



SIERRA LEONE
Annual Report 2010



About **BRAC**

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

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

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

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Cover Photo: Kadiatu Sesay, a model farmer from Lunsar is proud for her greater yield of crop after receiving inputs and training from BRAC.

About BRAC: A typical scene along the coastline of Freetown.

BRAC

in SIERRA LEONE

BRAC is an organisation that believes in scale. Since 2008, BRAC has been working to lift people in Sierra Leone out of poverty by fostering entrepreneurship and helping Sierra Leoneans realise their potential. We have launched successful programmes in microfinance, health, agriculture, poultry and livestock, and human rights and legal empowerment, reaching almost half a million poor Sierra Leoneans. In 2010, our microfinance programme expanded to 35 branches and more than doubled its number of borrowers while our agriculture programme started production of high quality rice seeds at our seed testing and multiplication farms in Karafay and Magbafth. The health programme established a diagnostic centre to provide low cost laboratory services to poor Sierra Leoneans. Our human rights and legal empowerment programme was launched in three branches. As the programmes expand, we are providing career opportunities for young Sierra Leoneans eager to contribute to their country's future. We currently employ 352 Sierra Leoneans (80% female) and have mobilised more than 600 community-based promoters as part of our wider team.



Mariame Koroma (left) and Melvian Luke (right) Branch Manager of Aberdeen Branch assist a member with the signing of her first loan in Freetown.



Chairperson's Statement

The year 2010 marks BRAC's second full year of operations in Sierra Leone. Our experiences so far in adapting our comprehensive development model to the country context and implementing our integrated package of programmes have been highly positive.

BRAC's multifaceted, microfinance multiplied approach bears considerable relevance in the context of Sierra Leone, especially for the country's agriculture sector, where extensive untapped opportunities exist. For rice-based agriculture in particular, BRAC's longstanding experience and expertise working in the rice sector in Bangladesh lends us a critical edge.

From inception we have enjoyed a strong partnership with the government of Sierra Leone, especially centring on agriculture. In the coming years, we will continue to place emphasis on supporting the government in strengthening this sector. The focus of our integrated programmes will be towards developing agro-based livelihoods through the provision of financial services, technical assistance, transfer and dissemination of information and technology. Agricultural research will play a major role in reinforcing our work in this sector. We are committed to working with the Sierra Leonean government to harness international agricultural research and funding to increase farm productivity in

the country. The launch of BRAC's seed testing and multiplication farm is an important step towards this goal. The continued expansion of our agricultural extension network into rural areas will also support this sector's development while creating much-needed employment opportunities.

The early success of our work in Sierra Leone has been due largely due to the commitment of our staff, the strong involvement of our members and their communities and the steady support of our partners - particularly the Omidyar Network, SEDF, Foundation Open Society Institute, Humanity United and UNCDF MicroLead Programme, as well as the Sierra Leonean government. I hope that we will continue to build on these relationships towards greater successes in improving the lives of the poor of Sierra Leone.

Fazle Hasan Abed
Founder and Chairperson, BRAC



Md. Aminul Alam
1949-2010

A Lasting Legacy

Aminul Alam: Field Marshall and Changemaker

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

Sir Fazle Hasan Abed

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

Marty Chen

Aminul Alam (1949-2010) joined BRAC in 1975 and worked closely with Sir Fazle Hasan Abed for more than thirty-five years helping turn vision into reality. Amin was at the heart of our very first field programmes and eventually went on to become a leading figure in the evolution and story of BRAC as we know it today. We want to celebrate his achievements and continue to build on his efforts towards helping men and women realise their potential in Bangladesh and in developing countries around the world.

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

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

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

Today, BRAC is the largest NGO in Afghanistan offering education and health services across the country reaching more than 24 million people. Amin’s leadership in expanding BRAC programmes across Bangladesh, and then to 10 countries around the world is undoubtedly one of his most important legacies to BRAC’s work.

Microfinance



Baby Mansary took a loan from BRAC and sells fruits and vegetables in her neighbourhood at Goderich, Freetown.

Programme Highlights

"I took my second loan, 1 million Leones [250 USD], in October 2010. I buy the goods in town, around PZ area, every 3 days. Before BRAC, I could make 100,000 [25 USD] profit per month, but now around 150,000 [38 USD]. BRAC is good. BRAC makes me feel proud. They didn't know me before, but they trust me and gave me money. They encourage customers. Oh, they are good!"

Fatmata Kamara (35), *microfinance borrower selling shoes, stuffed animals and toiletries in Lumley, Freetown*

About 50,000 people were killed in Sierra Leone's 11 year civil war, which ended in 2001. The country was left devastated and hundreds of thousands of Sierra Leoneans were displaced or became refugees in neighbouring Guinea and Liberia. An estimated 70% (2004) of the population is living below the poverty line of USD 1 per day, most of whom are in rural areas. BRAC began working in Africa in 2006. Drawing upon experiences from Uganda, Southern Sudan and Tanzania, BRAC was encouraged to work in Sierra Leone and sent a team to West Africa in early 2008. Operations in Sierra Leone were also launched that year. BRAC MicroFinance (SL) Limited was incorporated in January 2009 and disbursed its first loans in June of the same year.

Across Sierra Leone, every week, more than 16,000 women attend their local BRAC microfinance meetings to repay their weekly loan installments, apply for new loans, buy health products from their community health promoter (CHP) and receive additional support for their varied small businesses.

We focus on both the economic and social needs of our target borrowers in Sierra Leone, recognising and understanding that communities of borrowers require multiple interventions to move out of poverty. Microfinance initially paves the way for BRAC because it harnesses the power of the group as both an economic and social unit offering support and security for the loans of its members. Microfinance groups or Village Organisations (VOs) can later become a delivery platform for community based information and services such as health care, education and other livelihood activities. This approach to development has a multiplying effect by not only helping individuals but their entire community pull itself out of the spiral of poverty. BRAC believes that community partnerships and institution-building are essential in sustainable development and in spreading knowledge to future generations.

BRAC's microloans are specifically designed for poor women, assisting them to undertake income generating activities. Our services are very accessible as we go directly to the poor women we are targeting and meet them in their villages, homes and places of work. As a result, our members can avoid any travel costs and minimise time spent away from their businesses. We

also provide training and capacity building for income generation, thereby increasing poor women's abilities to manage and expand their businesses and make the most of their small capital and resources.

ACHIEVEMENTS 2010

4.96 USD	million in microloans received by the members of 1,038 microfinance groups from programme inception in June 2009.
184 USD	is the average loan size BRAC provides Sierra Leone's poorest women who have now been able to start or invest in their businesses to sustainably generate more income.
16,564	women microfinance borrowers served by 35 BRAC branches. We are planning to open additional branches between 2011 and 2013.
97%	of BRAC's 254-strong Sierra Leonean microfinance programme staff are female. All local staff were hired and trained to operate the programme and help alleviate poverty among the poorest people in Sierra Leone.
273	borrowers benefitted from our Small Enterprise Programme, which serves individual men and women with small and medium sized businesses.



Isatu Gubacei from Funkia neighbourhood has started her own business with a loan from BRAC and now sells tea and cakes in a local market in Freetown.

Programme Description

BRAC specifically encourages female survivors of the civil war to join its programmes. Many of these women went through extremely traumatizing experiences and were forced to leave their places of origin for the capital Freetown, where they still live. BRAC supports them by admitting them to the microfinance groups and providing them loans and guidelines to start a good business or boost their existing enterprise.

"People have to take the lead in their own development and BRAC assists in a holistic way by providing not only microfinance loans, but also health services, agricultural and livestock inputs and capacity building. It is a win-win situation: when our members prosper, so does BRAC," said Md. Shah Alam, Country Manager for BRAC in Sierra Leone.

In 2010, BRAC expanded its loan services in Sierra Leone through its Small Enterprise Programme, providing loans to individual men and women running small and medium-sized enterprises.

BRAC's microfinance programme has been designed to provide reliable access to cost effective financial services to poor and marginalised women.

Programme Components

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

BRAC microfinance branch offices conduct area surveys and consult with community leaders and local elders to select the 30-40 members of each group. The group is then sub-divided into smaller groups of five, each with their own elected leader. The members of the small groups take co-responsibility to solve peer repayment problems. New borrower groups meet four times before any loan disbursement takes place. After that, they meet weekly to discuss credit decisions with their dedicated BRAC credit officer and make their loan repayments. BRAC provides training and technical assistance to its members and others in the community, empowering them to earn more income from existing activities and start new ones.



Members of a microfinance group in Upper Bush Water Adonkian Road recite their promises during a weekly meeting.

Microloans

At the core of the programme are microloans, which are exclusively for women participating in the group process. Borrowers range in age from 18-50 and have little or no education. BRAC lends to women who are not served by other microfinance institutions. Borrowers typically operate businesses that provide products or services to their local communities.

Key Features of a Microloan

- Loan repayments in small weekly installments
- No physical collateral needed
- Loan range: USD 100-300
- Competitive interest rates
- Death benefit provided
- Services delivered to member's village
- Available in rural and urban areas

Small Enterprise Loans

BRAC offers small enterprise loans to entrepreneurs seeking to expand small businesses. The loans enable owners to create new employment opportunities and provide new services. These small entrepreneurs would otherwise have limited access to the formal financial system – too large for microloans but with insufficient

collateral for commercial banks. The small enterprise loan is offered to an individual rather than to a group, and is available for both male and female entrepreneurs. Some members of the microloan scheme become eligible for a small enterprise loan as their businesses grow and expand and their investment needs change.

Key Features of a Small Enterprise Loan

- Available to both male and female entrepreneurs
- Loan range: USD 1,000-3,000
- Competitively low interest rates
- Repayment mode: equal monthly installments

Microloans- Most Popular Loan Uses

- Selling dried/smoked fish
- Selling second hand clothes/shoes
- Running a restaurant
- Selling palm oil
- Selling charcoal
- Selling rice
- Hairdressing business
- Selling kitchenware
- Selling soft drinks/water
- Selling seasonal fruits
- Selling plantain chips

Agriculture, Poultry and Livestock



Community members wait with their chicken to receive poultry vaccination in Kondatu section, Port Loko

Programme Highlights

“We are not only making frantic efforts to sensitize on the care and treatment of animals, but also encourage new entrepreneurs to commercialize their business in poultry and livestock through demonstrations.”

Abu Bakar Fofana, *Area Livestock Officer, Makeni*

BRAC launched the Agriculture, Poultry and Livestock programmes in Sierra Leone in 2008. Agriculture, including crops, livestock, poultry, fisheries and forestry, accounts for almost half of the country's Gross Domestic Product (GDP) and employs 66.4% (2004) of the economically active labour force. About 74% of the total land area is potentially cultivable, yet only 34% of the arable land is used, leaving ample opportunities for the sector to be developed.

In Bangladesh, BRAC has been working to increase the productivity of the agricultural sector since 1978, developing many supporting activities such as disease management, dissemination of improved breeds and crop varieties, supply of livestock and poultry feed and milk processing and distribution. Since then, we have helped more than 4.2 million people create and sustain livelihoods from different kinds of farming.

