



2017

ANNUAL
REPORT

ANNUAL REPORT 2017

BRAC IN NEPAL

If you were to describe this world, which one of the following would you pick?

It is home to magic, art, beauty, and tens of thousands of years of human talent.
Or would you say, even though it may be true, that our world is where we live,
but it is a place that doesn't work for everyone? Our world is our playground,
a platform for the creativity of all seven billion of us.

Sometimes it's hard to believe that a world that works for all of us can
be possible. But the opportunities are all around us.

While we all hope for a better future for our world, many of us
are building it. If you are a builder, we are betting on you.

The changemaker

The activist

The hero

The mentor

45 years ago, we started building a world we all want to live in.
We started in Bangladesh.
We listened and learnt, failed and got up again.
We never stopped trying.
And we never will.

We trust in people, and we take on the impossible,
every day. Changing systems of inequity.
Turning potential into skill.
Ready to go to the end of every last mile,
where there are no other signs.

It takes us all to build a world that
works for us all.

We listen, pilot, perfect and scale.
Our DNA is to build.

As the sun rose this morning,
hundreds of thousands of builders rose with it.

Teachers across eight countries opened the
colourful doors of the world's biggest secular
private education system.
65,000 artisans picked up their needles and
started weaving traditional art into
beautiful clothing.

Credit officers in one of the world's largest
microfinance institutions sat down
with women in the remotest
corners of seven countries.

Whoever you are, wherever you are, doing good is everyone's business.
We have never faced bigger challenges but we have never been more ready.
Join the world's biggest family.

Small is beautiful, scale is necessary.



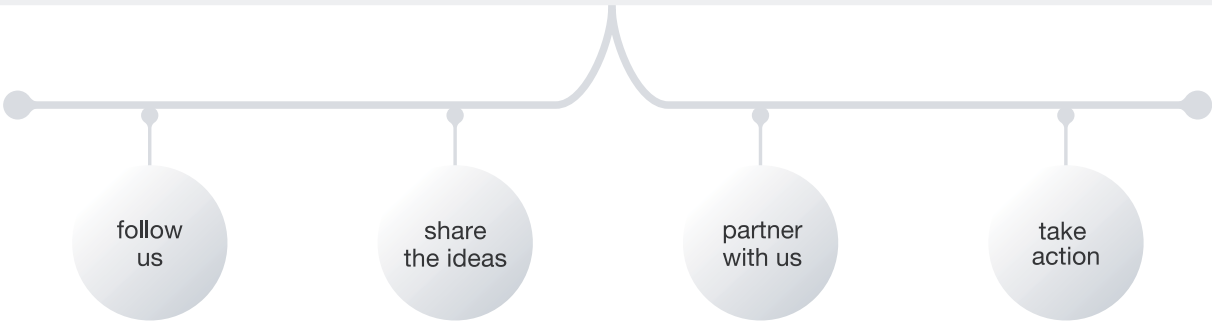
Here at BRAC, we are many things:



and we bring together many different people:



inspired by a single vision.
Building a world that works for all of us takes all of us.
Get onboard:

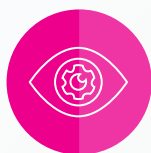


Join the world's biggest family.



BUILDING A WORLD THAT WORKS FOR ALL OF US

We act as a catalyst, creating opportunities for people living in poverty to realise their potential. We specialise in piloting, perfecting and scaling innovations to impact the lives of millions. We were born in Bangladesh, are almost completely self-sustainable through our own network of social enterprises and investments, and operate in 11 countries across Asia and Africa.



VISION, MISSION AND VALUES

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

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

Integrity Innovation Inclusiveness Effectiveness



SOCIAL DEVELOPMENT

Eliminating extreme poverty, Expanding financial choices, Employable skills for decent work, Climate change and emergencies, Gender equality, Universal healthcare, Pro-poor urban development, Investing in the next generation.

Country offices: Afghanistan, Bangladesh, Liberia, Myanmar, Nepal, Pakistan, Philippines, Sierra Leone, South Sudan, Tanzania, Uganda



HUMANITARIAN RESPONSE

We have been providing life-saving services to forcibly displaced Myanmar nationals through a multi-sector response since the influx began in September 2018. We are working closely with the government, local and international NGOs and other stakeholders through the Inter Sector Coordination Group.



SOCIAL ENTERPRISES

Solution for social challenges and surplus for greater impact: Initiatives that engage individuals, micro and small enterprises as suppliers, producers and consumers.



INVESTMENTS

Socially responsible companies that assist us in our mission. Our network of investments help us strive towards the goal of self-sustainability.



BRAC UNIVERSITY

An educational institution's goal is not only to provide the highest quality teaching, but also to inculcate the values essential for tomorrow's leaders. The journey starts by building a high calibre and supportive faculty and administration team who are capable of teaching the most challenging and up-to-date educational programmes, and empowering them with knowledge and life skills so that they can take on the challenges of building themselves and a better nation.

