



# **BRAC Enterprises & Investments**

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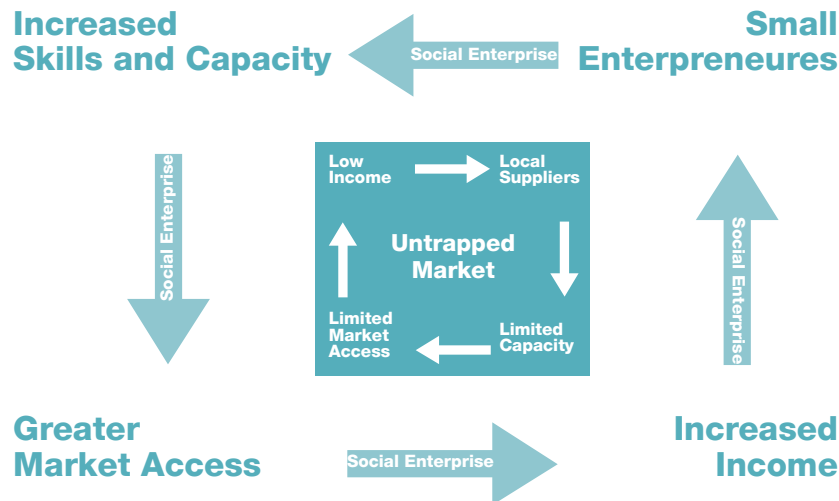
# **An Overview**

## What is Social Enterprise

A Social Enterprise is a business venture that aims to achieve financial returns while fulfilling social, environmental and/or other developmental goals. Social enterprises can be non-profit, low-profit or for-profit organisations as long as their social and environmental missions are fulfilled. Typically, social enterprises serve as a means to provide financial solvency to the low income populations while ensuring that the social obligations such as alleviation of poverty, illiteracy, diseases, environmental impact etc. are met. That is why social enterprises are considered alternative business models with a double or triple bottom line, i.e. they have the obligation to combine financial sustainability with social and/or environmental missions.

## Why is Social Enterprise Important

Social enterprises provide market access to small-scale, fragmented suppliers and help them become self-sufficient entrepreneurs by creating jobs, increasing income and generating surplus. The target of social enterprises is typically the low income population with entrepreneurial skills who either lack the resources and capacity to supply enough products in order to capture the monetary value of the existing market demand, or they do not have access to a large enough market where they can sell and profit from their productions. Social enterprises act as an intermediary that bridges the gap between existing market need and efficient supply. Social enterprises can provide capital, training, education, capacity, governance and awareness, to name a few resources, and bolster the value, efficiency and volume of the supply chain, and as a result facilitate financial stability. Additionally, social enterprises may act as a retail or distribution outlet and thus ensure a profitable exit mechanism for the of suppliers' production volume. Social enterprises help increase the local suppliers' productivity as well as income level and enable them to break out of the viciously repetitive cycle of poverty and become self-sustaining entrepreneurs.



#### THE ROLE OF A SOCIAL ENTERPRISE

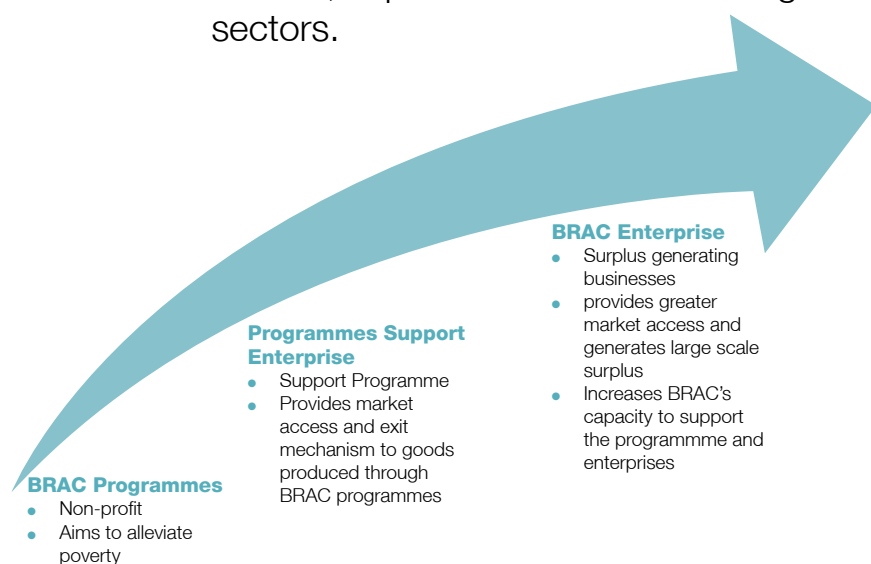
### BRAC Enterprises: creating surplus with an alternative mission

In 1978, BRAC's flagship social enterprise, Aarong, was created as a support mechanism to BRAC's existing sericulture programme. BRAC's sericulture initiatives had proven an effective way to engage poor, rural women in productive income generating activity. However, the livelihoods of these women could not be sustained on a continual basis, unless the hand-spun silk they were creating could be successfully marketed at a larger scale. So Aarong was established as a retail distribution outlet that offered a fair price to the rural suppliers while introducing the products to urban markets where both demand and consumers' willingness to pay were the highest. Today, Aarong has transformed into a high surplus generating enterprise, operating as one of the largest retailers in Bangladesh with 11 domestic outlets while supporting over 65,000 Bangladeshi artisans across more than 2000 villages – proving that an enterprise can be profitable while maintain its social and environmental commitments.