In Sierra Leone, the majority of people are involved in small scale farming activities, such as raising chickens, sheep, goats, pigs or cows, and cultivating small plots of land of less than three acres. Agriculture workers in Sierra Leone are constrained by declining soil fertility, low yielding inputs, lack of education on advanced farming techniques and rudimentary farm implements, whereas poultry and livestock rearers do not have access to reliable supplies of vaccines, drugs and feed, and are hampered in their activities by a scarcity of trained personnel and veterinary services.

In 2010, BRAC initiated support to model goat rearers, with the objective to enhance the development of goat farming, a market in which relatively few farmers are engaged. A total of 153 rearers were trained, 24 of whom were supplied with a pair of mature goats each. The female farmers benefit from technical support by their assigned community livestock and poultry promoter, who also provides the animals vaccines, de-worming and various types of treatment.

BRAC leases 63 acres of farm land from local communities in Marampa Chiefdom to produce quality seed for Sierra Leonean farmers to increase their yields. Farmers from the communities in Karafay and Magbafth near Lunsar are engaged at the farm as daily labourers. In

2010, BRAC's seed testing and multiplication farms began producing high quality rice seed. Rice varieties cultivated on 20 acres include Nerica L-19, Nerica-L 20, Rok-3, Rok-5 and Rok-24. Western Yellow maize is cultivated on 8 acres, ground nuts (varieties JL-24 and Marase) on 5 acres, and various vegetables for testing purposes on 3 acres.

ACHIEVEMENTS 2010

6	metric tonnes of high quality seed rice produced at the BRAC Seed Testing and Multiplication Farms
64,500	poultry birds vaccinated
1,600	animals treated by BRAC Livestock and Poultry Promoters
4,180	layer day old chicks distributed (including 4,500 kilograms of feed and essential vaccines) to 33 layer rearers
1,051	cockerels distributed to 5 cockerel rearers (including 1,500 kilograms of feed and essential vaccines)
48	mature female goats distributed among 24 poor female model goat rearers for restocking of livestock
246	model farmers trained to demonstrate good farming practices
2,188	general farmers trained in modern farming techniques since programme inception



"I heard about the Poultry and Livestock Programme from Skipper Fofana, a Poultry and Livestock Officer. I got interested and was luckily selected by BRAC to receive 3-day training. I got 100 chickens and they are all alive. My husband and I together take care of them. We have never raised chicken before. I learned how to take care of the chicken, to always change water 3-4 times per day because it gets dirty from the sawdust, they need lights at night. I vaccinated them once and feed them 4 times a day. After five months they started laying eggs - one per day. One egg sells for 650 Leones, which is around 40,000 Leones. We also pay for feed, vaccine, the chicks and sawdust." describes Zainab Bangura, poultry rearer, Lungi -1.

Programme Description

BRAC's Agriculture and Poultry and Livestock programmes address the problem of poor crop and livestock productivity in Sierra Leone. Our aim is to improve the efficiency and management of small to medium farm enterprises. The programme is designed to increase agricultural output, decrease livestock mortality, raise farm income, and increase rural employment. The programmes operate through experienced volunteer community agriculture promoters (CAPs) and livestock and poultry promoters (CLPPs) who are selected directly from our microfinance groups. The female promoters receive intensive training, supervision and supplies to inform and assist other farmers, enabling them to substantially improve crop harvests and livestock yields. Community promoters benefit from increased yields on their own farms as well as income from selling services and inputs, such as high quality seeds or vaccines, to their farming neighbours.

Agriculture and Poultry and Livestock Programme Assistants

Both the Agriculture and Poultry and Livestock programmes are coordinated at the branch level through dedicated programme assistants. Each programme assistant receives extensive training from BRAC on topics such as livestock and poultry rearing and diseases (for

poultry and livestock) and improved farming practices, high yield seed varieties and related technologies (for agriculture). Once trained, the programme assistant's role is to train and supervise the community agriculture promoters and community livestock & poultry promoters who are at the core of the programme. At any point in time, programme assistants can ask for assistance from their assigned area officers.

Community Agriculture Promoters

The primary agents for the agriculture activities are the self-employed community agriculture promoters (CAPs). They are required to have a minimum of two years agricultural experience and farm at least two acres of land. They must be willing to work with other low income farmers in their community and supply them with quality inputs. CAPs are trained by BRAC programme assistants to offer technical assistance to general farmers operating on a small scale, i.e. less than one acre of land.

BRAC agriculture programme assistants at the branch level attend microfinance group meetings to identify CAPs from among the members. The local BRAC branch is responsible for screening and short-listing candidates; the final selection is done by the agriculture extension officers at the area office.



Kadiatu Bangura, a model farmer from Port Loko tends to her vegetable farm after receiving training on agriculture from BRAC.

CAPs are then provided two-week training at the branch office. This covers farming techniques for specific crop varieties, focusing on the entire life cycle of the crop, starting from preparation of the land to harvesting. On completion of their training, each of the agriculture promoters identifies 250 small-holder farmers living in their communities with the support of the branch staff.

Forty of these farmers will become model farmers specialising in crop production and promoting good farming practices to others in their communities. CAPs assist the farmers on technical issues such as choice of varieties to grow, usage of improved seeds, crop-spacing, rotation, intercropping, weeding, planting, fertilisation, pest control, post harvest management and utilisation of byproducts as well as integration of crop and livestock enterprises within the farm. They also sell improved seeds and other agricultural inputs.

Community Livestock & Poultry Promoters

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

Health



Rugiatu Benson, a Community Health Promoter conducts a Health Forum in Port Loko.

Programme Highlights

"I helped a woman who was cooking and cut her leg on a stone. I washed the place with clean water and dried with clean cloth, and put bandage. When I came back after 3 days and the thing was removed, it was OK. They call me nurse Ada. They come to my house and say: "Ada, I suffer from headache, can you give me medicine?" The medicines are good. I am proud. Everybody knows me."

Ada Conteh, *community health promoter, Grass Field*

Sierra Leone, with a population of over 6 million, has only 2,435 health professionals, among which there are 134 physicians, to take care of the health needs in the country, which ranks 158 out of 169 countries in the 2010 Human Development Index. The health care system is particularly poor at the community level, which, considering the lack of available public transportation, especially in the rural areas, makes it impossible for many people to access the health care they require.

To address the issue of access to health services, BRAC began community health activities in Sierra Leone in 2009, following a proven model of community health care developed in Bangladesh. The health programme takes a multi-pronged approach to reduce the health risks for poor communities in Sierra Leone. We focus on the prevention and control of malaria, tuberculosis (TB) and HIV/AIDS, the reduction of infant and under-five mortality rates and increasing accessibility to health by taking basic health care to the doorstep of the people.

The Essential Healthcare Programme (EHC) expanded in 2010, and is now implemented from 20 branches in three Districts (Port Loko, Bombali, Tonkolili) and the Western Urban and Rural Areas. BRAC identifies and trains female members from our microfinance groups to become community health promoters (CHPs) and employs female programme assistants (PA) to supervise them. The women we select for the CHP training have been recommended by their microfinance officers and have a business that gives them time to conduct daily household visits. They are the central point of contact for health concerns in their communities. Since the start of our programme, we trained 400 Sierra Leoneans as CHPs to provide door-to-door basic health care. Each CHP has the overall responsibility for 150-200 households in her area that she will visit every month – all within one kilometre of her home. CHPs earn a small income from selling health care products such as sanitary napkins, hygienic soap, iodized salt and some over-the-counter drugs, such as paracetamol, anti-histamine and antacid.

Apart from their usual activities, CHPs participate in various national campaigns, for example on immunisation, polio vaccine administration and the promotion of malaria messages along with LLITN distribution at the community level. Their participation facilitates and strengthens the partnership and collaboration with the government for

further implementation of national tuberculosis and malaria programmes.

In 2011, focusing on Millennium Development Goal 6 (Combat HIV/AIDS, malaria and other diseases), BRAC will start working on malaria reduction strategies in Sierra Leone as a sub-recipient for The Global Fund to Fight AIDS, Tuberculosis and Malaria (Round 10) in collaboration with the principal recipients: the Government of Sierra Leone and Catholic Relief Services.

Diagnostic Laboratory

During implementation of its EHC Programme, CHPs often find themselves confronted with the limitations of the health system, for example a lack of quality diagnostic services. BRAC addressed this issue by establishing its first health and diagnostic center in Goderich in late 2010. The facility is located in the Western Rural area, covering a population of more than 50,000 under two of the BRAC branches (Lumley and Goderich) where no other diagnostic services are available to help meet the demand for affordable medical laboratory facilities. The lab provides

ACHIEVEMENTS 2010

80,000	households were covered by home visits from BRAC CHPs and 13,401 suspected malaria and TB patients were referred to the nearest established hospital, health centers and clinics for treatment and testing.
9,843	community health meetings organised by our programme assistants since programme start, attended by almost 160,000 participants. Issues covered included malaria, immunisation, TB and HIV/AIDS prevention, and hygiene.



"I go around visiting households in my community to check for various ailments, sell medicines and provide information on healthy living. Many people also come to my house to ask for advice and buy medicine. Oral Rehydration Saline and Paracetamol sell best", said Aminata Jallah, Community Health Volunteer, Waterloo.

Programme Description

Health PA Haja I. Kargbo (Grass Field Branch): "I knew the people in the community before, but things are different. I did not give any help. Now I render my help and assistance to the community and can be more useful to them. If they need medicine, they come to me."

She starts laughing. "One lady neighbour, her daughter was vomiting and very late in the evening she came to me. I mixed the ORS and gave it to her. The next day I visited the house and told her she should take the child to hospital. She went and took treatment for malaria and worms, and is better now."

I really feel good. I receive a lot of things from BRAC. I know about the medical side, but want to stay with BRAC to learn more. I am hoping for more training. I learn a lot, also for my personal life, and about interaction, giving information, communicating with people and listening to the community people. I want to stay with BRAC."

The BRAC Sierra Leone Essential Health Care Programme (EHC) is a scalable model of community health care. The overall goal of the EHC programme is to improve health conditions and increase access to health services by providing basic preventive health services in communities where BRAC has an established microfinance group. One member of each BRAC borrowing group is designated and trained as a community health promoter (CHP).

Programme Objectives

- To increase reproductive health care services by raising awareness, ensuring antenatal (ANC) and post-natal (PNC) visits and promoting facility-based deliveries;
- To reduce the incidence of malaria, especially among pregnant women and children, by enhancing control and prevention;
- To bring positive behavioural change for prevention of HIV/ AIDS and ensuring access to HIV/AIDS services through community sensitization and participation;
- To develop a community-based approach to increase and sustain malaria and TB case detection and cure rate as per the Millennium Development Goals;

- To improve basic sanitation and hygiene by encouraging behavioural change;
- To mobilize women and disseminate information through village meetings and home visits;
- To collaborate with the government to further facilitate and strengthen the implementation of national tuberculosis, malaria and immunisation programmes.