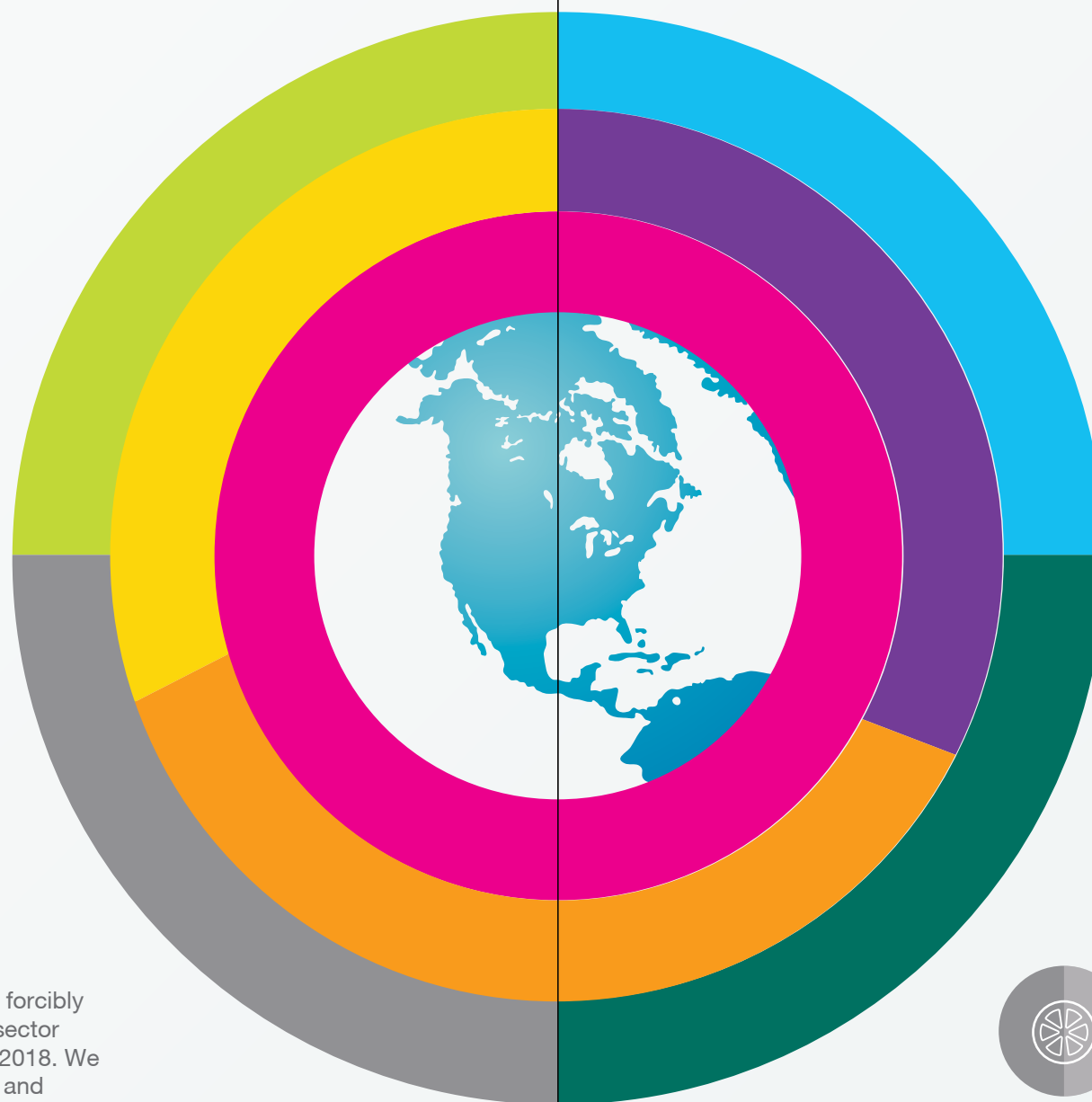


STICHTING BRAC INTERNATIONAL



AFFILIATES

BRAC USA
BRAC UK



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CHAIRPERSON'S FOREWORD



Over recent years, significant investments have been made to ensure the survival and optimal development of children during the first decade of life. Globally, the under-five mortality rate has decreased significantly. Around 20,000 fewer children died every day in 2016 than in 1990. However, this progress has not been universal. Inequities in child mortality between high-income and low-income countries remain large. Reducing these inequities across countries and saving more children's lives by ending preventable child deaths are important priorities.

We also need to focus on the second decade of children's lives. A safe, healthy passage from adolescence into adulthood is the right of every child. To fulfil this right, families and societies need to ensure that adolescents and youth acquire the knowledge and skills required to lead productive and fulfilling lives. Calls for investment in children and young people have increased dramatically in recent years. More and more countries agree that policies, which help young people fulfil their potential, also drive economic development.

Challenges persist in both the education and skills sectors. We need to ensure that all children complete their primary schooling and go on to secondary school. Additional efforts are required to empower girls to believe that they are capable of doing everything boys can. The lack of improvement in the quality and outcomes of education is another concern.

The global youth unemployment rate stands at 13 per cent, which is three times higher than the figure for adults. This lack of job opportunities is one of the issues

of greatest concern. Globalisation and technology are reshaping the lives of young people worldwide. 85 per cent of jobs that today's learners will be doing in 2030 do not exist now. There is an urgent need to redesign curricula for secondary, vocational and higher education to develop skills and competences that will meet the needs of the future. Our goal should be to create adaptable learners who are capable of reengineering their own skills and capacities in disrupted economies. Attention must also be paid to developing children and young people's human qualities and values, such as empathy, cooperation and integrity.

Political instability and conflict are leaving young people vulnerable to violence, disrupting their schooling and access to basic health services and, in many cases, inflicting psychological trauma. We must accelerate efforts to protect children and young people from violence, drug abuse, conflict and poverty, to enable them to lead more productive lives and contribute to society.

Sir Fazle Hasan Abed, KCMG
Founder and Chairperson

LETTER FROM THE EXECUTIVE DIRECTOR



There are more young people today than at any other time in human history. Children and young people make up almost 40% of the world's population, with specific needs and aspirations for the future, which poses both immense opportunities and challenges. While we as a global community have made significant progress in ensuring a better life for all, there is always more work to be done. One in five children, adolescents and youth is out of school. That is 263 million children and youth across the world.

