395,378,625	69,533,979	40,149,289	166,611,154	-	1,022,219,769	31,775,867	1,053,995,636	
Grants and accounts receivable	33,670,737	65,129,805	13,642,413	183,498,175	15,968,187	89,664,934	224,174,664	2,772,409	628,521,324	439,686,080	1,068,207,404	
Advances, deposits and prepayments	10,712,563	4,449,413	30,669,641	120,327,572	15,745,456	110,933,953	338,416,675	10,231,701	641,486,974	40,939,090	682,426,064	
Term loan -internal	109,517,392	(73,008,784)	-	-	-	-	(36,508,608)	-	-	-	-	
Fixed deposits	-	-	-	-	-	1,051,657,675	2,509,214,829	-	3,560,872,504	-	3,560,872,504	
Cash in hand and at banks	27,391,184	4,694,408	(11,003,387)	(518,019,861)	(1,819,335)	868,207,765	(580,962,136)	343,707,389	132,196,027	493,813,923	626,009,950	
<b>Total Assets</b>	<b>502,503,784</b>	<b>37,551,986</b>	<b>233,985,930</b>	<b>847,139,033</b>	<b>216,250,774</b>	<b>17,053,023,786</b>	<b>5,137,767,456</b>	<b>575,007,219</b>	<b>24,603,229,968</b>	<b>1,358,960,973</b>	<b>25,962,190,941</b>	

**Liabilities and Net Assets**

Deferred income	-	-	-	-	-	160,358	370,311,790	-	370,472,148	63,456,628	433,928,776
Term loans	120,000,000	-	80,000,000	243,333,333	120,000,000	3,790,687,795	1,420,000,000	-	5,774,021,128	140,053,232	5,914,074,360
VO members' savings deposits	-	-	-	-	-	7,657,087,732	-	-	7,657,087,732	-	7,657,087,732
Other long term liabilities	49,138,462	19,247,624	-	-	-	152,695,828	1,471,131,423	-	1,692,213,337	-	1,692,213,337
VO members project and current account	-	-	-	-	-	32,088,660	-	-	32,088,660	-	32,088,660
Grants received in advance account	61,051,096	6,189,138	12,970,084	54,177,049	16,460,158	298,802,386	183,797,899	6,601,416	640,049,226	939,856,649	1,579,905,875
Other current liabilities	-	-	-	-	-	-	31,741,030	-	31,741,030	58,897,659	698,946,885
Provision for taxation	-	-	-	-	-	-	-	-	-	-	31,741,030
Bank overdrafts	-	-	-	-	-	-	713,349,797	-	713,349,797	-	713,349,797
<b>Total Liabilities</b>	<b>230,189,558</b>	<b>25,436,762</b>	<b>92,970,084</b>	<b>297,510,382</b>	<b>136,460,158</b>	<b>11,931,522,759</b>	<b>4,190,331,939</b>	<b>6,601,416</b>	<b>16,911,023,058</b>	<b>1,202,264,168</b>	<b>18,113,287,226</b>
Net assets -Capital fund	272,314,226	12,115,224	141,015,846	549,628,651	79,790,616	5,121,501,027	947,435,517	568,405,803	7,692,206,910	156,696,805	7,848,903,715
<b>Total Liabilities and Net assets</b>	<b>502,503,784</b>	<b>37,551,986</b>	<b>233,985,930</b>	<b>847,139,033</b>	<b>216,250,774</b>	<b>17,053,023,786</b>	<b>5,137,767,456</b>	<b>575,007,219</b>	<b>24,603,229,968</b>	<b>1,358,960,973</b>	<b>25,962,190,941</b>