Programme Components

Reproductive Health Care

One of BRAC's primary concerns is to improve reproductive health care awareness and service utilisation. To fulfil this objective, CHPs identify pregnant women during their household visits and refer them to nearby government or non-government health facilities. CHPs also raise awareness of pregnancy care and antenatal danger signs, and follow up to ensure that ANC and PNC visits to health facilities are made. The CHP keeps a check on whether her clients have taken their Tetanus Toxoid (TT) doses and completed the Intermittent Presumptive Therapy (IPT) course, which is a promising treatment against childhood malaria in Africa. She also raises awareness on the importance of Voluntary Counselling and Testing (VCT) for HIV/AIDS.

Malaria Prevention and Control

During household visits, the CHP identifies suspected cases of malaria and refers the patients to the nearest health facility. She follows up to determine test results, see if the patient is taking their anti-malarial medication, and ensure the patient is recovering and not developing further complications. She keeps record of this information in her household visit register.

TB Prevention and Control

CHPs implement a well-tested community-based approach for increasing and sustaining TB case detection and treatment. During household visits, CHPs ask simple questions related to suspected TB cases (based on symptoms). When a TB suspect is identified, the CHP motivates that person to be tested at the BRAC Health and Diagnostic Centre or other health facility. She explains the dangers that TB can pose to the sick person as well as the rest of the family. She then follows up on the patient to determine test results.

Family Planning

During regular household visits, the CHP mobilizes and motivates women to use modern methods of contraception. She provides clients with birth control pills. For other temporary and/or permanent methods, couples are referred to government primary and secondary healthcare facilities.

Community Health and Nutrition Education

BRAC takes a multi-pronged approach to community health education. We offer general community health forums on issues such as malaria, immunization, TB and HIV prevention, maternal health, family planning, and sanitation, as well as weekly health meetings with the members of our microfinance groups.

Basic Curative Services

CHPs are trained to diagnose and treat some basic ailments such as diarrhoea, dysentery, common cold, helminthiasis, anaemia, ringworm, scabies, hyperacidity and angular stomatitis. They refer individuals with more complicated conditions to the nearest public and/or private health facility. CHPs earn a small income by selling over-the counter medicines and health commodities, a portion of which BRAC supplies in kind as part of its revolving fund for CHPs.

Human Rights and Legal Empowerment



The HRLE Programme provides a free alternative dispute resolution service through a network of community based paralegals.

Programme Highlights

“BRAC has made me self-reliant and given me the opportunity to serve my people. Because of my service to my people, I am well-appreciated by the community.”

Sarah Kamara, *Paralegal, Lunsar*

Prior to the civil war, access to the formal justice sector in Sierra Leone was restricted to the rich city dwelling population. Notwithstanding considerable post war donor investment, the rural poor, who form the bulk of the population, continue to face significant barriers to justice. These include economic restrictions, a lack of knowledge of the law and the formal legal system and a dearth of proximate legal services.

BRAC sought to respond to these problems through the launch of its Human Rights and Legal Empowerment Programme (“HRLE”) in Maforki, Koya and Marampa chiefdoms in 2010. The HRLE Programme uses BRAC infrastructure and builds on pre-mobilised communities to provide a free alternative dispute resolution service through a network of community based paralegals. BRAC paralegals are required to operate in a dualist legal system in which English common law and Sierra Leone customary law co-exist. Although customary law is legally required to be applied through customary courts, the common practice is for traditional rulers such as Paramount Chiefs, Section Chiefs, Town Chiefs and Village Headmen to run their own illegal courts known as “kangaroo courts” and to charge fines. The BRAC HRLE programme approaches such extra judicial activities by educating local communities, via community meetings, about the availability of both formal and informal judicial mechanisms such as mediation. The local community is also engaged with paralegal activities through Community Oversight Boards, of which twelve have been established. These Boards provide assistance to paralegals on issues concerning the customary law and practice of the people in the Chiefdom in which they are located.

In remote locations, sustained integration with the local community through permanent BRAC offices is not viable. BRAC therefore operates a mobile legal clinic service whereby paralegals travel to small communities and encourage the inhabitants to discuss their legal problems. The scarcity of lawyers in Sierra Leone in general and their conspicuous absence in the provinces due to the concentration in major cities, is a further justification for the operation of the mobile clinic service. The criticality of legal aid services is highlighted by the legal aid bill currently being tabled in Parliament. This demonstrates the Sierra Leone government's recognition of the importance of paralegal services in providing justice

services to the marginalised rural population of Sierra Leone.

When resolving ubiquitous disputes which arise during mobile clinic sessions or through reporting at the paralegal offices, the BRAC Sierra Leone programme focuses on mediation. Ongoing initiatives to strengthen the judicial system are admirable yet the court system remains restrained by the shortage of judges, heavy caseloads, corruption, inadequate training, a lack of modern technology, inadequate facilities. Mediation seeks to resort to the formal court structure only when it is essential in seeking justice for the victim. HRLE programme service users therefore have minimal exposure to these inherent procedural justice problems.

ACHIEVEMENTS 2010

180	cases received
8	programme staff employed
8	paralegals trained
3	community meetings held
12	community oversight boards trained
12	mobile clinics held
186	household surveys conducted



Alhaji A. Yillah, Human Rights Officer in Lunsar, explains his job." 15 out of 20 cases are about child maintenance. When the fathers leave, often they don't know that they are responsible for their children's maintenance. We explain the law to them clearly. The amount is agreed based on the financial capacity of the father and the wife's demand. For the first three months, they pay the money to BRAC and we give the money to the wife. If they cooperate, they can pay her directly after 3 months. The service is provided free of charge, there is no payment in cash or kind. I find it important that I interact with the poor every day and serve the community. Clients tell others about the programme and that is how we get new clients apart from conducting sensitisation classes. Sometimes, cases come up during sensitisation"

Case study

A seriously ill pregnant woman living in the Port Loko area reported to the BRAC paralegal office during 2010. Aminata's [fictitious name for confidentiality] complaint centred upon the delays she was encountering from the Magistrate's court. The origin of the case was a dispute between Aminata and another woman who had accused Aminata of seeking to engage in a relationship with her boyfriend. The accusations had no basis yet she suffered constant harassment from the perturbed lady who abused her in public, one day stating to Aminata that she would "abuse her, beat her and lock her up".

Aminata was petrified of the woman yet she reported the case to the Area Chief. The Chief attempted to settle the matter but the abuser refused to engage in discussions and instead took the matter to the Court Clerk (the man at the centre of the dispute). After receiving a court summons, Aminata attended court and called witnesses.

The Magistrate however failed to provide a judgement on the case which resulted in the abuse continuing and Aminata continually attending court in a weak state to obtain a judgement.

After receiving a confused Aminata at the Port Loko office, the paralegals visited the Magistrate to request information about the status of the matter. The case had not been correctly filed and was eventually found in a drawer of clerk's desk. After discussion between the paralegals and the Magistrate about the delays, Aminta received a court judgement the next day in her favour. The magistrate ordered the abuser to compensate Aminata her for time wasting and the money she has spent on the matter.

Programme Description

The BRAC Human Rights and Legal Empowerment Programme commenced with the recruitment of seven trainee paralegals in June 2010. Initially the paralegals were provided with field and office based orientation about BRAC's existing activities in Sierra Leone. Further training was provided to the seven paralegals, the programme Regional Co-ordinator and numerous other paralegals from different civil society organisations at a month long intensive session. This training was organised and facilitated by the Open Society Justice Initiative (OSJI) and sponsored by the World Bank, working in conjunction with the government of Sierra Leone.

The aim of the training was to generate the capacity to develop a national approach to justice services through the scale up of paralegal services using the Timap for Justice model. Timap for Justice being a successful Sierra Leonean paralegal organisation. The training included educating the paralegals about basic laws and providing them with the requisite paralegal skills.

Communities are mobilised about the BRAC HRLE programme via community meetings. The initial community meeting was attended by seventy people including paramount chiefs, section chiefs, village headmen, police, councillors, NGO leaders, religious leaders, local court chairman and district administrators. Community meetings continue to be organised in order to facilitate engagement between BRAC and the community about justice issues. A survey was conducted to inform and assist programme operators to about the needs of the community, including obtaining information about their knowledge, attitudes and practices on justice issues. This aided the trainee paralegals to understand the legal needs of the community.

The paralegals use the comprehensive training they received to strive to solve both individual client and community justice problems through the provision of free legal aid. This involves providing advice and assistance in both civil and criminal matters. The aim being to avoid protracted engagement with the formal courts. Clients report to the BRAC office or engage the paralegals at mobile clinics with their legal issues. Mobile clinics are one of the most effective tools used in sensitising deprived communities on justice issues. This process involves providing proximate legal services to remote communities who cannot easily access area offices. In the mobile clinic sessions, cases are reported and recorded and are often mediated in the village setting through the help of contact persons and community oversight board members. Twelve Community Oversight Boards have been formed. They are selected to assist and advise

paralegals on issues relating to the customs and tradition of the people. They also serve as check for the paralegals especially on the approach of the paralegal towards the community people. Paralegals update the client about the development of his/her case whilst assessing the client's condition at home and in the community. Litigation support is provided for disputes which cannot be resolved by mediation. In conjunction with qualified legal practitioners, paralegals monitor case developments at the local and magistrates court and relay this information to clients.

HRLE Complaints 2010

Nature and number of complaints received by the BRAC offices in Port Loko, Masiaka and Lunsar

Child maintenance	32
Family dispute	12
Breach of contract	31
Marital problem	13
Debt	21
Land dispute	12
Animal dispute	8
Employment	6
Theft	9
Rape	3
Teenage pregnancy	5
Other (including community level problems)	29
Total number of complaints received:	181

Recruitment, Training, Monitoring and Research



BRAC agronomist Kamakshi Prosad Hazra (front) and field workers Joseph Boima, Area Agricultural Extension Officer (middle) and Saidu Turay, Agriculture Programme Assistant (back) are on their way to monitor and supervise the activities of a demonstration plot in Masiaka.

Programme Highlights

Recruitment

BRAC has many young, committed staff implementing our work in the heart of local communities across Sierra Leone. By December 2010, we were employing 352 Sierra Leoneans, 80% of whom are women in their 20s or 30s looking for the fast career trajectory that BRAC offers our employees.

Jobs positions that were advertised and filled in 2010 included branch managers, credit officers, branch and area accountants, and as well as health, agriculture and poultry/livestock area coordinators and programme assistants. Community agriculture, livestock & poultry and health promoters are recruited through BRAC group members and individual contacts. In order to ensure the provision of quality training to our locally engaged staff as well as new recruits, financial management trainers were also hired. Through its new human rights and legal empowerment programme, BRAC recruited seven paralegals for programme implementation. In addition, BRAC engaged 31 experienced expatriate sector specialists to oversee the management of our different programmes and ensure that BRAC's extensive operational expertise was available for the benefit of its Sierra Leone operations. In 2010, two branch supervisors were promoted to area extension officers: one from the agriculture programme and another from the poultry and livestock programme.

Training and Capacity Building

Training and human resource development is a primary focus of BRAC in Sierra Leone. As we hire new staff, many of them straight out of college, it is critical to provide them with sufficient orientation and training. BRAC believes in constantly investing in building the capacity of existing staff, helping them to learn new skills and grow within the organization.