Today's young people will be tomorrow's leaders - in our families, in our workplaces, in our communities. Over a third of the Sustainable Development Goal (SDG) targets highlight the role of young people and the importance of their empowerment, participation, and wellbeing. The SDGs highlight that young people are a driving force for development – however they need to be provided with the skills and opportunities needed to reach their potential. Therefore we at BRAC International have shifted our strategy to focus on ensuring children and youth have better opportunities.

We have invested in Early Childhood Development programmes in Tanzania, Uganda and Liberia. A dollar invested in early childhood development yields a seven-fold return in the future. Having a strong foundation from an early age leads to more productive citizens in the future.

We believe education is a universal right and no one, no matter the circumstance, should be left behind. 130 million girls between the age of 6 and 17 are out

of school and 15 million girls of primary-school age will never enter school. We are building schools only for girls in Afghanistan and Pakistan, places where it is extremely difficult for them to go to school.

In Sub-Saharan Africa alone, 14.2% of the youth population is unemployed, representing massive untapped potential for growth. Everyone should be able to contribute and reap development dividends and our ELA programme ensures just that for our out-of-school adolescent girls. With specialised skills and entrepreneurial lessons, our programme enables them to unlock their potential and contribute to society. We give our girls access to microloans so they can start their own enterprises.

Our newly-launched Skills Development Programme in Nepal connects children and youth to apprenticeships and equips them with the skills needed to not only affect change in their own lives but also in the communities they are a part of.

Our extraordinary strides in the field of development mean that we are ready to provide a better, more equitable life for our children. As our future change-makers, children hold incredible potential for innovation. It is our responsibility to give them what they deserve. We cannot let their potential go unrealised.

Faruque Ahmed
Executive Director
BRAC International

MESSAGE FROM THE COUNTRY REPRESENTATIVE



I am happy to share the progress made by BRAC in Nepal in 2017. We started in 2015 with a focus on the rehabilitation of the earthquake-affected households. The pilot project with WASH, adolescent girl empowerment, health system strengthening components in Namobuddha Municipality of Kavrepalanchowk district was completed in June 2017. From then on, we started an Integrated Community Development Project focusing on health, empowering adolescent girls and livelihoods in Namobuddha Municipality along with a skills development component in urban slums in Kathmandu Metropolitan City.

Nepal underwent a lot of political changes in 2017. This was quite a challenging time for us. Yet, despite the series of new perplexing events, including the elections, change in local level authorities, secretaries, reshuffling of ministries, and even the Government, we focused on our plan and successfully achieved the targets set for 2017.

Empowerment and Livelihoods for Adolescents Clubs – locally known as Kishori clubs – were instrumental in the elimination of child marriage in the municipality. 20 'Kishori Clubs' are creating safe spaces for girls aged 11-21 within walking distance from their homes, where they can read, play, socialize with friends, and receive support for various challenges they face in their lives. There is a total of 422 girls regularly attending the clubs.

Strengthening health systems and practices started in collaboration with District Public Health Office of Kavrepalanchowk, providing refresher training to 21 Female Community Health Volunteers to better deliver

primary healthcare to the community, especially for mothers and young children. Each volunteer is facilitating a mothers' group and training households to make oral rehydration solutions at home, improving care of pregnant women, new mothers and newborn children, ensuring full immunisation coverage in the ward, and creating awareness on good hygiene practices, such as washing hands.

We started the Skills Development Programme to focus on youth empowerment and developing employable skills in Kathmandu. This initial intervention adopted the apprenticeship model for skill development of unemployed and underemployed youths from the slums and squatters' settlements of Kathmandu Valley. Barista and crystal jewellery design interventions started through pairing a few apprentices with a master-craftsperson in both trades. There is demand for new area of skills particularly on plumbing, electricals and beauty salon, which is already planned for next year.

BRAC Nepal is optimistic about making further progress by building effective collaboration with local organisations and development partners.

Khemraj Upadhyaya
Country Representative
BRAC in Nepal

BRAC ACROSS THE WORLD

01 USA
Initiated: 2007
An independent charity to raise profile and funds for BRAC globally

11 SIERRA LEONE
Initiated: 2008
AFSP, ELA, EPR, Health, MF

06 LIBERIA
Initiated: 2008
AFSP, Education, ELA, Health, MF

12 SOUTH SUDAN
Initiated: 2007
Education, ELA, Health

13 TANZANIA
Initiated: 2006
AFSP, Education, ELA, WASH, MF

02 UK
Initiated: 2006
An independent charity to raise profile and funds for BRAC globally

03 NETHERLANDS
Initiated: 2009
Stichting BRAC International registered as a foundation

04 AFGHANISTAN
Initiated: 2002
AFSP, Education, CDP, Health, CCAP

09 PAKISTAN
Initiated: 2007
Education, MF, Health, TUP

07 MYANMAR
Initiated: 2013
EPR, MF

05 BANGLADESH
Initiated: 1972
AFSP, BEP, CEP, DMCC, GJD, HNPP, HRLS, IDP, MF, MG, SDP, TUP, UDP, WASH, HCMP

10 PHILIPPINES
Initiated: 2012
Education

14 UGANDA
Initiated: 2006
AFSP, Education, TUP, ELA, EPR, Health, MF

08 NEPAL
Initiated: 2015
ELA, Health, WASH, SDP

AFSP : Agriculture and Food Security Programme
BEP : BRAC Education Programme
CCAP : Citizens Charter Afghanistan Programme
CDP : Capacity Development Programme
CEP : Community Empowerment Programme

DMCC : Disaster, Management and Climate Change
ELA : Empowerment and Livelihood for Adolescents
EPR : Emergency Preparedness and Response
GJD : Gender Justice and Diversity
HNPP : Health, Nutrition and Population Programme

HRLS : Human Rights and Legal Aid Services
HCMP : Humanitarian Crisis Management Programme
IDP : Integrated Development Programme
MF : Microfinance
MG : Migration

SDP : Skills Development Programme
TUP : Targeting the Ultra Poor
UDP : Urban Development Programme
WASH : Water, Sanitation and Hygiene

EMPOWERMENT AND LIVELIHOOD FOR ADOLESCENTS



Many young Nepali girls are at risk of dropping out of school, early marriage and violence. They are more likely to be engaged in household chores and less likely to receive proper education or be involved in productive employment than Nepali boys. The country has one of the highest rates of early child and forced marriage rates in the world with a quarter of 15-19-year-old girls already married.¹

We started the ELA programme in Nepal to give these girls a better opportunity to make meaningful contributions in their societies.