## 26. Segmental financial information (Contd.)

	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	Total Development Projects Taka	Total 2005 Taka	Temporarily restricted	
												Development Projects	Total
<b>Income</b>													
Donor grants	-	-	-	-	-	1,121,165	-	44,101,005	4,094,905,942	4,139,006,947	-	-	-
Revenue from:													
Commercial projects	1,227,726,498	234,232,841	469,038,608	-	80,992,220	-	-	1,930,997,947	-	1,930,997,947	-	-	-
Program support enterprises	-	-	-	2,400,197,079	-	-	-	2,481,189,299	-	2,481,189,299	-	-	-
Service charge on loans to YO members	-	-	-	-	-	4,553,013,881	-	4,553,013,881	-	4,553,013,881	-	-	-
Investment income	-	-	-	-	-	170,798,664	-	577,791,252	-	577,791,252	-	-	-
Other income -internal	(19,270,730)	(12,457,592)	-	(30,345,085)	-	-	-	406,992,588	-	406,992,588	-	-	-
Other income	17,025,186	1,147,236	609,652	-	-	-	-	62,073,407	-	62,073,407	-	-	-
Income from House property	-	-	-	-	-	-	88,949,483	88,949,483	-	175,536,911	17,251,138	-	-
<b>Total Income</b>	1,225,480,954	222,922,485	469,648,260	2,369,851,994	80,992,220	4,724,933,710	668,800,672	88,949,483	9,851,579,778	4,116,744,733	13,968,324,511	-	-
<b>Expenditure</b>													
Commercial Projects	1,032,664,229	209,287,075	462,827,302	-	84,772,650	-	-	1,704,778,606	-	1,704,778,606	-	-	-
Programme Support Enterprises	-	-	-	2,294,114,581	-	-	-	2,378,887,231	-	2,378,887,231	-	-	-
House property related expenses	-	-	-	-	-	-	66,262,687	66,262,687	-	66,262,687	-	-	-
Education Programme	-	-	-	-	-	-	75,859,825	75,859,825	1,913,987,309	1,989,847,134	66,262,687	-	-
Challenging the Frontiers of Poverty Reduction	-	-	-	-	-	-	81,920,662	81,920,662	959,446,127	1,041,366,789	66,262,687	-	-
Nutrition Programme	-	-	-	-	-	-	18,530,322	18,530,322	430,383,121	430,383,121	66,262,687	-	-
Health and Population Programme	-	-	-	-	-	-	14,288,422	14,288,422	389,446,876	407,977,198	66,262,687	-	-
Micro Finance Programme	-	-	-	-	-	3,616,479,757	-	3,616,479,757	1,221,858	3,617,701,615	1,221,858	-	-
Relief and Rehabilitation	-	-	-	-	-	-	11,810,805	11,810,805	202,017,120	216,305,542	13,487,727	-	-
Poultry & Livestock Extension Programme	-	-	-	-	-	-	14,288,422	14,288,422	27,893,997	39,704,802	25,416,380	-	-
Fisheries Extension Programme	-	-	-	-	-	-	-	-	12,377,593	12,377,593	-	-	-
Agriculture & Sericulture Extension Programme	-	-	-	-	-	-	7,629,588	7,629,588	34,533,448	42,163,036	6,943,448	-	-
Livelihood Development Program	-	-	-	-	-	-	721,909	721,909	82,908,813	83,630,722	6,728,813	-	-
Grant to BRAC Sri Lanka	-	-	-	-	-	-	10,178,542	10,178,542	-	10,178,542	-	-	-
Research, Monitoring and Evaluation	-	-	-	-	-	-	-	-	33,028,594	33,028,594	-	-	-
<b>Total Expenses</b>	1,032,664,229	209,287,075	462,827,302	2,294,114,581	84,772,650	3,616,479,757	220,940,075	66,262,687	7,987,348,356	4,087,244,856	12,074,593,212	-	-
<b>Surplus/(deficit) of income over expenditure before taxation</b>	192,816,725	13,635,410	6,820,958	75,737,413	(3,780,430)	1,108,453,953	447,860,597	22,686,796	1,864,231,422	29,499,877	1,893,731,299	-	-
<b>Net surplus/(deficit) for the year</b>	192,816,725	13,635,410	6,820,958	75,737,413	(3,780,430)	1,108,453,953	418,860,597	22,086,796	1,835,231,422	29,499,877	1,864,731,299	-	-
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597		418,860,597		418,860,597		
							22,086,796		22,086,796		22,086,796		
							1,835,231,422		1,835,231,422		1,835,231,422		
							29,499,877		29,499,877		29,499,877		
							(29,000,000)		(29,000,000)		(29,000,000)		
							418,860,597						