In 2010, branch managers and accountants from Liberia and Sierra Leone participated in a two-week financial management training in Monrovia, Liberia. Three financial management trainers received 19 days training on financial management and Training of Trainers (ToT) from BRAC Uganda. Overall, 873 Sierra Leonean staff participated in our various training sessions, and 3 expatriate area managers received orientation and training.

All training courses are participatory and include brainstorming sessions, large and small group discussions, case study analysis and presentations. To ensure our staff and volunteers are always kept up-to-date on the latest developments in their fields and provide the communities they work in with this information, BRAC organises monthly refresher trainings for all its community promoters. For managers, we hold monthly staff meetings at the country office and for our supervisors at their

respective area offices. All BRAC training courses are conducted by professional facilitators with considerable experience in training and capacity building.

Monitoring

The Monitoring department was established in October 2010 to provide management with input about the operational performance of programmes. Four Sierra Leonean nationals were recruited as monitoring officers and given a combination of formal classroom training as well as field exposure to each of BRAC's programmes in Sierra Leone. Monitoring officers use structured questionnaires to provide quick feedback to management on programme effectiveness and challenges. The Monitoring department is run separately from the country programmes to ensure that feedback is independent and fair.

Research and Evaluation

Established in early 2010, the primary responsibility of the Research and Evaluation Unit is to carry out rigorous evaluation of BRAC programmes to measure their effectiveness and impact in the communities. The research unit also has experience conducting operational research as needed by the programme. By the end of 2010, the unit had six researchers based in Sierra Leone and Liberia. It also had six permanent data entry operators and a field manager. In order to get an understanding of primary programme impact and to create a baseline for future research and evaluation, the unit started collecting quantitative data based on a quasi experimental survey design. The unit has also been able to do process documentation of all the programmes through qualitative designs.

Training courses	No. of participants 2010
Microfinance Management	175
CHPs training	200
Orientation on Microfinance and Survey	203
Basic Accounting	29
Trainers of Trainers (ToT) Financial Management	3
Financial Management Course	8
Basic Training for CLPPs	58
Broiler and Layer Rearer Training	71
Basic Training for Community Agriculture Promoters	50
Model Farmer Training	26
Basic training of Agriculture PAs	12
Basic training of Poultry and Livestock PAs	10
Basic Legal Systems (Formal and Customary) for Paralegals	7
Basic Legal Systems (Formal and Customary) for contact persons and Community Oversight Board members	24

Partnerships



BRAC partners with multiple investors to implement various programmes to alleviate poverty in Sierra Leone.

Investors

Funding from our investors, SEDF and Omidyar Network, enabled BRAC to start and implement our microfinance programme in Sierra Leone. Each investor holds 24.5% of the shares of BRAC MicroFinance (SL) Limited, with BRAC accounting for the remaining 51%. BRAC's Essential Health Care and Agriculture and Poultry and Livestock Programmes in Sierra Leone would not have been possible without funding from Foundation Open Society Initiative, Omidyar Network and Humanity United. Open Society Justice Initiative enabled us to initiate our Human Rights and Legal Empowerment programme in three branches in 2010. We are grateful for our investors' ongoing support.

Working with the Government of Sierra Leone

Since we started our operations in Sierra Leone in 2008, BRAC has maintained a good relationship with the Government of Sierra Leone. Some of the collaboration initiatives between BRAC and the Government of Sierra Leone include:

Microfinance

Before starting our microfinance activities, we ensured the approval from and support of the Ministry of Finance and Economic Development, and we registered BRAC MicroFinance (SL) Limited with the Registrar General Office and the Bank of Sierra Leone (Central Bank) as a credit-only microfinance institution.

Health, Agriculture, Poultry and Livestock

Before starting activities for our health and agriculture, livestock and poultry programmes, attestation was given by the Ministry of Health and Sanitation and the Ministry of Agriculture and Food Security. BRAC was registered as an INGO in Sierra Leone by the Ministry of Finance and Economic Development. All Ministries are kept updated about BRAC's activities through monthly meetings and reports.

At a decentralised level, BRAC always ensures collaboration with the District Council of the district concerned and registers with the District Council before starting any activities. At a local level, BRAC always consults with and obtains the permission from the paramount chief, section heads and village leaders of every chiefdom we intend to work in.

Other Collaboration

BRAC always ensures collaboration with key organisations and institutions in its areas of operation to create the greatest possible impact with our programmes. Since the beginning of our operations in microfinance, we have collaborated with the Bank of Sierra Leone as well as other

microfinance institutions. In addition to this, BRAC takes part in meetings and initiatives organised by MITAF, the Microfinance and Technical Assistance Facility - funded by KfW, UNCDF, UNDP and Cordaid - which gives technical assistance and training to microfinance institutions in Sierra Leone. The project aims to strengthen the capacity of the Sierra Leone Association of Microfinance Institutions (SLAMFI), which will ultimately take over responsibilities from MITAF, which is funded by KfW, UNCDF, UNDP and Cordaid.

Our Health Programme maintains ties with Marie Stopes International as well as government health facilities and private clinics for the referral of patients identified by Community Health Promoters and Programme Assistants.

Our Agriculture Programme has procured rice seeds from the Seed Multiplication Unit at the Ministry of Agriculture and Food Security, which is funded and supervised by the United Nations Food and Agriculture Organization, and has also commenced initial talks with Helen Keller International, an organisation supporting a number of BRAC projects in Bangladesh and interested in collaboration with BRAC in West Africa.

On an administrative level, BRAC works with the Sierra Leone Association of NGOs (SLANGO) to obtain residence and work permits for its expatriate staff and keep abreast of any developments pertaining to NGO activities and government rules and regulations.

"Indeed you have made wide and substantial impact, especially at a time when our emphasis is to reduce poverty [...] There is a need for us to empower the poor and that has been the area of your activities. You [also go] along with the areas of our priority [in agriculture and health]. The poverty level is very high and your commitment and efforts ensure that together we can reduce poverty as we move along."

President of Sierra Leone, Ernest Bai Koroma, during BRAC visit to State House



FINANCIAL STATEMENTS

BRAC SIERRA LEONE

INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

For the year ended
December 31, 2010

GENERAL INFORMATION

Board of Directors	:	Sir. Fazle Hasan Abed	-	Chairperson
		Dr. Mahabub Hossain	-	Member
		Mr. Muhammad A. (Rumee) Ali	-	Member
		Dr. Imran Matin	-	Member
		Mr. Tanwir Rahman	-	Member

Office : BRAC Sierra Leone
23 Old Lumley Road
Wilberforce
Freetown

Project Coordinator : BRAC Sierra Leone

Bankers : Standard Chartered Bank

Auditors : KPMG
Chartered Accountants
Bicentenary House
17 Wallace Johnson Street
P O Box 100
Freetown

DIRECTORS' RESPONSIBILITY STATEMENT

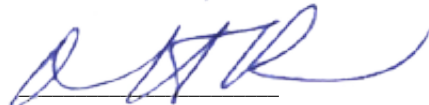
The Directors' are responsible for the preparation and presentation of these financial statements, which comprise the statement of financial position for the year ended 31 December 2010, the statements of income and expenditure and cash flows, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, on the basis of accounting policies described in note 3 of the financial statements; and for such internal control as the directors determine is necessary to enable the preparation of financial statement that are free from material misstatement whether due to fraud and error.

Approval of the financial statements

The financial statements, as indicated above, were approved by management and signed on its behalf by:



Dr Imran Matin
Deputy Executive Director



Tanwir Rahman, CPA
Director Finance



KPMG
Certified Public Accountants
11th Floor, PPF Tower
Ohio Street/Garden Avenue
PO Box 1160
Dar es Salaam, Tanzania

Telephone +255 22 2118866
Fax +255 22 2113343
Email info@kpmg.co.tz
Internet www.kpmg.co.tz

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF BRAC SIERRA LEONE

We have audited the financial statements of BRAC Sierra Leone which comprise the statement of financial position at 31 December 2010, the statements of income and expenditure and cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 5 to 16.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and presentation of these financial statements in accordance with the significant accounting policies stated in note 3 of the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility for the financial statements

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement including the assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Sierra Leone as at 31 December 2010, and of its financial performance and cash flows for the year then ended in accordance with the significant accounting policies adopted by the Organisation as stated in note 3 of the financial statements.

Other matter

The financial statements have been prepared in accordance with the basis of accounting described in note 3 for the purpose of determining the financial position of BRAC Sierra Leone for use by its management, BRAC and other donors, and the financial statements and related auditor's report may not be suitable for another purpose. Our report is intended solely for BRAC Sierra Leone of 23 Old Lumley Wilberforce, Freetown and should not be distributed to or used by parties other than BRAC Sierra Leone, BRAC and other donors.

Freetown

Chartered Accountants


Date:


3 May 2011

BRAC SIERRA LEONE
STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

<i>In thousands of Leones</i>	Notes	31 December 2010	31 December 2009
Assets			
Property and equipment	9	214,481	139,584
Total non current assets		214,481	139,584
Other assets	10	16,510	129,443
Cash and bank balances	11	4,897,508	7,723,530
Total current assets		4,914,018	7,852,973
Total current assets		5,128,499	7,992,557
Liabilities			
Grant received in advance account	12	4,671,812	7,502,033
Deferred income	13	214,482	139,585
Total long term liabilities		4,886,294	7,641,618
Inter-company payables	14	-	52,526
Accrued expenses	15	242,205	298,413
Total current liabilities		242,205	350,939
Total liabilities		5,128,499	7,992,557

These financial statements were approved by the Board of Directors on 2011


.....
Dr. Imran Matin
Deputy Executive Director


.....
Tanwir Rahman, CPA
Director Finance

BRAC SIERRA LEONE
STATEMENT OF INCOME AND EXPENDITURE
For the year 31 December 2010

Income

<i>In thousands of Leone</i>	Note	Year ended 31 December 2010	Fifteen months to 31 December 2009
Donations	4	4,120,266	460,776
Other income	5	282,816	1,127,109
		4,403,082	1,587,885

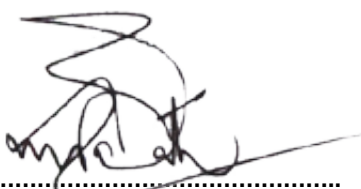
Expenditure


Staff costs	6	1,028,640	487,638
Administrative and other costs	7	2,199,791	897,017
Training and livestock cost	8	1,145,868	194,980
Depreciation	9	28,783	8,250
		4,403,082	1,587,885

Surplus

-	-
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These financial statements were approved on May 03 2011


.....
Dr. Imran Matin
Députy Executive Director


.....
Tanwir Rahman, CPA
Director Finance

BRAC SIERRA LEONE
STATEMENT OF CASH FLOW
For the year ended 31 December 2010

<i>In thousands of Leones</i>	Note	Year ended 31 December 2010	Fifteen months to 31 December 2009
Operating activities			
Cash received from donors	17	3,784	1,845
Cash paid to suppliers and employees	18	(4,370,100)	(1,358,139)
Net cash generated from operations		(4,366,316)	(1,356,294)
Interest received		15,735	9,150
Net cash generated from operating activities		(4,350,581)	(1,347,144)
Cash flow from investing activities			
Acquisition of fixed assets	10	(103,680)	(147,835)
Cash flows used in investing activities		(103,680)	(147,835)
Cash flow from financing activities			
Grant received in advance		1,364,942	8,102,394
Net cash in flow from financing activities		1,364,942	8,102,394
Net (decrease)/ increase in cash and cash equivalents		(3,089,319)	6,607,415
Effect of foreign exchange gain		263,297	1,116,114
Cash and cash equivalents at start		(2,826,022) 7,723,530	7,723,530 -
Cash and cash equivalents at the end of the year	9	4,897,508	7,723,530

The notes are an integral part of these financial statements

BRAC SIERRA LEONE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

1. Reporting entity

BRAC Sierra Leone is a Non-governmental organization it was registered with the Ministry of Development and Economic Planning on the 5 June 2008. The address of the organisation's registered office is 23 Old Lumley Road, Freetown.