1. Central Bureau of Statistics (2015), Multiple Indicator Cluster Survey 2014, Final Report. Kathmandu, Nepal: Central Bureau of Statistics and UNICEF Nepal

WHAT WE DO

We provide safe spaces for girls where they can read, play, discuss with their peers about the challenges they face in their daily life, and come together to campaign against child marriage. We are running 20 clubs in Kavre in rented safe spaces in local communities where girls learn about life skills and social issues including sexual and reproductive health, gender-based violence as well as financial literacy, through mentors trained in the government approved Rupantaran (meaning transformation) life skills curriculum. Older adolescent girls from marginalized backgrounds will receive livelihood education and input support on a livelihood trade based on their choice and market conditions.

HIGHLIGHTS

Established **20** ELA clubs in ward no. 1, 2 and 11 in Namobuddha Municipality, Kavre with books and indoor and outdoor games

422 girls aged 11–21 regularly attend the clubs

Provided **20** mentors with Training of Trainers on life–skills

Provided **422** girls with life skills training from the **20** mentors



HEALTH



The Female Community Health Volunteer (FCHVs) programme was initiated by the Government of Nepal in 1988. FCHVs are frontline health workers providing community, maternal and child healthcare. However, they have limited literacy and numeracy skills and need regular refresher trainings in order to provide basic but quality healthcare services. We are working with the Government to provide necessary services to ensure health workers can provide quality service at people's doorsteps.

WHAT WE DO

The healthcare services are delivered through trainings for FCHVs on basic literacy skills, training households to make oral rehydration solutions at home, improving care of pregnant women, new mothers and newborn children, ensuring full immunization coverage in their working area, and creating awareness on good hygiene practices. We are supporting the District Health Office in Kavre to provide refresher training to strengthen the capacity of 21 existing health workers in Namobuddha Municipality so that they can provide educational, preventive and curative health services to the community, especially for mothers and young children. The health workers also facilitate one mother's group each and conduct monthly meetings to disseminate information and discuss health issues in the community.



HIGHLIGHTS

Trained **21** Female Community Health Volunteers in ward no. 1, 2 and 11 in Namo Buddha Municipality

21 health volunteers facilitate **21** mothers' groups with a total of **334** members

FCHVs reach a total of **1839** households under their coverage

SKILLS DEVELOPMENT



Over 90% of economically active young people in Nepal are involved in the informal sector. Many are unable to find employment or the employment they want because they do not have the appropriate educational background or the right professional profile. Studies indicate that just 49% of Technical and Vocational Education and Training (TVET) graduates actually found employment after training.¹ The Labour Market Survey indicates clearly that skilled manpower particularly in trades such as electricians and plumbers are in high demand in both the formal and informal sectors and will be even more so in the years to come. Our skills development programme was established to promote sustainable and productive employment for youth and adults residing in Kathmandu’s slum settlements.

CTVET, Tracer Study of the Graduates of Diploma and TSLC Programs under CTEVT, 2016

HIGHLIGHTS

Provided 2 apprentices with jobs at a coffee shop as barista

Engaged 9 women in crystal jewellery designing and marketing

WHAT WE DO

The learners are paired with a master craftsperson proficient in their trade for a period of 3 to 6 months based on the type of work through an apprenticeship. The apprentices are provided with hands-on training and the opportunity to observe the master craftsperson on his/her market linkages and entrepreneurship skills. This builds their confidence and they are ready to enter the job market through one of three pathways: continue working with the same master craftsperson, join another workplace in the same trade or become an entrepreneur. As of 2017, 2 apprentices are engaged in barista/coffee making while 9 apprentices are in crystal jewellery designing. Apprenticeships in plumbing, electricals, beauty salon are planned for the near future.

WATER AND SANITATION HYGIENE



The Namo Buddha Municipality ward no. 11 and parts of ward no. 1 was declared an open-defecation free zone. However, the earthquakes in 2015 damaged and destroyed most of the toilets in the area compelling households to relieve themselves out in the open threatening the health and sanitation of the community. Our WASH project was developed to restore proper sanitation in the area.

HIGHLIGHTS

Established 272 household latrines in ward no. 1 and 11, Namo Buddha Municipality

Sensitized 272 families and the community on hygienic toilet practices

WHAT WE DO

We had originally planned to build 100 latrines for the poorest and the most marginalized households in the community. Thanks to an overwhelming support from the community members and their willingness to partially contribute with labour and materials, we were able to build a total of 272 latrines for the same cost. We then oriented the 272 households on healthy hygienic practices before, during and after using the latrine through our female community health volunteers.

LEARNING LEADS TO SUCCESS



My name is Samuel Nepali and I am 18 years old. I live with my mother, father and two older brothers in Gairigaun, Kathmandu. My parents are tailors, my oldest brother is a musician and my other brother works at a college. I recently completed my high school and want to get a bachelor's degree in hotel management. But due to my family's economic condition, I have not been able to join college immediately after high school.

One day, one of our neighbours who works with a community organization called Nepal Mahila Ekata Samaj¹, told me of a new programme that pairs young people like me as trainees with small business owners for hands-on training in a particular trade. I seized this opportunity. Through the programme I was able to learn the operations of a coffee shop by working there five days a week for six months.