Other BRAC enterprises also came into existence at various times in similar efforts to create economic space for the poor. Although most of the BRAC enterprises were formed as programme support enterprises, majority of them currently operate as surplus generating ventures while maintaining their ongoing commitment

toward alleviation of poverty via empowerment of the poor.

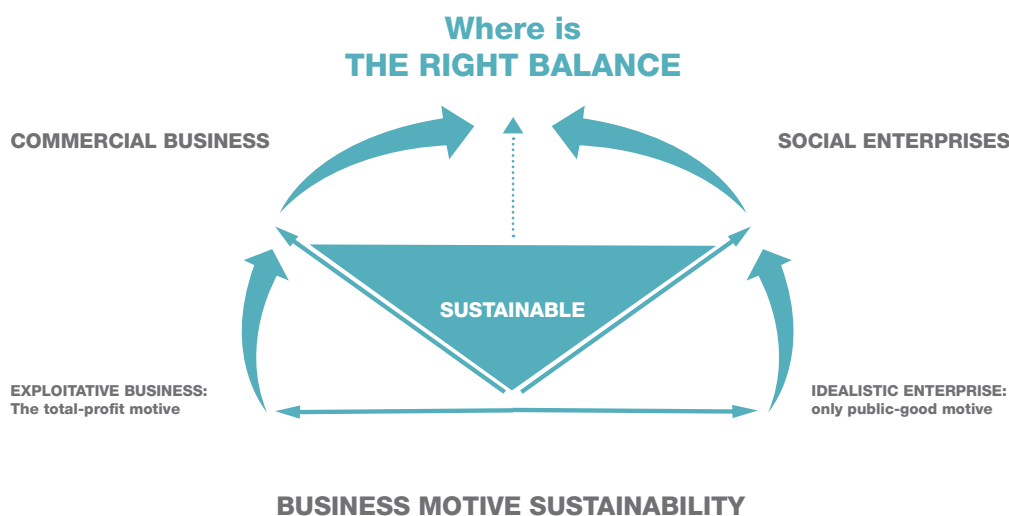
Today BRAC operates 18 financially and socially profitable enterprises, across health, agriculture, livestock, fisheries, education, green energy, printing and retail sectors, making significant contribution to local economy through creation of market linkages, entrepreneurs and employment opportunities. BRAC enterprises no longer just serve the immediate purpose of supporting development programmes and creating market access – they maximise and monetise market opportunities. The current surplus generating model of BRAC's enterprises concurrently achieves scalability, greater outreach and maximum impact. By targeting profitable and scalable businesses, BRAC enterprises are able to fulfill their social missions at a much greater scale while increasing financial surplus that reduce the organisation's donor dependency and support BRAC's developmental programmes and other innovations at a greater level. Upon ensuring fair price to local suppliers and fostering entrepreneurship and employment at the grass root level, BRAC enterprises focus on successful marketing and distribution in the urban and rural markets and extract generate the maximum surplus that consumer demand would allow. In most cases, BRAC enterprises end up creating new opportunities in an un-served/under-served market, which creates space for new entrants to the market and fosters healthy competition. That is why BRAC enterprises continue to exist, expand and innovate through across multiple sectors.



#### EVOLVEMENT OF BRAC ENTERPRISES

# The BRAC Ethos of Social Entrepreneurship, the “3Ps”: People, Planet, Profit

Through its collaborative network of enterprises, development programmes and investments, BRAC has pioneered a unique model that advocates for business sustainability as “doing well by doing good”. BRAC Enterprises strive to strike the right balance between financial surplus and social returns in order to achieve the targeted double/triple bottom lines. By operating as a surplus generating organisation that aims to alleviate poverty through its business operations and supply chain, BRAC succeeds in implementing its vision to serve the society in a profitable manner.

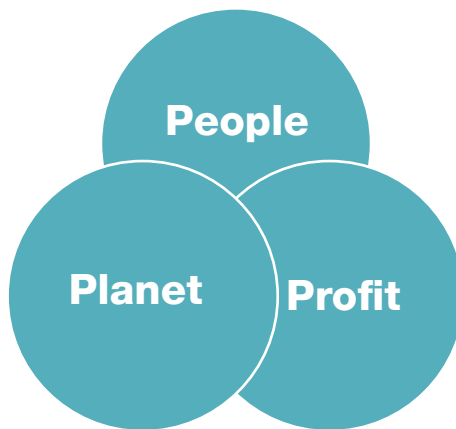


## BRAC'S VISION OF A PROFITABLE, SOCIAL ENTERPRISE

Although all of the BRAC enterprises are committed toward achieving financial, social and environmental returns, BRAC takes a unique approach in defining its triple bottom line by focusing on three ethos: **people, profit and the planet** (the “3Ps”). A BRAC enterprise must meet three criteria in order to be considered a successful and sustainable business:

- It must serve the needs of poor people
- It must be environmentally friendly, and
- It must make surplus to help keep BRAC's development works sustainable

BRAC does not have any shareholders. Instead, BRAC Enterprises' efforts are driven towards maximising financial and social benefits of its stakeholders who are primarily the millions of deprived and disenfranchised poor of the country that BRAC aims to serve – a fact that clearly distinguishes BRAC's social entrepreneurship from its other commercial peers. The financial surplus from BRAC enterprises are split two ways, 50% goes toward BRAC's core fund to support BRAC itself along with its expenditures and the remaining 50% surplus is reinvested in the BRAC enterprises themselves.