BRAC Sierra Leone's principal activities are the provision of health services, agriculture and livestock programs. This is done by training farmers, shepherds, the provision of vaccine for herds, chicken and other animals. They are presently operating in the western area and some parts of the northern province.

2. Basis of preparation

(a) Basis of measurement

The financial statements have been prepared on the historical cost basis, using the accruals concept.

(b) Functional and presentation currency

These financial statements are presented in Leones which is the Organisation's functional currency. All financial information presented in Leones has been rounded up to the nearest thousand.

3. Significant accounting policies

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

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in profit or loss.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

	Years
Equipment	5
Furniture	10
Motor vehicles, motor bikes and bicycles	5

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

(iv) Disposals

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

(c) Investments

If the Organisation has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequently to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Organisation from classifying investment securities as held-to-maturity for the current and the following two financial years.

(d) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand and unrestricted balances with banks that are used by the Organisation in the management of its short-term commitments.

(e) Employee benefits

Defined contribution plan

The Organisation operates a defined contribution scheme. The scheme is generally funded through payments to the National Social Security and Insurance Trust or trustee administrated funds. A defined contribution is a pension plan under which the company pays fixed contribution into the separate entity. The organisation has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefit relating to employees service in the current and prior period.

(f) Donor grants

Income from donor grants is recognized when conditions on which they depend have been met. Substantially, donor grants are for the funding of projects and programs and for these grants income is recognized to equate to expenditure incurred on projects and programs. For donor grants which involve funding for fixed assets, grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed assets concerned.

All donor grants received are initially recorded as liabilities in Grants Received in Advanced Account. For grants utilized to purchase fixed assets, the donor grants are transferred to deferred income accounts whilst for grants utilized to reimburse program-related expenditure, the amounts are recognized as income.

(g) Grant income

This represent amount released from deferred income and grant received in advance account and reported as income for the period.

(h) Other income

Other income comprises foreign exchange gains and bank interest.

(i) Segment reporting

The organisation operates in only one economic environment – Sierra Leone and does not consider that reporting by business segment will lead to a clearer understanding of the financial statements.

(j) Staff cost

Staff cost comprise of salaries and allowances of administrative staff and project employees, social security contribution and other related expenses.

(k) Training and livestock cost

Training and livestock cost comprise of research and evaluation, training and vaccine.

(l) Administrative expenses

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

(m) Income tax expense

The organisation is exempt from paying taxes.

4. Donation

<i>In thousands of Leones</i>	Year ended 31 December 2010	Fifteen months to 31 December 2009
Transferred from grant received in advances account	4,091,483	452,526
Transferred from deferred income as a release to match the depreciation charge for the period	28,783	8,250
	4,120,266	460,776

5. Other income

<i>In thousands of Leones</i>	Year ended 31 December 2010	Fifteen months to 31 December 2009
Bank interest	15,735	9,150
Foreign exchange gain	263,297	1,116,114
Revolving fund for health volunteer	766	1,845
Income from poultry stock	433	-
Income from agriculture	2,585	-
	282,816	1,127,109

6. Staff cost

<i>In thousands of Leones</i>	Year ended 31 December 2010	Fifteen months to 31 December 2009
Salaries	956,494	465,205
Other staff costs	72,146	2,433
	1,028,640	487,638

7. Administration and other costs

<i>In thousands of Leones</i>	Year ended 31 December 2010	Fifteen months to 31 December 2009
Maintenance and general expense	163,056	45,346
Audit fees	33,150	26,679
Rent and utilities	284,029	106,744
Transport and traveling	461,913	291,644
Management and logistics	682,390	245,986
Stationery and suppliers	151,355	60,724
Other operating expenses	423,898	119,894
	2,199,791	897,017

8. Training, farming and livestock cost

<i>In thousands of Leones</i>	Year ended 31 December 2010	Fifteen months to 31 December 2009
Research and evaluation	612,808	90,058
Training cost	144,435	80,699
Farming and livestock	388,625	24,223
	1,145,868	194,980

9. Property and equipment

<i>In thousands of Leones</i>	Plant & Machinery	Motor cycle & vehicle	Furniture & fixtures	Total
Cost				
At start of the period	-	-	-	-
Additions	1,950	87,444	58,440	147,834
At 31 December 2009	1,950	87,444	58,440	147,834
At 1 January 2010	1,950	87,444	58,440	147,834
Additions	-	7,380	96,300	103,680
At 31 December 2010	1,950	94,824	154,740	251,514
Accumulated depreciation				
At start of the period	-	-	-	-
Charge for the period	260	4,193	3,797	8,250
At 31 December 2009	260	4,193	3,797	8,250
At 1 January 2010	260	4,193	3,797	8,250
Charge for the year	171	17,879	10,733	28,783
At 31 December 2010	431	22,072	14,530	37,033
Carrying amount				
As at 31 December 2009	1,690	83,251	54,643	139,584
As at 31 December 2010	1,519	72,752	140,210	214,481

10. Other assets

<i>In thousands of Leones</i>	2010	2009
Inter company debtor	-	129,443
Sundry debtors	16,510	-
	16,510	129,443

11. Cash and bank balances

<i>In thousands of Leones</i>	2010	2009
Bank balance	4,884,870	7,718,244
Cash in hand	12,638	5,286
	4,897,508	7,723,530

12. Grant received in advance account*In thousands of Leones*

	Note	2010	2009
Balance at start		7,502,033	-
Donation received during the period	(12.1)	1,364,942	8,102,394
Transferred to deferred income (investment in fixed asset)		(103,680)	(147,835)
Transferred to donations		(4,091,483)	(452,526)
Balance at 31 December 2010		4,671,812	7,502,033

12.1 Schedule of donation received**31 December 2010**

	USD	2010 Leones	USD	2009 Leones
FOSI/OSIWA	282,475	1,060,511	1,488,326	4,765,187
OSI-ZUG	81,290	304,431		
Omidyar	-	-	883,023	2,718,743
Humanity United	-	-	209,365	618,464
	363,765	1,364,942	2,580,714	8,102,394

13. Deferred income*In thousands of Leones*

Balance of start		139,585	-
Transferred from Grant received in advance account		103,680	147,835
Transferred to other income (as release from deferred income to match depreciation charge)		(28,783)	(8,250)
Balance at 31 December		214,482	139,585

14. Inter company payables*In thousands of Leones*

	2010	2009
Inter-company payables	-	52,526
	-	52,526

These are direct payment made by BRAC Bangladesh on behalf of BRAC Sierra Leone.

15	Accrued expenses		
	<i>In thousands of Leones</i>	2010	2009
	Sundry creditors	33,150	26,679
	Accrued expenses	209,055	271,734
		242,205	298,413
16	Result for the period		
	<i>In thousands of Leones</i>	2010	2009
	The result for the period was stated after charging:		
	Audit fees	33,150	26,679
	Depreciation	28,783	8,250
17.	Cash received from suppliers		
	<i>In thousands of Leones</i>	2010	2009
	Revolving fund from health volunteers	766	1,845
	Income from agriculture and livestock	3,018	-
		3,784	1,845
18.	Cash paid to employees and suppliers		
			Fifteen months to 31 December
	<i>In thousands of Leones</i>	2010	2009
	Staff cost	1,028,640	487,638
	Administration	2,199,791	897,017
	Farming and livestock cost	1,145,868	194,980
	Increase in intercompany receivable	(129,443)	129,443
	Increase in other assets	16,510	0
	Increase in accrued expenses	108,734	(298,413)
		4,370,100	1,410,665

19. Contingent liabilities

There were no contingent liabilities at the balance sheet date.

20. Related party

The organisation has a related party relationship with BRAC Microfinance (SL) Limited. BRAC Sierra Leone incurred expenses on behalf of BRAC Microfinance.

Year end balance arising from transactions with related party

<i>In thousands of Leones</i>	2010	2009
Intercompany debtor	-	129,443

21. Capital commitments

There were no capital commitments at the financial position date.

22. Post balance sheet date

Events subsequent to the financial position date are disclosed only to the extent that they relate directly to the financial statements and their effect is material. As at the date of signing this set of financial statements, there were no material post balance sheet events.

BRAC MICROFINANCE (SL) LIMITED
For the year ended 31 December 2010



GENERAL INFORMATION

Directors	:	Ms. Susan Davis	-	Chairperson
		Dr. Imran Matin	-	Director
		Mr. S.N. Kairy	-	Director
		Mr. Tanwir Rahman	-	Director
		Mr. Neal Delaurentis	-	Director
		Mr. Arjuna Costa	-	Director
		Dr. Nana M Tanko	-	Director
Registered Office	:	23 Old Lumley Road Freetown		
Secretary	:	Mr. Md. Shah Alam		
Bankers	:	Standard Chartered Bank Rokel Commercial Bank Sierra Leone Limited Ecobank SL Ltd First International Bank Ltd		
Auditors	:	KPMG Chartered Accountants Bicentenary House 17 Wallace Johnson Street Freetown.		

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report and financial statements on the affairs of the company for the year ended 31 December 2010.

Principal activity

The company is engaged in micro credit financing activities.

Directors' responsibility statement

The company's directors are responsible for the preparation and presentation of the financial statements, comprising the financial position as at 31 December 2010 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with note 3 of the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

Capital adequacy

The Bank of Sierra Leone is required to prescribe a minimum capital adequacy ratio for financial institutions, but this is yet to be determined for micro financing institutions.

Results for the period

The organisation made a loss of Le243.5 million for the year ended 31 December 2010, before the net unrealised foreign exchange gain of Le336.88 million shown in other comprehensive income.

Directors and their interest

The names of the directors are on page 1. None of the directors had any interest in the share capital of the company and no director has or had during the period, a material interest in any contract or arrangement of significance to which the organisation was or is a party.

Property and equipment

Details of the company's property and equipment are shown in note 17 to the financial statements

Employment of disabled people

BRAC Microfinance (SL) Limited is an equal opportunity employer and adheres strictly to the principle of meritocracy and fairness in all making. Discrimination of any individual employee or group of employees on the basis of sex, nationality or religion by another employee or group of employee, if proven, will be regarded as a sanctionable offence. There were no disabled people in employment of the company as at 31 December 2010.