26. Segmental financial information (Contd.)

	Unrestricted										Temporarily restricted		Total 2004 Taka	
	Aarong Rural Craft Centre Taka	BRAC Printers 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	-	-	-	-	-	-	-	-	46,077,062	-	46,077,062	-	3,392,191,154	3,438,268,216
Revenue from														
Commercial projects	938,348,875	248,217,406	398,653,266	-	-	-	-	-	-	-	-	-	-	1,585,219,547
Program support enterprises	-	-	-	2,110,842,409	226,117,892	-	-	-	-	-	-	-	-	2,336,960,301
Service charge on loans to VO members	-	-	-	-	-	3,610,151,992	-	-	-	-	-	-	-	3,610,151,992
Investment income	-	-	-	-	-	104,155,367	-	-	-	-	-	-	-	366,018,502
Other income -internal	(25,529,748)	(4,692,129)	(999,994)	(5,437,700)	(1,227,019)	-	-	-	-	-	-	-	4,682,559	370,701,061
Other income	8,278,484	189,073	580,004	10,982,486	1,227,019	-	-	-	-	-	-	-	-	92,736,889
Income from House property	-	-	-	-	-	-	-	25,404,954	-	-	-	-	5,687,343	87,978,674
	-	-	-	-	-	-	-	87,978,674	-	-	-	-	-	87,978,674
<b>Total income</b>	921,097,611	243,714,350	398,233,276	2,116,387,195	226,117,892	3,714,307,359	386,214,313	113,383,628	8,119,455,624	3,402,561,056	11,522,016,680	-	-	-
<b>Expenditure</b>														
Commercial Projects	822,134,397	221,396,808	385,635,435	-	-	-	-	-	-	-	-	-	-	1,429,166,640
Programme Support Enterprises	-	-	-	2,115,914,252	227,350,718	-	-	-	-	-	-	-	-	2,343,264,970
House property related expenses	-	-	-	-	-	-	-	58,978,742	-	-	-	-	-	58,978,742
Education Programme	-	-	-	-	-	-	68,377,798	-	-	-	-	-	1,868,034,858	1,936,412,656
Challenging the Frontiers of Poverty Reduction	-	-	-	-	-	-	73,718,041	-	-	-	-	-	513,091,195	586,809,236
Nutrition Programme	-	-	-	-	-	-	1,317,340	-	-	-	-	-	486,394,379	487,711,719
Health and Population Programme	-	-	-	-	-	-	3,350,896	-	-	-	-	-	162,122,936	165,473,832
Micro Finance Programme	-	-	-	-	-	3,181,541,076	-	-	-	-	-	-	277,325	3,181,818,401
Relief and Rehabilitation	-	-	-	-	-	-	31,672,779	-	-	-	-	-	153,974,020	185,646,799
Poultry & Livestock Extension Programme	-	-	-	-	-	-	2,315,430	-	-	-	-	-	70,340,123	72,655,553
Fisheries Extension Programme	-	-	-	-	-	-	2,980,369	-	-	-	-	-	17,735,663	20,716,032
Agriculture & Sericulture Extension Programme	-	-	-	-	-	-	5,566,285	-	-	-	-	-	48,083,867	53,650,152
Livelihood Development Program	-	-	-	-	-	-	-	-	-	-	-	-	16,986,500	16,986,500
Research, Monitoring and Evaluation	-	-	-	-	-	-	-	-	-	-	-	-	42,721,916	42,721,916
<b>Total Expenses</b>	822,134,397	221,396,808	385,635,435	2,115,914,252	227,350,718	3,181,541,076	189,298,938	58,978,742	7,202,250,366	3,379,762,782	10,582,013,148	-	-	-
<b>Surplus/(deficit) of income over expenditure before taxation</b>	98,963,214	22,317,542	12,597,841	472,943	(1,232,826)	532,766,283	196,915,375	54,404,886	917,205,258	22,798,274	940,003,532	-	-	-
<b>Taxation</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net surplus/(deficit) for the year</b>	98,963,214	22,317,542	12,597,841	472,943	(1,232,826)	532,766,283	196,915,375	54,404,886	917,205,258	22,798,274	940,003,532	-	-	-