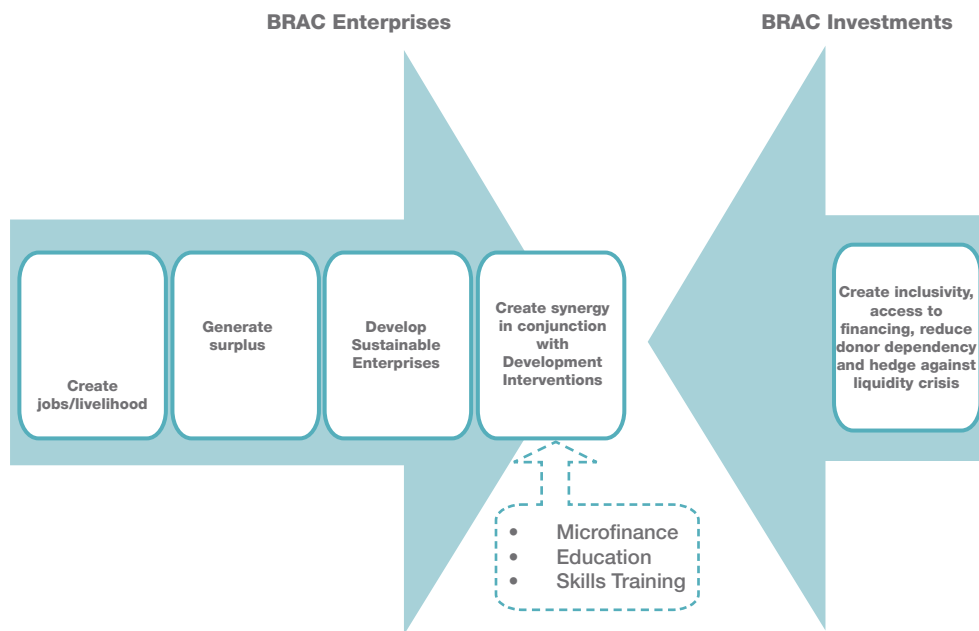
**BRAC ENTERPRISES' TRIPLE BOTTOM LINE**

## **Objectives of BRAC Enterprises**

BRAC takes a holistic approach in conceptualising and developing each of its enterprises. As BRAC enterprises have expanded from programme support mechanisms to surplus generating enterprises with financial and social missions, each enterprise has ensured that it complies to the four fundamental objectives of a BRAC enterprise:

- Creating job opportunities
- Generating surplus for BRAC in order to minimise donor dependency
- Ensuring long-term support and contribution toward the sustainability of BRAC's development interventions such as microfinance, education and skills development etc.
- Becoming viable investments in the long run in order to act as 'hedge' against future liquidity crises and donor dependency



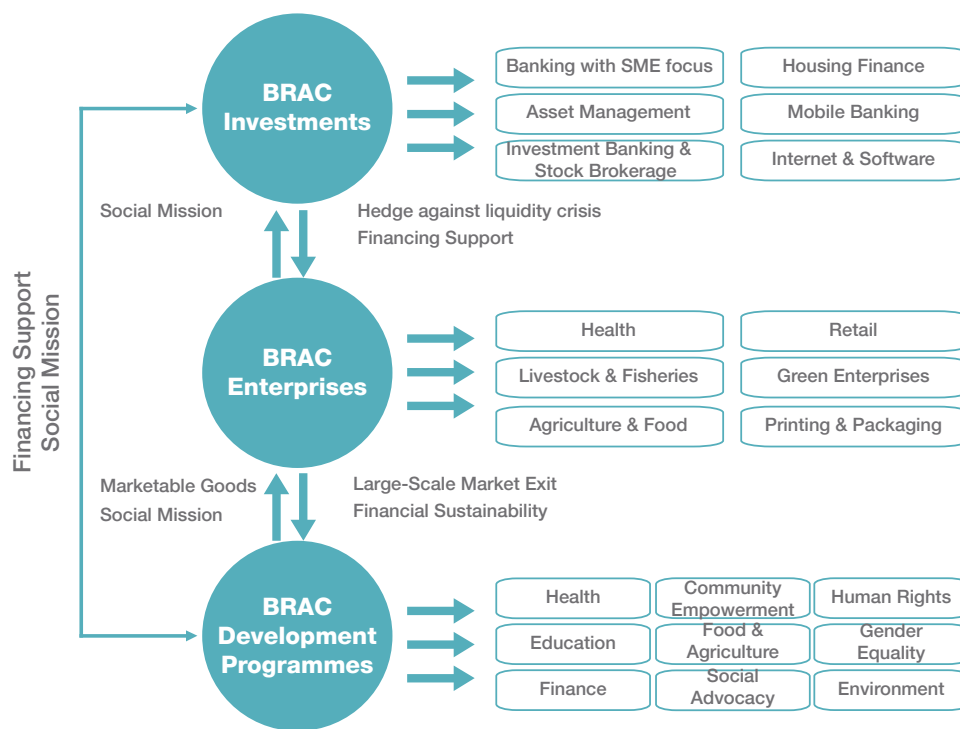


BRAC'S HOLISTIC APPROACH TO ENTERPRISE DEVELOPMENT

## The “BRAC Model”

The unique model under which BRAC enterprises operate has evolved as completely home-grown and in isolation from the international dialogue regarding social enterprises. The “BRAC model” comprises of a collaborative network of **Enterprises, Development Programmes and Investments** – all of which together serve the comprehensive vision and objective of BRAC, i.e. to empower the poor, alleviate social/environmental imbalance and enhance financial sustainability. The **BRAC Development Programmes** are dedicated toward fulfilling BRAC’s social and philanthropic missions and are run as fully-funded, non-surplus ventures. While the **BRAC Enterprises** are mostly inceptioned as a support mechanism that allows the development programmes to be sustainable, the surplus-generating model of the BRAC Enterprises allow for 50% of the surplus from the enterprises to support BRAC’s expenditures, including Development Programmes that are often run at very high costs, and the remaining 50% to be re-invested in the enterprises themselves, and as a result reduce the need for external funding. The **BRAC Investments** unit comprises of financially profitable investments and financial service businesses that are geared toward generating financial returns while adhering to underlying socially responsible