Health, safety and welfare at work

BRAC Microfinance (SL) Limited supports the physical and emotional well being of its employees. Therefore, the company provides paid sick leave to all personnel. Doctors approved by the company grant all sick leaves.

Employee involvement and training

BRAC Microfinance (SL) Limited is committed to the smooth progression of its employees to meet current and future needs of the company and career aspirations of employees. The company has a career track to ensure that progression of appropriately skilled and experienced employees meet current and future needs of the company and its employees.

Training and development in BRAC Microfinance (SL) Limited is a continuous, formal process of improving individual performance and competency. Training serves as a vehicle for the transfer and development of requisite skills and aims at building up an empowered workforce. Annual training plans are developed to align with the company strategy and design to support specific performance objectives for each year.

Auditors

The auditors have indicated their willingness for continued in office and in accordance with Section 308 of the Sierra Leone companies Act 2009, a resolution for the re-appointment of KPMG as auditors of the Company is to propose at the forthcoming Annual General Meeting.

Approval of the financial statements

The Board of Directors approved the financial statements on .. *May 23* .. 2011.



Susan Davis
Chairperson



Dr. Imran Matin
Deputy Executive Director



Tanwir Rahman, CPA
Finance Director



Md. Shah Alam
Secretary



KPMG
Certified Public Accountants
11th Floor, PPF Tower
Ohio Street/Garden Avenue
PO Box 1160
Dar es Salaam, Tanzania

Telephone +255 22 2118866
Fax +255 22 2113343
Email info@kpmg.co.tz
Internet www.kpmg.co.tz

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF BRAC MICROFINANCE (SL) LIMITED

We have audited the financial statements of BRAC Microfinance (SL) Limited, which comprise the statement of financial position at 31 December 2010, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 6 to 23.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and presentation of these financial statements in accordance with the significant accounting policies set out in note 3 of the financial statements, and in the manner required by the Companies Act 2009 of Sierra Leone and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement including the assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Microfinance (SL) Limited as of 31 December 2010, and of its financial performance and its cash flows for the year ended in accordance with the significant accounting policies stated in note 3 of the financial statements, and have been properly prepared in the manner required by the Companies Act 2009 of Sierra Leone.

Other matter

The financial statements have been prepared in accordance with the basis of accounting described in note 3 for the purpose of determining the financial position of BRAC Microfinance (SL) Limited for use by its management, and other donors, and the financial statements and related auditor's report may not be suitable for another purpose. Our report is intended solely for BRAC Microfinance (SL) Limited of 23 Old Lumley Road, Wilberforce Freetown and should not be distributed to or used by parties other than BRAC Microfinance (SL) Limited, and other donors.

Freetown


Chartered Accountants

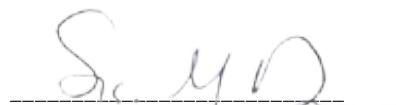
Date: 3 May 2011

BRAC MICROFINANCE (SL) LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

Asset*In thousands of Leones*

	Notes	2010	2009
Cash and bank balance	11	10,813,580	10,624,844
Fixed deposit	12	1,109,138	1,026,633
Loans and advances to customers	14	6,730,678	2,993,095
Property and equipment	17	606,050	286,743
Other assets	18	387,254	20,966
Total assets		19,646,700	14,952,281
Liabilities			
Deposit from customers	19	1,655,482	424,165
Current tax liability	10b	4,588	-
Deferred tax liability	10c	44,425	18,592
Grant from donors	20	3,685,074	-
Other liabilities	21	193,437	539,177
Total liabilities		5,583,006	981,934
Equity			
Share capital	22	12,244,890	12,244,890
Retained earnings		1,818,804	1,725,457
Total equity		14,063,694	13,970,347
Total liabilities and reserves		19,646,700	14,952,281

These financial statements were approved by the Board of Directors on 11 May 2011



Susan Davis
Chairperson



Dr. Imran Matin
Deputy Executive Director



Tanwir Rahman, CPA
Finance Director



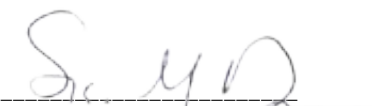
Md. Shah Alam
Secretary

The notes are an integral part of these financial statements


BRAC MICROFINANCE (SL) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December

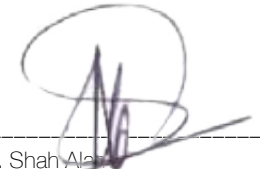
<i>In thousands of Leones</i>	Note	2010	2009
Interest income	5	3,146,938	310,312
Net interest income		3,146,938	310,312
Fees and commission income	6	236,535	122,394
Other income	7	686,987	713,704
Operating income		4,070,460	1,146,410
Net impairment loss on loans	14.1	(290,478)	(84,833)
Personnel expenses	8	(2,108,362)	(525,062)
Depreciation	17	(66,916)	(28,634)
Other operating costs	9	(1,817,812)	(654,615)
Total expenditure		(4,283,568)	(1,293,144)
Loss before income tax		(213,108)	(146,734)
Income tax expense	10a	(30,421)	(18,592)
Loss for the year		(243,529)	(165,326)
Other comprehensive income			
Net unrealised exchange gain	15	336,876	1,890,783
Other comprehensive income for the year		336,876	1,890,783
Total comprehensive income for the year		93,347	1,725,457

These financial statements were approved by the Board of Directors on May 25 2011


Susan Davis
Chairperson


Dr. Imran Matin
Deputy Executive Director


Tanwir Rahman, CPA
Finance Director


Md. Shah Alam
Secretary

The notes are an integral part of these financial statements

BRAC MICROFINANCE (SL) LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2010

<i>In thousand of Leones</i>	Share capital	Retained earnings	Total
Balance at 1 January 2009	-	-	-
Total comprehensive income for the year			
Loss for the year	-	(165,326)	(165,326)
Other comprehensive income,			
Net unrealised exchange gain	-	1,890,783	1,890,783
Total other comprehensive income for the year	-	1,890,783	1,890,783
Total comprehensive income	-	1,725,457	1,725,457
Transactions with owners, recorded directly in equity			
Issue of shares	12,244,890	-	12,244,890
Total contribution by owners	12,244,890	-	12,244,890
Balance at 31 December 2009	12,244,890	1,725,457	13,970,347
Balance at 1 January 2010	12,244,890	1,725,457	13,970,347
Total comprehensive income for the year			
Loss for the year	-	(243,529)	(243,529)
Other comprehensive income,			
Net unrealised exchange gain	-	336,876	336,876
Total other comprehensive income for the year	-	336,876	336,876
Total comprehensive income	-	93,347	93,347
Transactions with owners, recorded directly in equity			
	-	-	-
Total contribution by owners	-	-	-
Balance at 31 December 2010	12,244,890	1,818,804	14,063,694

BRAC MICROFINANCE (SL) LIMITED
STATEMENT OF CASH FLOW
For the year ended 31 December 2010

<i>In thousands of Leones</i>	Notes	2010	2009
Cash flows from operating activities			
Loss for the year		(243,529)	(165,326)
Adjustment for:			
Depreciation	17	66,916	28,634
Net impairment loss on loans	14.1	282,632	84,833
Tax expense	10a	30,421	18,592
		136,440	(33,267)
Change in loan to customers		(4,020,215)	(3,077,928)
Change in other assets		(366,288)	(20,966)
Change in deposits from customers		1,231,317	424,165
Change in other liabilities		(345,740)	539,177
Net cash used in operating activities		(3,364,486)	(2,168,819)
Cash flows from investing activities			
Acquisition of property, plant and equipment	17	(386,223)	(315,377)
Net cash used in investing activities		(386,223)	(315,377)
Cash flows from financing activities			
Issued shares		-	12,244,890
Grant received	22	3,685,074	-
Net cash from financing activities		3,685,074	12,244,890
Net decrease in cash and cash equivalents		(65,635)	9,760,694
Cash and cash equivalents at 1 January		11,651,477	-
Effect of foreign exchange fluctuation on cash and cash equivalents	15	336,876	1,890,783
Cash and cash equivalents at 31 December 2010	13	11,922,718	11,651,477

The notes are an integral part of these financial statements

BRAC MICROFINANCE (SL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

1. Reporting entity

BRAC Microfinance (SL) Limited was incorporated in Sierra Leone on 23rd January 2009. Its principal activity is the provision of micro finance loans to business women who fall within the target group using 40 instalment payments. The loans attract monthly interest charge of the rate of 2.5%. It commenced full operation in June 2009. It is a subsidiary of BRAC Foundation and the address of its head office is 23 Old Lumley Road in Freetown.

2. Basis of preparation

(a) Basis of presentation of the financial statement

These financial statements have been prepared in accordance with note 3 of these financial statement.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Fundamental and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in Leones, which is the organisation's functional and presentation currency.

(d) Use of estimates and judgments

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

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes 14.1: Impairment allowance for loan losses.

3. Significant accounting policies

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

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss as other comprehensive income.

(b) Interest income

Interest income and expenses are recognised in the income statement for all interest-bearing instruments on an accrual basis.

The recognition of interest ceases when the payment of interest or principals is in doubt. Interest is included in income thereafter, only when it is received.

(c) Other income

Other income comprises foreign exchange currency gain and bank interest. All realised foreign exchange gain and losses are recognized in the profit and loss for the period, whilst all unrealised foreign exchange gains and losses are shown as other comprehensive income, after arriving at the profit or loss for the period. Unrealised foreign exchange gains and losses are not included in the computation of the tax expense for the period.

(d) Fees and commission income

This is a fee paid by each respective group on approval of their loan application. It is charged by BRAC Microfinance (SL) Limited and used to cover loan processing costs. It comprised of membership fee and loan appraisal fee. The amount is usually paid before the loans are disbursed.

(e) Administrative expenses

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

(f) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances with other banks and unpledged fixed deposits with original maturities of less than three months, which are subject to insignificant risk of changes in their value and are used by the company in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the balance sheet.

(g) Property, plant and equipment (operating assets)**(i) Recognition and measurement**

Items of operating assets are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leasehold assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

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

	Rates	Useful lives
Motor vehicles/cycles	20%	5 years
Computer equipment	20%	5 years
Furniture and fittings	10%	10 years
Equipment	15%	6.7 years

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

(iv) Disposals

Gains or losses on the disposal or scrapping of property, plant and equipment are determined as the difference between the sales price less the cost of dismantling selling and re-assembly of the assets and the carrying amount. Any gains or losses are recognised in the income statement as other operating income or other expenses respectively.

(h) Financial assets

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

(a) Loans and receivables

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

(b) Held-to-maturity

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

(i) Impairment of financial assets

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

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

The organisation first assesses whether objective evidence of impairment exists individually and collectively. If the organisation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

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

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

(j) Provisions

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

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

(k) Liabilities for expenses

BRAC Microfinance (SL) Limited allocates 25% of it operating cost as BRAC's Head office overhead cost.

(l) Deposit of customers

BRAC accepts 10% of the loan disbursed amount to customers as collateral. This amount is being refunded to customers when they retire or are terminated from membership. It is interest free.