When I began this programme, I was timid and nervous but ready to learn as much as I can. The owner of the coffee shop and my trainer is a patient man who has been teaching me every aspect of running this business, from making coffee to preparing sandwiches to talking to customers.

I am thankful to the Skills Development Programme for creating this opportunity for me. If it had not been for this programme, I would have stayed at home, watching television and sleeping all day. Now I can make use of my time and even earn some money. With my monthly earning from the coffee shop, I can now proudly contribute to my family's expenditures and save to open my own coffee house one day.

1 Nepal Mahila Ekata Samaj is BRAC Nepal's implementing partner for Skills Development Programme

PROGRESS THAT ADDS UP TO BIG RESULTS

I am Sharmila Rai. I live in Shantinagar, Kathmandu with my two-and-a-half-year-old daughter Saya Hangma.

My husband migrated to Saudi Arabia when Saya was only 5 months old. However, after a year or so I lost all contact with him. I asked around at the manpower company that arranged his job, but to no avail. I asked friends and family back in our village if they knew of his whereabouts. Finally, an uncle was able to get in touch with him. I found out that he had lost all his savings of around NPR 9,00,000 (around USD 9,000) to gambling. This shocked and depressed him and he tried to cope by secluding himself from everyone. I consoled him that we can have a fresh start, let bygones be bygones.

BRAC's program on crystal design could not have come at a better time. I was looking for something to do, learn a new skill and perhaps earn some money to pay Saya's school fees as well as run my household expenses. Before the training I was a housewife, taking care of the little one and barely getting by on what little my husband would send me.

Before the apprenticeship started, my fellow apprentices and I discussed and decided that instead of the monthly stipend we would pool in the amount to buy raw materials, such as crystal beads, needle, thread, scissors, from the wholesale market to learn the craft. After completing the apprenticeship, the master craftsperson and my fellow apprentices and I went to an open market to display our work. That day, we made a collective sale of NPR 6000 (USD 60). I got emotional that things I made with my own hands could sell for such good price. This encouraged me to learn new designs and make more.



It is still quite challenging to be able to find time to work, but I try to work at when my daughter is in school or at night when she is asleep. The most difficult and time-consuming, but also the most popular piece to make is soonhaar or golden necklace. My friends are also not very willing to make it, so I try to work as fast as possible to make as many as I can. I also watch videos online to see what kind of designs are trending these days, so I can design similar pieces for my customers. I recently sent an assorted package of my creation to my cousins in my home village of Khotang in eastern Nepal. They said my pricing might be a little expensive for the village market, so I decided to sell them for a little cheaper.

The master craftsperson impressed with my motivation to work asked me to be her assistant. Today I work as her assistant training other women as crystal jewellery designers, two days a week. What I earn from my sales, I first spend it on my daughter and the house. I invest the remaining amount into buying more raw materials for new pieces. I am at a good place, balancing my time between doing what I love at home with the one I love-my daughter.

MENTORING TO CHANGE LIVES

My name is Sita Kuikel and I am the mentor at Buchakot ELA Club. I am 21 years old and live with my mother, father and two brothers. I am currently in my third year of Bachelors in Management.

I first heard about the club when one of the social workers was collecting information about adolescent girls- Kishoris- in the village. I asked her about the program and learned about ELA clubs. The idea sounded interesting and I wanted to participate. With nomination from other girls in the village, I got chosen as mentor. Since it was right after the earthquake, it was quite difficult to find a space to set up the club. Luckily, since my brother went to Kathmandu for his high school, we had a spare room in my house, which we could use. 23 girls aged 11-21 are enrolled in the club and we have at least 18 regular attendees every day. We read, play games, dance, sing, practice English, and participate in inter-club competitions.

Thus far, my favourite part of being a mentor is the life-skills training of trainers (ToT) on Rupantaran that we received from BRAC. During this training, all of us mentors learned how to facilitate life-skills training to our peers in the clubs. I have seen great changes in myself and my club members since then. I have become more confident when talking to people older to me. When they first came to the club, girls used to be shy and giggled at almost anything. Now they can openly talk about menstruation knowing that this is a natural physical process in girls. They can easily explain about how natural disasters occur



and what we can do to mitigate them. They know that they should say no to strangers trying to lure them into anything.

My relatives have mentioned a few times about my marriage now that I am 21. My parents, however, say that the decision is up to me. I don't want to get married just yet. It is a decision that will shape the rest of my life and I am willing to wait for the right person who will understand me. I say the same thing to my club members, that just because someone brings a marriage prospect does not mean you have to get married to that person immediately. I am quite fortunate that my parents have always been very supportive of me, and I wish all other parents were of their daughters.

GOVERNANCE AND MANAGEMENT

BRAC INTERNATIONAL

BRAC International is registered as Stichting BRAC International in the Netherlands.

CORPORATE GOVERNANCE

In line with the guidelines for corporate governance in the Netherlands, the Board decided to adopt a two-tier governance structure to create a clear division between executive and supervisory responsibilities from the end of 2016.

SUPERVISORY BOARD

Stichting BRAC International has a ten (10) member Supervisory Board.

The Supervisory Board is charged with the overall supervision of the policies pursued by the Management Board and its associated institutions and/or entities. The Supervisory Board members are appointed by co-optation. The period of membership is governed by the constitution and there is no board remuneration applicable for the Supervisory Board.