causes such as low-income housing, microfinance, small enterprise loans, information technology, clean development mechanism (CDM) etc. Dividends from BRAC Investments support the financial sustenance of both BRAC Enterprises and Development Programmes by acting as a hedge or safety net against future liquidity crisis. The synergetic effect of this integrated model has contributed significantly in reducing BRAC's dependency on donors and external funding. Currently 27% of BRAC's overall financial needs are fulfilled by various donation/external sources while the remaining 73% is financed internally by BRAC from the surplus of its enterprises and the dividend from its investments. By continuing on this model, BRAC's goal is to become 100% self-financed in future.



THE "BRAC MODEL"

## The BRAC Advantage

Through its unique model and integrated operations, BRAC achieves five distinctive advantages across its enterprises.

- Synergy
- Cross Collaboration
- Cross Subsidy
- Continuous Innovation
- Holistic Support

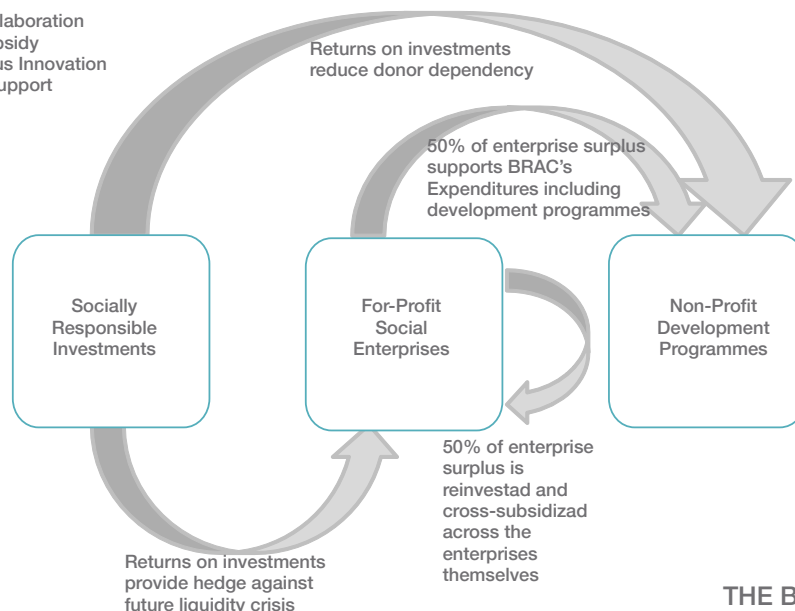


## Synergy: The 2+2 = 5 Effect

The integrated network of BRAC Enterprises, Development Programmes and Investments together beget a unique synergy and essentially creates a 2+2=5 Effect. BRAC development programmes typically serve as inspirations and opportunities to identify 'gaps' where BRAC enterprises can come in and increase the productivity of people, assets, generate surplus for the organisation, create job opportunities and provide a better quality of life for poor people and the communities they are from. For example, the BRAC Sanitary Napkin & Delivery Kit enterprise was launched in response to a observation that significant number of young women in BRAC Schools would miss classes during menstruation period, or drop out during early pregnancy, due to lack of basic sanitary products. This enterprise became successful and its products became viable through BRAC's primary distribution channel of its existing enterprise and programme members.

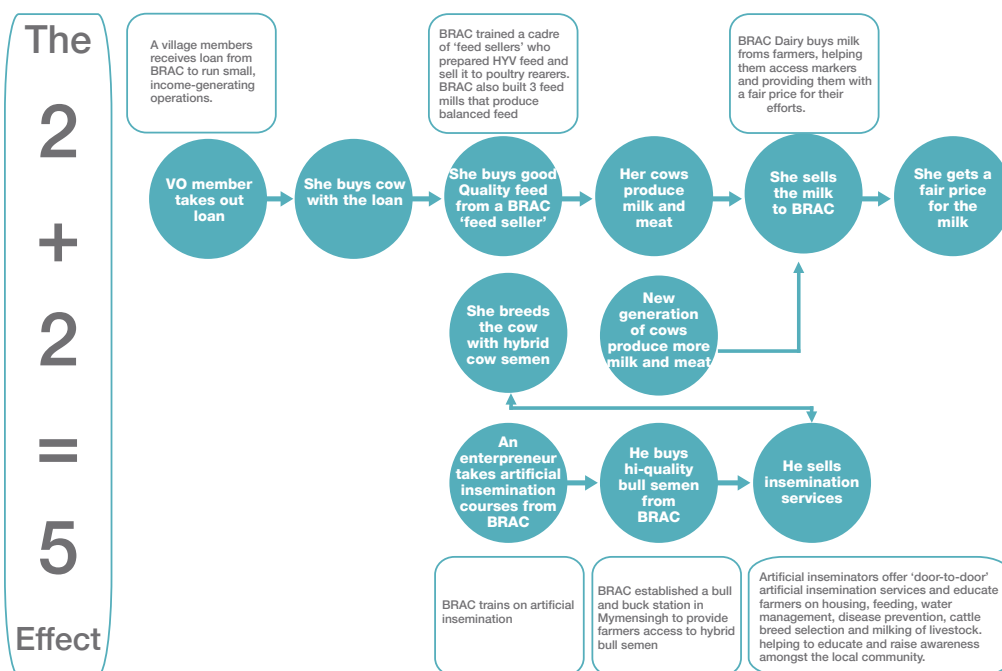
The surpluses generated by the social enterprises make BRAC more self-sustaining, allows financing of innovative pilots and help grow the business itself so that increasing numbers of poor people can become self-reliant. The dividends from BRAC Investments contribute toward financial sustenance of both BRAC Enterprises and Development Programmes. This synergetic approach as a whole maximises BRAC's impact and contribution toward poverty alleviation.