(j) Inventories

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.

(l) Employee benefit**(a) Pension obligations**

The organisation's operates a defined contribution scheme. A defined contribution plan is a pension plan under which the organisation's pays fixed contributions into a separate entity. The scheme is generally funded through payments to the National Social Security and Insurance Trust on a mandatory basis. The organisation's has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(c) Short-term benefits

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

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

(l) Share capital

Incremental costs directly attributable to the issue of an equity instruments are deducted from the initial measurement of the equity instruments.

(j) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjustment the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(k) Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it's recognised in equity or other comprehensive income.

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

Income tax payable on profits, based on the applicable tax law in Sierra Leone is recognised as an expense in the period in which the profits arise. The tax effects of income tax losses available for carrying forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Unrealised exchange gains and losses are shown as part of other comprehensive income and are not subject to tax

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. Financial risk factors

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

(a) Credit risk

The organisation's takes on exposures to credit risk, which is the risk that a client may be unable to pay amounts in full when due. Credit risk is managed by obtaining moral guarantee from group members to bear responsibility for repayment of both principal and interest amount when they are due. All repayments are made in groups and not individually. Impairment provisions are provided for losses that may have been incurred at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

All clients depending on the type of loan makes cash collateral savings and this can also be used to offset outstanding loan amounts due. A ten percent savings is made for all loans.

(b) Liquidity risk

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

(c) Market risks

Market risk is the risk that changes in market price, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

5. Interest income

In thousands of Leones

	2010	2009
Interest income on loans	3,146,938	310,312

6. Fees and commission income

In thousands of Leones

	2010	2009
Loan appraisal fees	107,678	79,977
Membership fee	127,374	42,417
Loan application fees	1,483	-
	236,535	122,394

7. Other income*In thousands of Leones*

	2010	2009
Realised foreign exchange gain	475,983	665,228
Bank interest received	97,487	48,476
Gain on early payment	113,517	-
	686,987	713,704

8. Personnel expenses*In thousands of Leones*

	2010	2009
Staff cost	2,108,362	525,062

9. Other operating costs*In thousands of Leones*

	2010	2009
Occupancy expenses	417,952	170,908
Stationeries and supplies	197,923	68,698
Audit fees	44,850	30,369
Maintenance cost	213,570	62,372
Utilities	107,795	16,790
Transportation and travelling	496,824	98,875
Training cost	55,585	11,579
Head office and logistic costs	283,313	195,024
	1,817,812	654,615

10. Taxation**(a) Tax expense****Recognised in the income statement***In thousands of Leones*

	2010	2009
Income tax expense	4,588	-
Deferred tax charge	25,833	18,592
Total tax expense	30,421	18,592

(b) Income tax account
In thousands of Leones

	2010	2009
Balance at 1 January	-	-
Corporation tax charge	4,588	-
Payment during the period	-	-
Balance at 31 December	4,588	-

Reconciliation of effective tax rate
In thousands of Leones

	2010	2009
Loss before income tax	(213,108)	(146,734)
Income tax on loss before tax	(63,933)	(44,020)
Tax impact of permanent difference:		
Non deductible expenses	-	-
Tax incentives	(11,298)	(2,953)
Deferred tax asset not recognised	105,652	65,565
	30,421	18,592

(c). Deferred tax asset and liabilities

Recognised deferred tax asset and liabilities

	2010			2009		
	Asset	liability	Net	Asset	liability	Net
Property plant and equipment	-	44,425	44,425	-	18,592	18,592
Impairment allowance	(135,690)	-	(135,690)	(25,450)	-	(25,450)
Tax loss carried forward	(35,527)	-	(35,527)	(40,115)	-	(40,115)
Deferred tax asset not recognized	171,217	-	171,217	65,565	-	65,565
	-	44,425	44,425	-	18,592	18,592

Movement in temporary differences during the year - 2010

	Opening balance	Recognised in profit and loss	Recognised in equity	Closing balance
Property, plant and equipment	18,592	25,833	-	44,425
Impairment allowance	(25,450)	(110,240)	-	(135,690)
Tax loss carried forward	(40,115)	4,588	-	(35,527)
Deferred tax asset not recognised	65,565	105,652	-	171,217
	18,592	25,833	-	44,425

Movement in temporary differences during the year - 2009

	Opening balance	Recognised in profit and loss	Recognised in equity	Closing balance
Property, plant and equipment	-	18,592	-	18,592
Impairment allowance	-	(25,450)	-	(25,450)
Tax loss carried forward	-	(40,115)	-	(40,115)
Deferred tax asset not recognised	-	65,565	-	65,565
	-	18,592	-	18,592

11. Cash and bank balance*In thousands of Leones*

	2010	2009
Cash at bank	10,715,954	10,619,658
Cash in hand	97,626	5,186
	10,813,580	10,624,844

12. Fixed deposit*In thousands of Leones*

	2010	2009
Fixed deposits	1,109,138	1,026,633

The fixed deposit is with Standard Chartered Bank (SL) Limited; at an interest rate of 7.5% per annum. The amount was placed for 90 days.

13. Cash and cash equivalents

For the purpose of the cash flow statement cash and cash equivalent comprise the following balances with less than three months maturity from the date of acquisition.

<i>In thousands of Leones</i>	2010	2009
Cash and bank balance (Note 11)	10,813,580	10,624,844
Fixed deposit (Note 12)	1,109,138	1,026,633
	11,922,718	11,651,477

14. Net loan portfolio*In thousands of Leones*

	2010	2009
Outstanding loan at 1 January	3,077,928	-
Loans disbursed during the year	14,523,900	4,241,650
Principal realised	(10,503,684)	(1,163,722)
Net loan before impairment	7,098,144	3,077,928
Impairment allowance	(367,466)	(84,833)
Net loan portfolio at 31 December	6,730,678	2,993,095

14.1 Impairment allowance*In thousands of Leones***2010**

Opening balance	84,833	-
Impairment allowance for the period	290,478	84,833
Write off	(7,846)	-
	367,465	84,833

The impairment allowance is computed at the rate of 2% on total loans disbursed.

14.2 Analysis by geographical area*In thousands of Leones***2010****2009**

Lungi I	392,715	280,795
Lungi II	356,765	263,978
Goderich	479,721	331,823
Aberdeen	527,814	378,093
Kissy	402,187	329,043
Waterloo	426,292	288,278
Masiaka	300,378	238,539
Port Loko	460,520	330,266
Lunsar	401,432	285,200
George Brook	356,390	351,912
Tengbeh Town	239,325	-
Fullah Town	197,287	-
Krootown	334,692	-
Grass Field	274,285	-
Lumley	365,766	-
Masuba	295,439	-
NP Manikala	269,083	-
Mile 91	203,845	-
OIC	215,869	-
Magburaka	242,972	-
Moriba Town	32,016	-
Torkpoi Town	25,123	-
Kulanda Town	25,953	-
Kandeh Town	41,501	-
Small Bo (Balama)	38,432	-
Balama Road	36,786	-
Hanga Road	52,367	-
Dama Road	32,836	-
Tongo field	36,543	-
Masingbi	8,252	-
So So Town	9,600	-
Kaquima	8,053	-
Bungalow	7,904	-
	7,098,143	3,077,928
Impairment allowance	(367,465)	(84,833)
	6,730,678	2,993,095

15. Net unrealised exchange gain*In thousands of Leones*

	2010	2009
Net unrealised exchange gain	336,876	1,890,783

This is unrealised exchange gain arising on the conversion of the company's year US Dollar cash balance.

16. Loss for the year:*In thousands of Leones*

	2010	2009
The loss for the year was stated after charging:		
Audit fees	44,850	30,369
Depreciation	66,916	28,634

17. Property and equipment*In thousands of Leones*

	Motor Vehicles Cycles	Furniture and fittings	Office Equipment	Total
Cost				
At 1 January 2009	-	-	-	-
Additions	130,020	118,483	66,874	315,377
At 31 December 2009	130,020	118,483	66,874	315,377
At 1 January 2010	130,020	118,483	66,874	315,377
Additions	16,515	197,933	171,775	386,223
As at 31 December 2010	146,535	316,416	238,649	701,600
Accumulated depreciation				
At 1 January 2009	-	-	-	-
Charge for year	19,016	4,961	4,657	28,634
At 31 December 2009	19,016	4,961	4,657	28,634
At 1 January 2010	19,016	4,961	4,657	67,286
Charge for year	26,926	18,368	21,622	66,916
At 31 December 2010	45,942	23,329	26,279	95,550
Carrying amount				
At 31 December 2009	111,004	113,522	29,898	286,743
At 31 December 2010	100,593	293,087	212,370	606,050

18. Other assets*In thousands of Leones*

	2010	2009
Intercompany receivables	307,587	-
Inventory - stationeries	16,744	20,966
Prepayment	449	-
Other receivables	62,474	-
	387,254	20,966

19. Deposit from customers*In thousands of Leones*

	2010	2009
Cash deposits	1,655,482	424,165

Ten percent of all loans disbursed are deposited by the recipients

20. Grant from Donors*In thousands of Leones*

	2010	2009
Grant from UNCDF SL	3,685,074	-
	3,685,074	-

This is a grant that was received from UNCDF for the enhancement of the microfinance program. The grant has been provided on the basis of the company fulfilling certain conditions, failing which, part or all of the money may have to be refunded to UNCDF SL.

21. Other liabilities*In thousands of Leones*

	2010	2009
Accrued expenses	44,850	30,369
Inter-company payable	140,184	379,365
Current account with field office	8,403	129,443
	193,437	539,177

22. Issued share capital

	No. of shares	2010 Proceeds Le'000	No. of shares	2009 Proceeds Le'000
Issues and fully paid				
408,163 ordinary shares of Le 30,000 each	408,163	12,244,890	408,163	12,244,890

The authorised share capital of the company is 500,000 shares of Le30,000 each.

23. Related party

The organisation has a related party relationship with BRAC Bangladesh which provides management and administrative services to the company.

Year end balance arising from transactions with BRAC Bangladesh are:

<i>In thousands of Leones</i>	2010	2009
Intercompany receivables	307,587	-
Intercompany payables	140,184	379,365

24. Contingencies

There were no contingent assets or liabilities at 31 December 2010. (2009: Nil)

25. Capital commitments

There were no capital commitments as at 31 December 2010 (2009: Nil)

26. Post balance sheet events

Events subsequent to the balance sheet date are reflected only to the extent they relate directly to the financial statements and their effect is material. There were none such events as at the date these financial statements were signed.