The current members of the Supervisory Board are:

Chairperson

Sir Fazle Hasan Abed, KCMG

Members

Ms. Sylvia Borren
Dr. Muhammad Musa
Ms. Parveen Mahmud
Dr. Ahmad Mastaqur Raza Chowdhury
Dr. Debapriya Bhattacharya

Ms. Shabana Azmi
Mr. Shafiqul Hassan
Ms. Irene Khan
Dr. Fawzia Rasheed

MANAGEMENT BOARD

The Management Board is charged with the daily management, the preparation of the budget, the financial statements and the long-term strategy plan. The Supervisory Board has stipulated specific restrictions that require its approval. The Management Board is appointed by Supervisory Board and their performance is reviewed annually. The Management Board consists of the following members:

Mr. Faruque Ahmed, Executive Director
Mr. Saif Md Imran Siddique, Director
Mr. Shameran Abed, Director
Ms. Lamia Rashid, Director

The gender diversity in the management board is 75/25. The Foundation is trying to bring in more female participation into its Management board. The management board meets on a weekly basis.

BRAC INTERNATIONAL HOLDINGS BV

BRAC International Holdings BV is a wholly owned subsidiary of Stichting BRAC International and was incorporated in 2010. BRAC International's microfinance programmes, social enterprises and investment companies are consolidated under this wing. The social programmes currently supporting the enterprises include seed production and training centres.

BRAC International Holdings BV has the role to consolidate the financial results of all country operations in six countries. The consolidated financial statements include the financial data of the stand-alone parent organisation, its group companies and other legal entities over which the foundation has control.

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Sir Fazle Hasan Abed KCMG, Chair
Dr. Muhammad Musa, Member
Ms. Parveen Mahmud, Member
Ms. Sylvia Borren, Member

MANAGEMENT BOARD

The Management Board consists of the following members:

Managing Director
Mr. Faruque Ahmed

Director
Mr. Hans Eskes

In the discharge of their duties, the Directors shall be guided by the interests of the Company and the business carried on by the Company. The Management Board may decide to appoint one or more authorised signatories and to determine their authority and title.

GROUP FINANCE AND AUDIT COMMITTEE

Composition of the present finance and audit committee is as follows:

Ms. Parveen Mahmud, Chair
Dr Muhammad Musa, Member
Ms. Sylvia Borren, Member
Mr. Faruque Ahmed, Member
Mr. Hans Eskes, Member
Mr. Saif Md Imran Siddique, Secretary of the Committee

The primary function of the finance and audit committee is to assist the governing board in fulfilling its responsibilities on the:

- Financial reporting and budgeting processes
- System of internal controls and risk assessment
- Compliance with legal and regulatory requirements
- Qualifications, independence, and performance of the external auditors
- Qualifications, independence, and performance of the internal audit function

LOCAL BOARDS

Each country entity has a local board. We pursue microfinance and development activities through separate entities

in countries where it is required. The local board members are appointed by Stichting BRAC International's board. The business of the local entities is managed by these local boards. Further details of the roles of the local board are available in the respective incorporation documents of these entities.

ADVISORY COUNCIL

In 2015, BI decided to form advisory councils to strengthen governance, support advocacy at the national level and enhance credibility.

The council members, who are country nationals, provide the country leadership with advice and support on standards and policies, and the development and implementation of programmes. They advise on key external developments and trends nationally, and promote BRAC's mission through effective and strategic working relationships with key stakeholders and civil society partners in the countries. They also support information sharing and relevant advocacy on behalf of BRAC.

ACCOUNTABILITY AND TRANSPARENCY

The internal audit department conducts periodical audits at all our cost centres on a sample basis. Audits take place at least once a year and twice or more in locations and on programmes where a closer watch is warranted. In addition, special investigations are conducted in case of fraud or irregularities that may be detected. A 'whistle blower' policy is in place and HR takes actions as and when required.

External audit of Stichting BRAC International, BRAC International Holdings BV and all of our legal entities are undertaken annually. Financial transparency is ensured by BRAC International's finance and accounts division, which prepares financial statements following the International Financial Reporting Standards and the laws of relevant countries.

The summary of all audits and investigations are submitted to the audit and finance committee on a half yearly basis.