- Synergy
- Cross Collaboration
- Cross Subsidy
- Continuous Innovation
- Holistic Support



## Cross Collaboration:

BRAC enterprises maximise synergy, impact and value by their targeted outreach and integrative products and services across multiple enterprises. For example, BRAC's microfinance or Targeted Ultra Poor (TUP) programme may allow a poor villager to own a cow and produce/sell the milk. BRAC Feed Mills can offer the nutrition required to tend for the cow while BRAC Dairy can ensure that the villager can supply milk sustainably and receive fair market price. Additionally, BRAC Artificial Insemination Programme can step in to train the villager to breed more cows and thus produce more milk and cattle and move further ahead in the path to financial solvency.



AN ILLUSTRATION OF CROSS-COLLABORATION AND SYNERGIES ACROSS BRAC ENTERPRISES

## Cross Subsidy:

Although BRAC enterprises aim for financial returns while fulfilling the social and environmental missions, not all enterprises are equally profitable. Aarong, for example, is one of BRAC's most profitable enterprises. BRAC Sericulture on the other hand is running at or below cost, creating low or no surplus. The cumulative surplus from BRAC enterprises combined are used

to re-invest in the BRAC enterprises and support the development programmes, on an as needed basis, not on a pro-rata basis across enterprises. This allows a highly beneficial cross-subsidy model where the profitable enterprises are able to support the non/less profitable enterprises. Moreover, closing of an enterprise due to lack of profitability and subsequent job losses can be prevented while the different social and environmental missions across the enterprises continue to be fulfilled. For example, in 2009, BRAC Dairy was faced with the need to in order to remain a viable enterprise and had considered mechanising some of its production lines. But that would end up in considerable number of job losses and close down of unprofitable milk-chilling stations in ultra poor areas. So instead, BRAC invested in 16 of these chilling stations and increased their capacity by 5%-15%. Because of BRAC's integrative network support and operational model, such measures were possible.