BRAC Around the World

USA



Initiated:
2007

An independent charity to raise profile and funds for BRAC globally

UK



Initiated:
2006

An independent charity to raise profile and funds for BRAC globally

Netherlands



Initiated:
2009

BRAC International registered as a charity (Stichting)

Haiti



Initiated:
2010

Programme Focus:
Agriculture, Housing, Limb and Brace Centre

Population reached:
Ultra Poor

Sierra Leone



Initiated:
2008

Programme focus:
Microfinance, Health, Agriculture, Poultry and Livestock, Human Rights, Legal Empowerment

Population reached:
527,743

Liberia



Initiated:
2008

Programme focus:
Microfinance, Health, Agriculture, Poultry and Livestock

Population reached:
577,598

Southern Sudan



Initiated:
2007

Programme focus:
Microfinance, Education, Health and Agriculture, Empowerment of Adolescent Girls

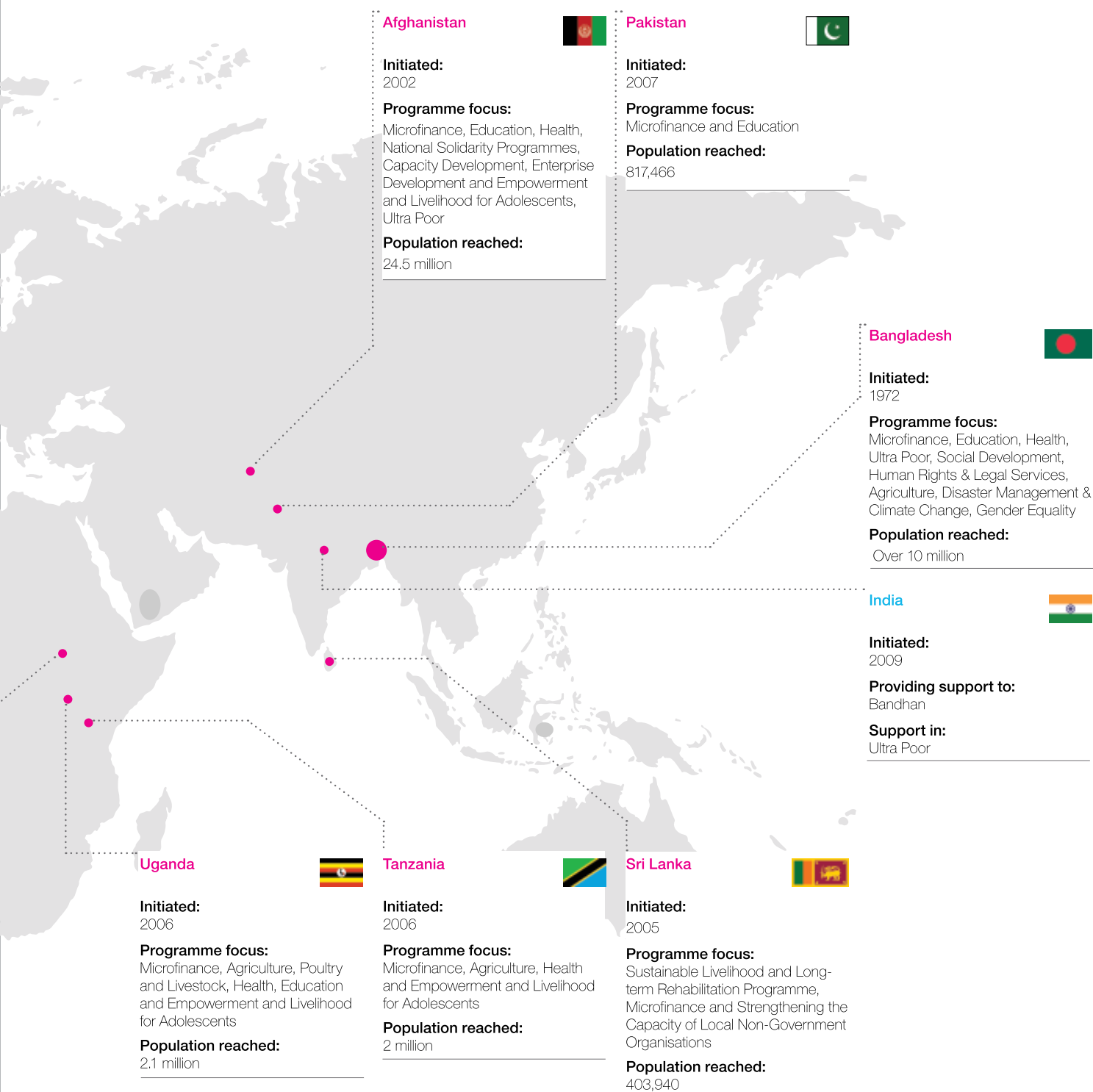
Population reached:
348,359

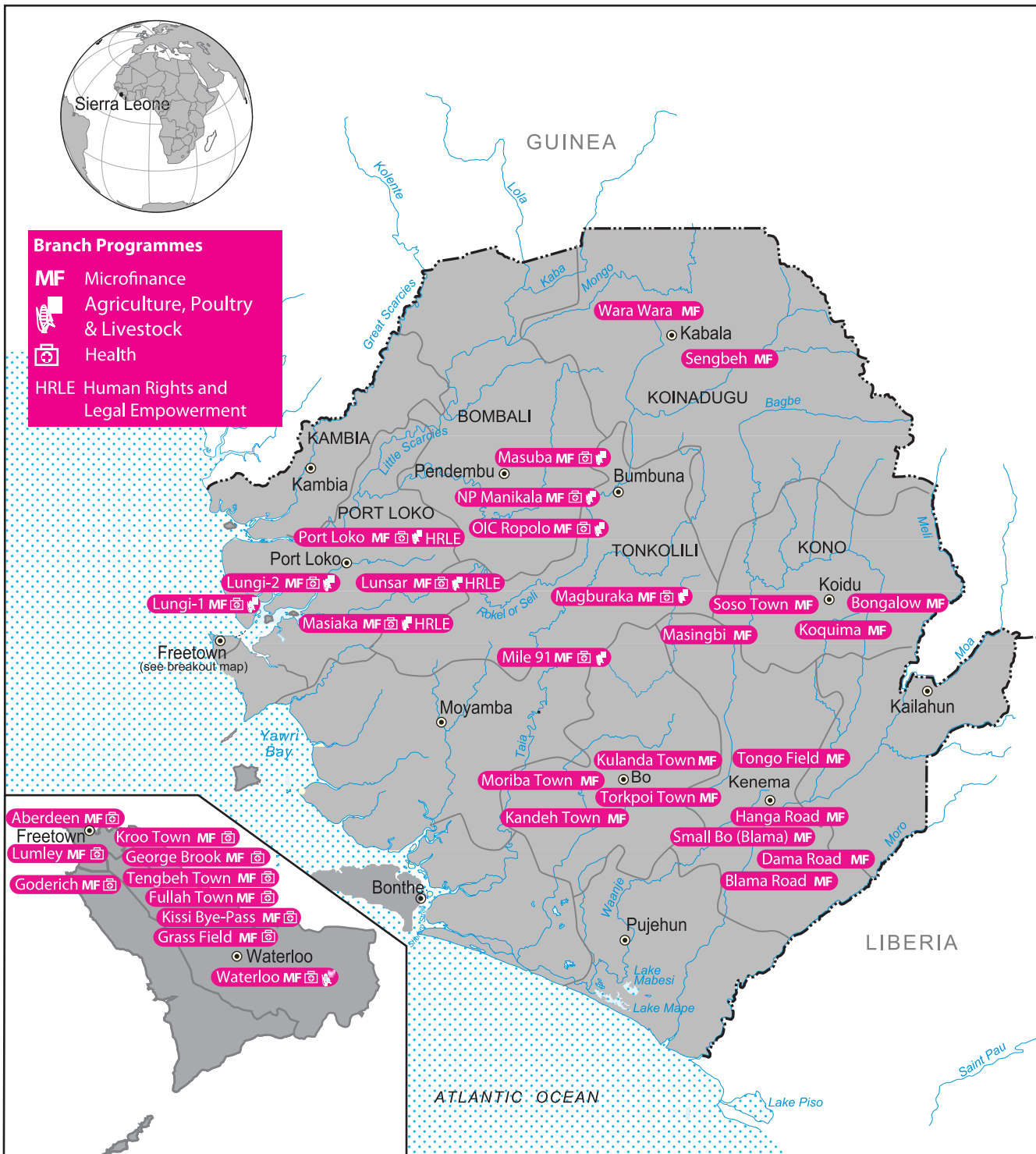
Key

Programme Countries

Affiliate Countries

Technical Support Countries





At a glance

Programme Update as of December 2010

Programme Outreach

Total number of branches	35
Total number of area offices	7
Sierra Leonean staff (80% women)	352
Expatriate staff	31

Health

Community health promoters	400
Health meetings conducted	9,843
Health meeting participants	158,984
Health services provided	37,945
Oral Rehydration Solutions provided	36,972

Agriculture

Community Agriculture Promoters	100
General farmers trained	2,188
Farmers provided seeds & fertilizer	1,018

Microfinance

Microloan groups	1,038
Microloan group members	21,918
Borrowers (current)	16,564
Microloan disbursement (cumulative)	USD 4,964,578
Microloan disbursement (Jan-Dec 2010)	USD 3,775,442
Microloan outstanding (Jan-Dec 2010)	1,803,464
Small Enterprise Programme (SEP) borrowers	273
SEP loan disbursement (Jan-Dec 2010)	USD 296,299
SEP loan outstanding	USD 186,484

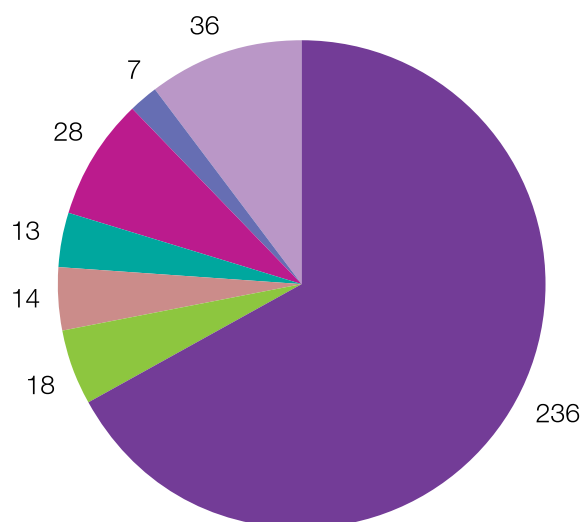
Poultry and Livestock

Community livestock & poultry promoters	108
Poultry vaccinations (doses)	70,078
Livestock/Cattle treated	1,600

Legal Empowerment

Population Covered	1,086
Cases received	181

Sierra Leonean Staff (as of December 2010)



Microfinance	236
Health	28
Small Enterprise Programme (SEP)	18
Agriculture	14
Livestock and Poultry	13
Legal Empowerment	7
Others	36

NOTES

BRAC International

Mahabub Hossain, PhD
Executive Director

Imran Matin, PhD
Deputy Executive Director

Shabbir Ahmed Chowdhury
Director

Shib Narayan Kairy
Chief Financial Officer (BRAC Group)

Tanwir Rahman CPA
Director Finance

BRAC in Sierra Leone

Dr. Md Shafiul Islam
Country Representative

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BRAC in Sierra Leone
Baby Mansary
Isatu Gubacei
Members of a microfinance group
Community members with poultry
Kadiatu Bangura
Rugiatu Benson
Human Rights and Legal Empowerment
Kamakshi Prosad Hazra and field workers
Partnerships

Rest of the Images:

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