BRAC IN NEPAL

MANAGEMENT

Khemraj Upadhyaya
Country Representative

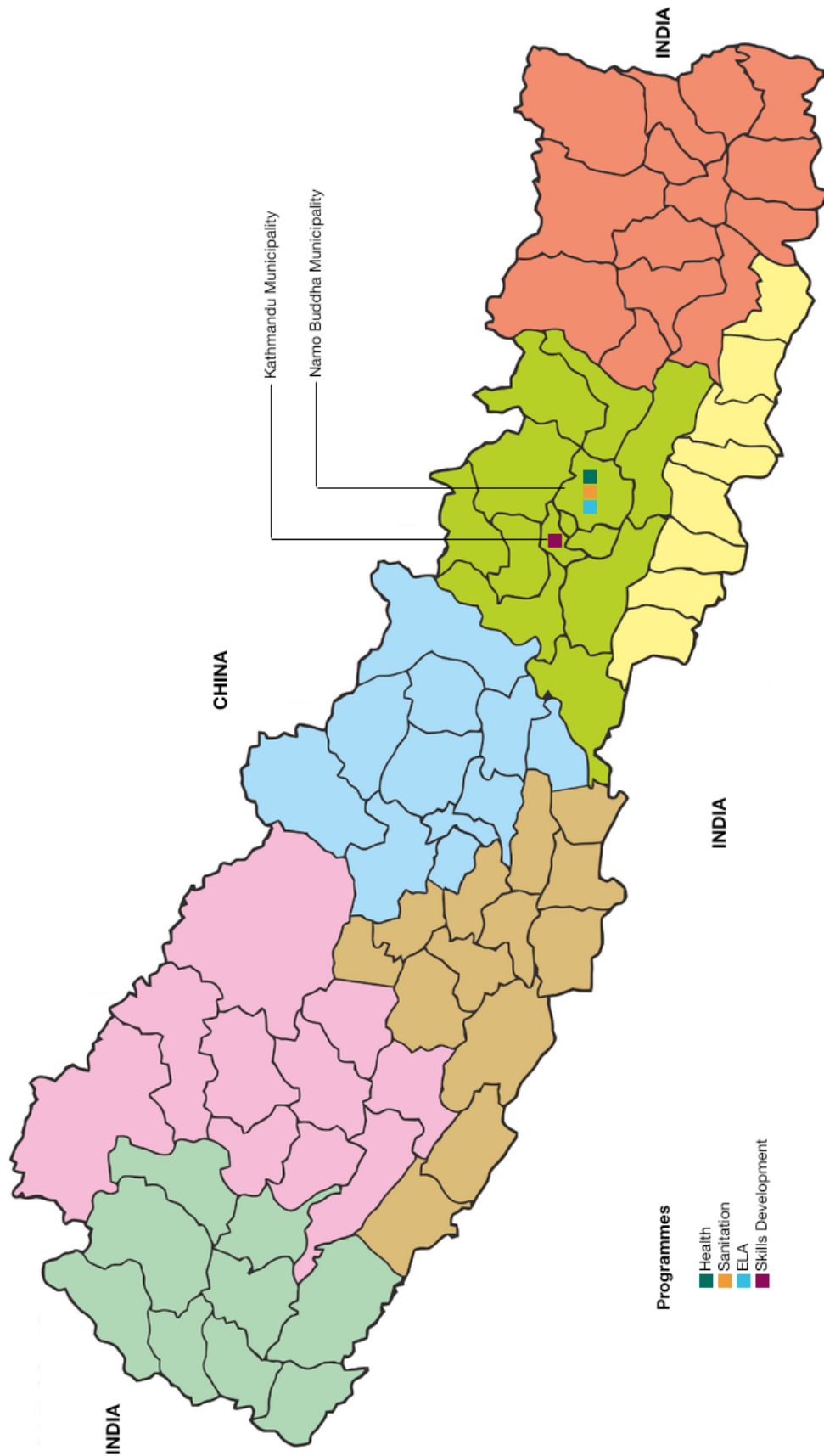
Alina Gautam
Accounts Officer

Sheetal Tuladhar
Business Development and Communications Officer

IMPLEMENTING PARTNERS



BRAC IN NEPAL



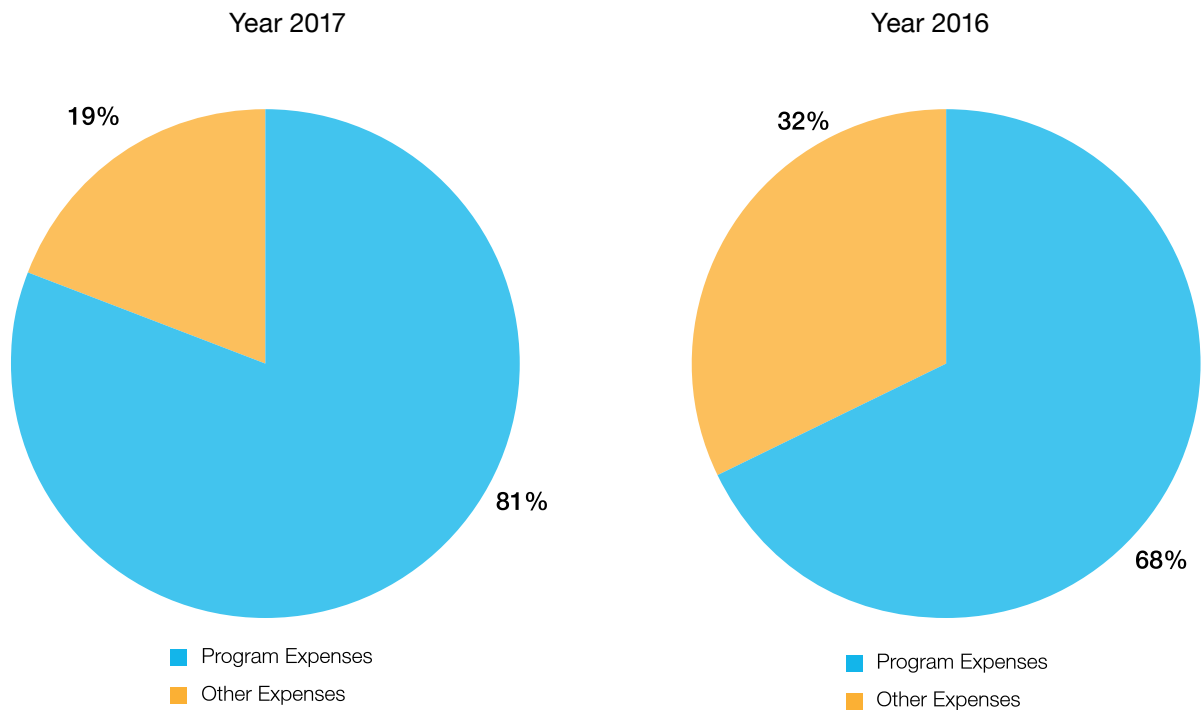
FINANCIALS

FINANCIAL HIGHLIGHTS

BRAC Nepal completed its 3rd year of operation in 2017 by receiving grants amounting to USD 313,578 against USD 189,500 in 2016. Out of total expenses, programme expenses was USD 175,055 (USD 113,465 in 2016) and 81% (68% in 2016) of the total cost.