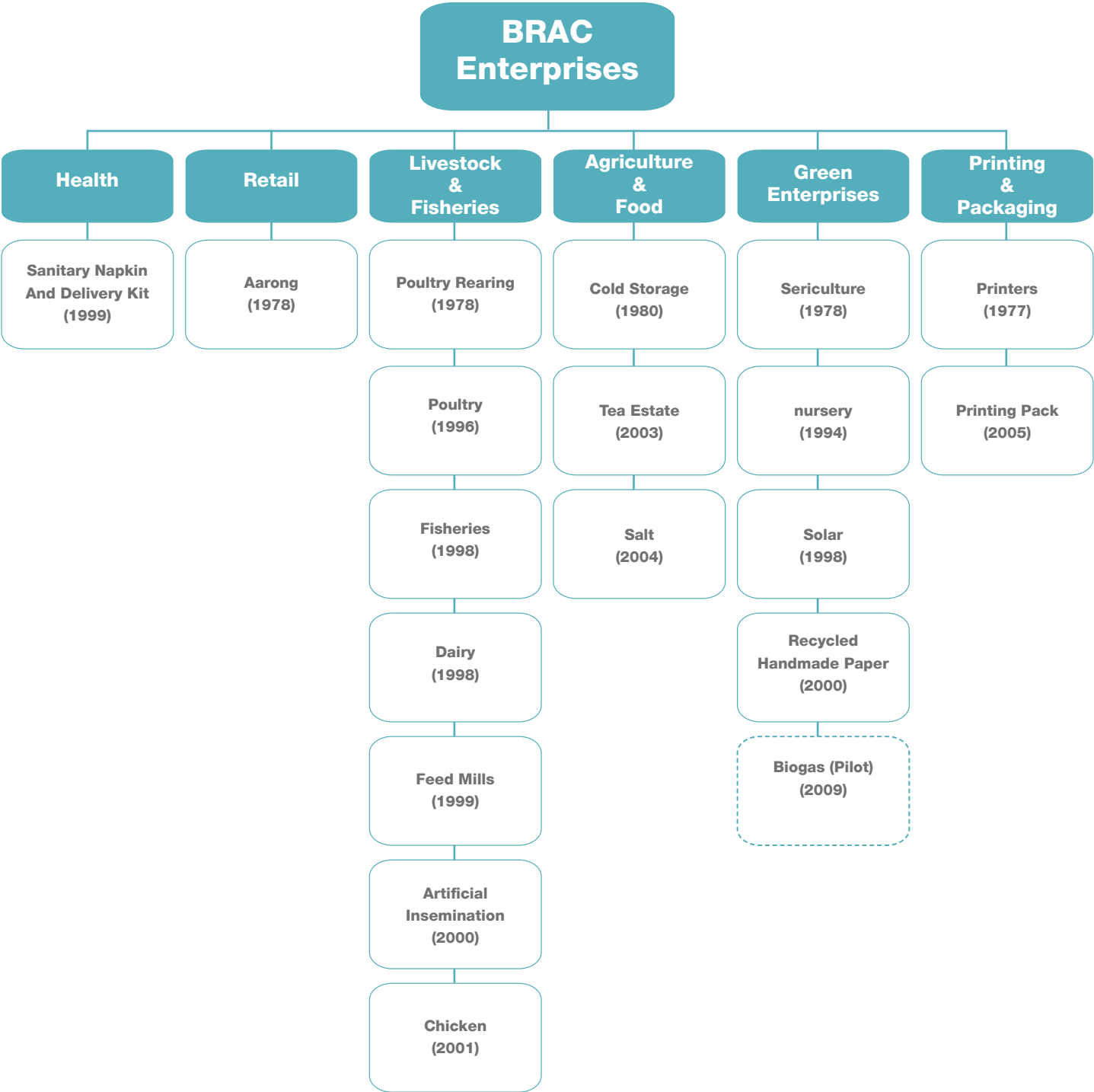
## **Continuous Innovation:**

BRAC's extensive network of enterprises with the capacity to address major social needs allows BRAC to continually identify needs and create innovative solution to fulfill that need and create necessary market linkages. For example, in response to the severe iodine deficiency observed among the members of BRAC's health programmes and concurrent lack of hygienic iodised salt in the market, BRAC created a salt enterprise, BRAC Salt, in order to help fulfill the need for iodised salt throughout the country. In the subsequent years though, primarily due to increased number of new entrants to the market, BRAC Salt started to lag behind in terms of creating surplus, and termination of the enterprise became a possibility. Instead, BRAC focused on an innovative way to utilise its surplus salt production by producing a salt-based, high-nutrient cattle feed called Minamix. This product innovation not only proved financially profitable but also allowed BRAC to retain its employees and entrepreneurs and redirect their skills and resources toward a sustainable enterprise.

## **Holistic Support:**

Because of its integrated network and unique model, BRAC has the advantage, ability and capacity to provide holistic support and truly take care of its stakeholders, i.e. the entrepreneurs involved with the BRAC enterprises. For example, in 2011 due to market infeasibility, BRAC was compelled to shut down its Sanitary Napkin and Delivery Kit operations in Chinmari, an area that comprised of ultra poor members with very little or no entrepreneurial skills. Instead of terminating these people and leaving them in abject poverty, or providing them with cash severance that they had no knowledge of how to invest or protect, BRAC enrolled these people under BRAC's Targeted Ultra Poor (TUP) programme. Under TUP, each of these people were given Taka 10,000 worth of assets such as cows and chicken, were provided education, training and resources to take care of their animals and were even provided training under BRAC's artificial insemination programme. As a result, each of these BRAC members was given the opportunity to remain on track for financial solvency and increase their capital and skills in the process, instead of getting lost in abject poverty and unemployment.

# BRAC Enterprises at a glance:



BRAC ENTERPRISES BY SECTORS

## Next Steps

The next step for BRAC enterprises is to continue capturing new opportunities in existing and new sectors that will further the mission and vision of BRAC. Through continuous identification of new opportunities and innovation of new products BRAC will continue to create interventions that address social needs, fosters social equality and justice and alleviates poverty. In that light, the immediate next focus of BRAC enterprises is toward environmentally sustainable sectors such as carbon emissions, nursery, clean energy and clean water. Concurrently, BRAC Investments is also focusing its efforts toward creating financial sustainability through impact investing, equity sponsorship of small to medium sized companies, financing of innovative social entrepreneurial ventures etc. which further enhances the potential of new enterprise creation and sustainable development.





# Frequently Asked Questions



## What is a Social Enterprise?

A Social Enterprise is a business venture that aims to achieve financial returns while fulfilling social, environmental and/or other developmental goals. Typically, social enterprises serve as a means to provide financial solvency to the low income populations while ensuring that the social obligations such as alleviation of poverty, illiteracy, diseases, environmental impact etc. are met. That is why social enterprises are considered alternative business models with a double or triple bottom line, i.e. they have the obligation to combine financial sustainability with social and/or environmental missions.

## Are Social Enterprises same as non-profits?

No. Social enterprises can be non-profit, low-profit or for-profit organisations as long as their underlying social and environmental missions are fulfilled and as long as the social/environmental goals are just as instrumental (if not more) for the business as its financial goals.

## Are BRAC Enterprises non-profit?

No. BRAC is a non-government organisation (NGO) that runs Development Programmes, Enterprises and Investment programmes. **BRAC Development Programmes** are purely non-profit and run with BRAC's internal funds or external donor funds. **BRAC Enterprises** are all inceptioned as interventions in order to address an existing social need and are dedicated toward alleviation of poverty; however, they are run as businesses with profit maximising potential. Some of the enterprises are run at/below cost, such as BRAC Sericulture, whereas other enterprises such as Aarong have evolved into highly surplus generating ventures by fulfilling greater urban market needs. However, BRAC, the NGO, does not distribute any part of the profit to

any shareholders. Instead, BRAC aims to serve its stakeholders, i.e. the targeted low-income population, and therefore, reinvests 50% of the financial profits from BRAC's enterprises in the non-profit development programmes such as education and healthcare. The remaining 50% of the enterprise profits are reinvested in the BRAC enterprises themselves on an as-needed basis. The profitability of a commercially successful enterprise therefore cross-subsidises the less or not profitable enterprises. **BRAC Investments** consist of surplus generating, strategic investments seeking financial returns while fulfilling underlying social/philanthropic missions. For example, BRAC Bank operates as a conventional bank but provides loans to small and medium enterprises, BRAC-Delta Housing Finance Corporation provides financing for low-income housing.