## 27. Statement of Functional Expenses

	Unrestricted										Temporarily restricted		Total 2005 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	Total 2005 Taka		
<b>Expenditure Statement for the year ended December 31, 2005</b>													
Salaries and benefits	82,423,802	5,885,313	21,158,807	66,870,498	3,863,257	1,822,044,141	19,083,720	-	2,021,329,538	1,267,526,735	3,288,856,273		
Travelling and transportation	10,992,647	2,212,873	14,940,129	26,209,215	563,565	145,946,120	3,484,970	-	204,349,519	136,930,523	341,280,042		
Teachers' salaries	-	-	-	-	-	-	-	-	-	469,876,338	469,876,338		
Teachers' training	-	-	-	-	-	-	-	-	-	192,616,147	192,616,147		
School rent and maintenance	-	-	-	-	-	-	-	-	-	137,075,645	137,075,645		
Stationery, rent and utilities	49,230,688	3,223,977	5,191,597	15,855,634	778,058	121,427,131	4,676,319	-	200,383,404	75,454,910	275,838,314		
Maintenance and general expenses	17,570,092	690,479	3,625,073	8,942,042	1,491,723	103,395,944	4,192,894	1,966,682	141,874,929	77,434,351	219,309,280		
VO members' training	-	-	-	-	-	3,000	2,000,000	-	2,003,000	355,287,936	357,290,936		
Staff training and development	-	-	35,758	-	33,009	39,338,960	4,137,699	-	43,545,426	147,174,702	190,720,128		
Programme supplies	-	-	-	2,935,390	-	91,189,239	3,346,817	-	97,471,446	1,204,207,605	1,301,679,051		
Interest on VO members' savings deposits	-	-	-	-	-	411,081,926	-	-	411,081,926	-	411,081,926		
Interest on long term loans	15,551,553	-	8,000,004	39,210,615	2,005,229	439,610,944	9,465,639	-	513,843,984	-	513,843,984		
Bank overdraft interest and charges	-	-	-	-	-	-	108,045,410	-	108,045,410	-	108,045,410		
Cost of goods sold of commercial projects	834,006,539	191,475,852	370,919,832	2,058,773,695	74,164,058	-	-	-	1,396,402,223	-	1,396,402,223		
Publicity, advertisement and sales commissions	-	209,095	5,449,641	5,511,944	3,022	-	-	-	2,132,937,753	-	2,132,937,753		
Loan loss provision for loans to VO members	9,943,171	-	-	2,058,773,695	3,022	306,069,362	5,009,848	-	26,126,721	12,067,293	38,194,014		
Depreciation of property, plant and equipment	11,108,597	444,979	29,946,844	58,418,387	1,220,451	83,785,962	47,318,217	7,378,771	241,622,208	11,592,671	253,214,879		
Provision for bad and doubtful debts	1,837,140	378,063	592,104	11,387,161	650,278	-	-	-	14,844,746	-	14,844,746		
Allocation to self-insurance fund	-	4,766,444	2,967,513	-	-	-	-	56,917,234	56,917,234	-	56,917,234		
Value Added Tax	-	-	-	-	-	-	-	-	7,733,957	-	7,733,957		
Grant to BRAC Sri Lanka	-	-	-	-	-	-	-	-	10,178,542	-	10,178,542		
Provision for Emergency fund	-	-	-	-	-	50,587,028	-	-	50,587,028	-	50,587,028		
	1,032,664,229	209,287,075	462,827,302	2,294,114,581	84,772,650	3,616,479,757	220,940,075	66,262,687	7,987,348,356	4,087,244,856	12,074,593,212		

Included in cost of goods sold of commercial projects is depreciation of property, plant and equipment amounting to Tk. 10,360,367

27. Statement of Functional Expenses (contd.)

	Unrestricted										Temporarily restricted													
	Aarong Rural Craft Centre		BRAC Printers		BRAC Dairy and Food Project		Agro based Programme Support Enterprise		Non-agro based Programme Support Enterprise		Micro Finance Programme		Self-financing Social Development Projects		House Property (Building)		Total Unrestricted		Development Projects		Total 2004			
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka		
Salaries and benefits	65,029,686	5,141,087	19,817,256	44,775,886	9,470,104	1,345,717,089	63,691,257	1,553,642,365	949,634,485	2,503,276,850														
Travelling and transportation	8,494,136	1,405,857	12,211,140	10,039,273	2,039,741	112,569,469	2,233,208	148,992,824	423,638,840	270,131,322														
Teachers' salaries	-	-	-	-	-	-	-	-	-	-														
Teachers' training	-	-	-	-	-	-	-	-	-	-														
School rent and maintenance	-	-	-	-	-	-	-	-	-	-														
Stationery, rent and utilities	43,271,555	3,103,312	4,735,147	9,989,507	1,076,497	96,981,324	7,652,962	172,296,170	65,204,160	237,500,330														
Maintenance and general expenses	16,723,796	278,252	3,079,793	10,091,115	956,686	62,314,338	6,358,790	102,292,821	39,206,312	141,499,132														
VO members' training	-	-	-	-	-	-	-	-	-	-														
Staff training and development	1,094,250	-	8,275	-	-	29,158,525	5,920,083	36,181,133	95,565,815	131,746,948														
Programme supplies	-	-	-	-	-	65,569,560	24,382,252	89,951,812	1,098,681,258	1,188,633,070														
Interest on VO members' savings deposits	-	-	-	-	-	356,527,402	356,527,402	356,527,402	356,527,402	356,527,402														
Interest on long term loans	15,783,141	-	6,500,000	67,035,294	3,723,120	241,847,310	1,583,676	336,472,541	3,771,100	340,243,641														
Bank overdraft interest and charges	-	-	-	-	-	11,430,497	21,437,085	32,867,582	65,207,481	98,075,062														
Cost of goods sold of commercial projects	650,620,743	210,198,676	305,118,086	1,904,105,505	207,960,024	-	-	1,165,937,505	2,112,065,529	1,165,937,505														
Cost of goods sold of programme support enterprises	-	-	-	1,904,105,505	207,960,024	-	-	-	-	-	-													
Publicity, advertisement and sales commissions	8,366,083	-	2,342,396	1,973,189	1,290,454	-	-	1,651,780	15,623,902	15,623,902														
Loan loss provision for loans to VO members	-	-	-	1,973,189	1,290,454	-	-	-	-	-	-													
Depreciation of property, plant and equipment	10,745,108	158,301	29,164,518	48,955,209	762,703	718,246,273	45,109,064	718,246,273	718,246,273	718,246,273														
Provision for bad and doubtful debts	1,973,312	884,646	101,845	18,949,274	71,389	81,184,206	45,109,064	224,045,567	8,582,725	232,628,292														
Allocation to self-insurance fund	-	-	-	-	-	-	-	-	-	-														
Value Added Tax	32,587	226,677	2,556,979	-	-	-	-	52,315,147	43,036,367	52,315,147														
Provision for Emergency fund	-	-	-	-	-	59,995,084	-	59,995,084	-	59,995,084														
	822,134,397	221,396,808	385,635,435	2,115,914,252	227,350,718	3,181,541,076	180,298,937	7,202,250,366	3,379,762,782	10,582,013,148														