## Are BRAC Enterprises Social Enterprises?

BRAC can be best described as a surplus generating social entrepreneur that combines surplus with sustainability in order to alleviate poverty. Through each of its enterprises, BRAC aims to fulfill three criteria, referred to as the "3Ps": serving the **people**, benefiting the **planet** and also making **profit**. All BRAC enterprises are driven by social and/or environmental causes with ultimate goal to alleviate poverty. However, BRAC also strives to make its enterprises as financially viable as possible without deviating from the respective social missions and without depriving the low-income entrepreneurs that the BRAC enterprises aim to serve.

## Does BRAC make money off the poor?

No. BRAC enterprises ensure that the local suppliers (mostly poor villagers) receive skills, training and resources, produce their products efficiently and sell them in larger markets where demand and consumers' willingness to pay are the greatest. As a result, these

fragmented suppliers become small entrepreneurs and advance on their path to financial solvency through BRAC's enterprises. Through its retail outlets and distribution channels, BRAC re-sells some of the commercially viable products however, always ensuring that the suppliers receive fair price and that the underlying social cause has been served.

## What is BRAC Enterprises' bottom line?

Although all of the BRAC enterprises are committed toward achieving financial, social and environmental returns, BRAC takes a unique approach in defining its triple bottom line by focusing on three ethos: **people, profit and the planet** (the "3Ps"). A BRAC enterprise must meet three criteria in order to be considered a successful and sustainable business:

- It must serve the needs of poor people
- It must be environmentally friendly, and
- It must make profit to help keep BRAC's development works sustainable

## How can BRAC enterprises be for-profit yet remain true to the social/environmental missions?

Through its collaborative network of enterprises, development programmes and investments, BRAC has pioneered a unique model that advocates for business sustainability as "doing well by doing good". BRAC Enterprises strive to strike the right balance between financial profits and social returns in order to achieve the targeted double/triple bottom lines. By operating as a for-profit organisation that aims to alleviate poverty through its business operations and supply chain, BRAC succeeds in implementing its vision to serve the society

in a profitable manner.

## **What factors influence the development plan and strategy of a BRAC Enterprise?**

BRAC takes a holistic approach in conceptualising and developing each of its enterprises. As BRAC enterprises have expanded from development programme support mechanisms to profitable enterprises with financial and social missions, each enterprise has ensured that it complies with the four fundamental objectives of a BRAC enterprise:

- a. Creating job opportunities
- b. Generating surplus for BRAC in order to minimise donor dependency
- c. Ensuring long-term support and contribution toward the sustainability of BRAC's development interventions such as microfinance, education and skills development etc.
- d. Becoming viable investments in the long run in order to act as 'hedge' against future liquidity crises and donor dependency

## **Why is it important to reduce donor dependency?**

Donor funds can be subject to limitations including finite availability and even scarcity during global financial crises and liquidity crunches. Moreover, reliance on donor funds can sometimes restrict an organisation's ability to utilise the funds according to its original missions and visions. BRAC captures the financial gains from its profitable enterprises and reinvests the money, and as a result currently finances 73% of its annual expenditure across its enterprises and development

programmes, with only 27% coming from donor funds.

## **Why does BRAC continue to exist and expand its enterprises?**

Although most of the BRAC enterprises were initially developed to support BRAC's development programmes, majority of them currently operate as surplus generating ventures while maintaining their ongoing commitment toward alleviation of poverty via empowerment of the poor. BRAC enterprises no longer just serve the immediate purpose of creating market access – they maximise and monetise market opportunities, making significant contribution to local economy through development of market linkages, entrepreneurs and employment opportunities. The current surplus generating model of BRAC's enterprises concurrently achieves scalability, greater outreach and maximum impact. By targeting profitable and scalable businesses, BRAC enterprises are able to fulfill their social missions at a much greater scale while increasing financial surplus that reduce the organisation's donor dependency and support BRAC's developmental programmes and other innovations at a greater level. Upon ensuring fair price to local suppliers and fostering entrepreneurship and employment at the grass root level, BRAC enterprises focus on successful marketing and distribution in the urban and rural markets and generate the maximum surplus that consumer demand would allow. In most cases, BRAC enterprises end up creating new opportunities in an un-served/under-served market, which creates space for new entrants to the market and fosters healthy competition. That is why BRAC enterprises continue to exist, expand and innovate through across multiple sectors.

## **What makes BRAC different?**

The unique "BRAC Model", that comprises of an integrated network of Enterprises, Development Programmes and Investments together provide a distinctive synergy and essentially creates a 2+2=5

Effect. BRAC development programmes typically serve as inspirations and opportunities to identify 'gaps' where BRAC enterprises can come in and increase the productivity of people, assets, generate surplus for the organisation, create job opportunities and provide a better quality of life for poor people and the communities they are from. The surpluses generated by the social enterprises help BRAC become self-sustaining, allows financing of innovative enterprises and help grow the existing enterprises so that larger numbers of poor people can become financially self-reliant. The dividends from BRAC Investments contribute toward financial sustenance of both BRAC Enterprises and Development Programmes, create inclusivity and provide hedge against future liquidity crisis. Moreover, the integrated network and surplus generating ability allow BRAC enterprises to truly take care of its members in tough situations when an unfeasible operation needs to be shut down and job loss becomes unavoidable. In such cases BRAC has been able to provide alternative support, such as in case of BRAC Dairy, BRAC was able to avoid shutting down of 16 milk-chilling stations in an ultra poor area and corresponding job losses by investing in capacity enhancement of these chilling stations up to 15%. In case of the closing of a sanitary napkin production center in an ultra poor area, BRAC successfully transferred its contracted employees to the Targeted Ultra Poor (TUP) programme instead of laying people off or settling with a short-term severance. Under TUP, each of these workers receive Taka 10,000 worth of tangible assets such as cattle or poultry, received resource, training and education for taking care of these animals and consequentially, got the opportunity to remain on track for financial solvency and increase their capital and skills in the process, instead of getting lost in abject poverty and unemployment.