Included in cost of goods sold of commercial projects is depreciation of property, plant and equipment amounting to Tk. 4,933,385

28. Comparative Figures

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

# Acronyms

AIDS - Acquired Immune Deficiency Syndrome	NCU - NGO Cooperation unit
AO - Area Office	NEER - Non-farm Enterprise Extension Reinforcement
ASK - Ain-O-Salish Kendra	NFPE - Non-Formal Primary Education
BCDM - BRAC Centre for Development Management	NGO - Non Governmental Organisation
BEOC - Basic Education for Older Children	NGW - Nutrition Gardening Women
BEP - BRAC Education Programme	NID - National Immunisation Day
BESDP - BRAC Economic and Social Development Programme	NOVIB - The Netherlands Organisation for International Development Cooperation
BNWLA - Bangladesh National Women's Lawyers Association	NSV - Non-Scalpel Vasectomy
CEP - Continuing Education Programme	PACE - Post Primary Basic and Continuing Education Programme
CFPR - Challenging the Frontiers of Poverty Reduction	PHC - Primary Health Care
CIDA - Canadian International Development Agency	PS - Polli Shomaj
CD - Capacity Development	PSE - Programme Support Enterprise
CNC - Community based Nutrition Centre	RDP - Rural Development Programme
CNP - Community Nutrition Promoter	RED - Research and Evaluation Division
CNO - Community Nutrition Organizers	REP - Rural Enterprise Project
DANIDA - Danish International Development Agency	RHDC - Reproductive Health and Disease Control
DFID - Department of International Development	RLF - Revolving Loan Fund
DNFE - Directorate of Non-Formal Education	RNE - Royal Netherlands Embassy
DOTS - Directly Observed Treatment Short-Course	RNorE - Royal Norwegian Embassy
EC - European Commission	RSDP - Rural Service Delivery Programme
EDP - Economic Development Programme	RTI - Reproductive Tract Infection
EHC - Essential Health Care	SD - Social Development
EIGP - Employment and Income Generating Programme	SIDA - Swedish International Development agency
EPI - Expanded Programme on Immunisation	SK - Shastho Kormis (Health worker)
ESP - Educational Support Programme	SRC - Sericulture Research Centre
GEP - General Education Programme	SS - Shastho Shebikas (Health Volunteer)
GoB - Government of Bangladesh	SSC - Secondary School Certificate
GP - Global Partnership	SSFJW - Salma Sobhan Fellowship in Journalism for Women
GQAL - Gender Quality Action Learning	STD - Sexually Transmitted diseases
H&FPFP - Health and Family Planning Facilitation Project	STUP - Specially Targeted Ultra Poor
HFSNG - Household Food Security through Nutrition Gardening	TARC - Training and Resource Centre
PFN - Poultry For Nutrition	TB - Tuberculosis
HIV - Human Immunodeficiency Virus	TUP - Targeting the Ultra Poor
HNPP - Health Nutrition and Population Programme	VGf - Vulnerable Group Feeding
HRIC - Human Rights and Implementation Committee	VNO - Village Nursery Owner
HRLE - Human Rights and Legal Education	VO - Village Organisation
HRLS - Human Rights and Legal Services	VSC - Voluntary Surgical Contraception
ICDDR,B - International Centre for Diarrhoeal Disease Research, Bangladesh	WB - World Bank
RDRS - Rangpur Dinajpur Rural Services	WFP - World Food Programme
MNCH - Maternal Neonatal and Child Health	
IGVGD - Income Generation for Vulnerable Group Development	
ILO - International Labour Organization	
LIC - Law Implementation Committee	
MED - Micro-Enterprise Development	
MELA - Micro-Enterprise Lending and Assisting	
MISFA - Microfinance Investment and Support Facility for Afghanistan	
MOU - Memorandum of Understanding	
MRRD - Ministry of Rural Rehabilitation and Development - Afghanistan	

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