This synergetic approach as a whole maximises BRAC's impact and contribution toward poverty alleviation, and provides BRAC Enterprises with five distinctive advantages:

- a. Synergy
- b. Cross Collaboration
- c. Cross Subsidy
- d. Continuous Innovation

e. Holistic Support

## **How does BRAC ensure that the surplus is really reinvested on an “as needed” basis?**

The surplus of BRAC's enterprises is in fact distributed as per the need and viability of the respective enterprises and development programmes. Affiliated, capital-intensive entities such as BRAC University are established as separate and autonomous institutions and do not fall within the periphery of BRAC, the NGO, which governs the enterprises, investment and development programmes. The surplus from BRAC Enterprises is 50% reinvested within the enterprises, and the remaining 50% goes to support BRAC's "core fund" to support overall expenditures including the non-profit development programmes. The financial dividends from BRAC investments help support BRAC's self-financing capabilities, reduce donor dependency and create a 'safety net' or hedge against future liquidity crisis.

## **What is BRAC's selection process for the entrepreneurs for a given enterprise?**

BRAC's selection process across its enterprises and programmes are based on skills and financial need. For example, for the retail outlet Aarong, BRAC employs artisans, craftsmen or seamstresses from local BRAC regions and provides them with extensive training in order to meet consistency and quality of Aarong products, while ensuring fair wage, healthy work environment and reasonable working hours. For a development programme such as the Targeted Ultra Poor (TUP) Programme, the extreme poor, i.e. usually about the bottom 10%-15% of the low-income populace in a region, who do not have the ability or aptitude to launch an entrepreneurial venture with a micro loan, are deemed eligible and received asset transfer from BRAC, such as cows, chicken etc. These TUP members also receive extensive training and resources to develop their skills (such as training in artificial insemination), sanitary



environment (such as education on hygiene, cleanliness and arsenic free water), health (such as receiving vaccination, free eye check-ups and prenatal check-ups from trained health workers,) and safe housing (such as receiving tin sheets to build roofed houses for people and cattle), and enabled these deprived population to continue up BRAC's "Economic Graduation" ladder.

## **How does BRAC monitor its enterprise operations and ensure consistency in quality?**

By utilising local expertise, providing extensive training to BRAC's members and participants in BRAC's enterprises/programmes, and following a holistic approach toward poverty alleviation that not only aims at increasing the members' income but also facilitates awareness of health, environment, social justice, gender equality etc.

## **How does BRAC Enterprises take care of its people?**

In addition to ensuring fair market wage, healthy work environment, reasonable working hours and increasing awareness, BRAC . For example, in 2009, BRAC Dairy was faced with the need to in order to remain a viable enterprise and had considered mechanising some of its production lines. But that would have ended up in considerable number of job losses and close down of unprofitable milk-chilling stations in ultra poor areas. So instead, BRAC invested in 16 of these chilling stations and increased their capacity by 5%-15%. On another instance, due to market infeasibility when BRAC was compelled to shut down its Sanitary Napkin and Delivery Kit operations in an area with ultra poor members with very little or no entrepreneurial skills, instead of terminating these people and leaving them in abject poverty, or providing them with cash severance that they had no knowledge of how to invest or protect, BRAC enrolled these people under BRAC's Targeted Ultra Poor

(TUP) programme. Under TUP, each of these people were given Taka 10,000 worth of assets such as cows and chicken, were provided education, training and resources to take care of their animals and were even provided training under BRAC's artificial insemination . As a result, each of these BRAC members was given the opportunity to remain on track for financial solvency and increase their capital and skills in the process, instead of getting lost in abject poverty and unemployment.

## **What are the primary challenges of the “BRAC Model”?**

As BRAC and its enterprises continue to grow and expand their outreach of social and financial benefits, the challenge remains to continue to maintain social impact while generating surplus without drifting away from BRAC's mission and vision, i.e. to alleviate poverty and benefit the people, the planet and create surplus in the process that can help BRAC become self-sustaining and continue to grow. Since BRAC is not a commercial or profit-driven institution, the returns from BRAC's investments and enterprises aim to beget social as well as financial returns. In nominal terms, these returns are not at par with strictly commercial, profit-driven players in the market.

## **What are the “next steps” for BRAC enterprises?**

The next step for BRAC enterprises is to continue capturing new opportunities in existing and new sectors that will further the mission and vision of BRAC. Through continuous identification of new opportunities and innovation of new products BRAC will continue to create interventions that address social needs, fosters social equality and justice and alleviates poverty. In that light, the immediate next focus of BRAC enterprises is toward environmentally sustainable sectors such as carbon emissions, nursery, clean energy and clean water. Concurrently, BRAC Investments is also focusing

its efforts toward creating financial sustainability through impact investing, equity sponsorship of small to medium sized companies, financing of innovative social entrepreneurial ventures etc. which further enhances the potential of new enterprise creation and sustainable development.