PROGRAMME COST BY NATURE OF EXPENSES

Expenses	2017		2016	
	USD	%	USD	%
Programme Expenses	175,055	81%	113,465	68%
Other Expenses	41,962	19%	52,773	32%
Total	217,017		166,238	



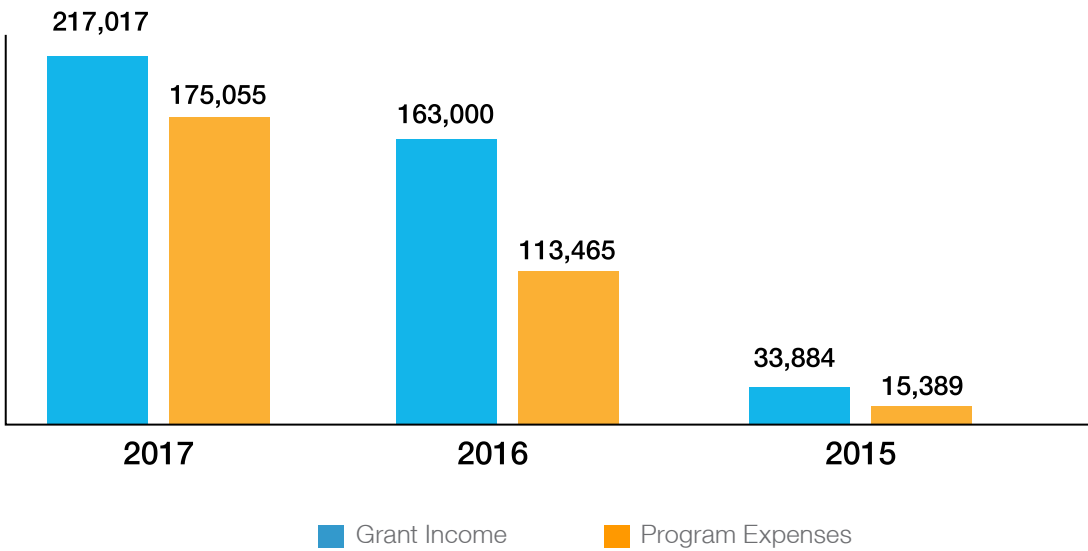
PERFORMANCE REVIEW

Income Statement	2017	2016	2015
	USD	USD	USD
Grant Income	217,017	163,000	33,884
Other Income		3,237	
Program Expenses	175,055	113,465	15,389
Admin expenses	41,962	52,773	18,495

FINANCIAL POSITION

Balance sheet	2017	2016	2015
	USD	USD	USD
Cash at Bank	193,494	85,640	14,467

ANNUAL INCOME AND EXPENSES In USD



INDEPENDENT AUDITOR’S REPORT

The Country Representative
Stichting BRAC International-Nepal
Kathmandu, Nepal

Introduction

We have audited the accompanying financial statements comprising of the Statement of Financial Position, Statement of Comprehensive Income and Significant Accounting Polices and Notes to Account attached thereto of Stichting BRAC International- Nepal for the period from 1 January 2017 to 31 December 2017.

Management’s Responsibility for the Financial Statements

Management of Stichting BRAC International - Nepal is responsible for the preparation of the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing, wherever applicable and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the entity’s preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements of Stichting BRAC International-Nepal for the period 1 January 2017 to 31 December 2017 have been properly extracted, in all material aspects, from books and records of Stichting BRAC International-Nepal. The financial statements read in conjunction with Significant Accounting Polices and Notes to Account, presents a true and fair view of the state of affairs in the case of Statement of Financial Position as at 31 December 2017 and of Statement of Comprehensive Income for the period from 1 January 2017 to 31 December 2017 of Stichting BRAC International-Nepal, in accordance with generally accepted accounting principles as applicable.

Kathmandu, Nepal
Date: 26 February, 2018




Nishchal Bhattarai
Partner
MKNB Associates
Chartered Accountants

STICHTING BRAC INTERNATIONAL-NEPAL
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017 Dec NPR	2016 Dec NPR	2017 Dec USD	2016 Dec USD
ASSETS					
Non-Current Assets					
Property and Equipment	14.0	618,469	296,332	6,100	2,737
Current Assets					
Cash and Bank	8.0	19,618,402	9,271,340	193,494	85,640
Donor Fund Receivable	13.0	-	-	-	-
Other Assets	9.0	70,000	61,963	690	572
		19,688,402	9,333,303	194,185	86,212
Total Assets		20,306,871	9,629,635	200,285	88,949
LIABILITIES AND CAPITAL FUND					
Liabilities					
Other Liabilities	10.0	1,274,448	1,957,121	12,570	18,078
Related Party Payable	11.0	5,586,713	4,780,257	55,101	44,155
Total Liabilities		6,861,161	6,737,378	67,671	62,233
Capital Fund					
Donor Funds	12.0	13,445,710	2,892,257	132,614	26,716
Retained Surplus		-	-	-	-
Total Capital Fund		13,445,710	2,892,257	132,614	26,716
Total Liabilities and Capital Fund		20,306,871	9,629,635	200,285	88,949

Significant Accounting Policies & Notes to Accounts15.0As per our attached report on even date

Notes 1 to 15 form an integral part of these statements


Alina Gautam
Account Officer

Place: Kathmandu
Date: 26 February 2018



Khemraj Upadhyaya
Country Representative



Nishchal Bhattarai
Partner
MKNB Associates
Chartered Accountants

STICHTING BRAC INTERNATIONAL-NEPAL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2017

	Notes	2017 Jan-Dec NPR	2016 Jan-Dec NPR	2017 Jan-Dec USD	2016 Jan-Dec USD
Grant Income	1.0	22,003,350	17,646,404	217,017	163,000
Foreign Exchange Gain	2.0		350,468		3,237
Total Income		22,003,350	17,996,872	217,017	166,238
Project Expense	3.0	6,804,831	2,372,778	67,115	21,917
Staff Costs and Other Benefits	4.0	8,854,629	7,981,456	87,332	73,725
Training & Development	5.0	652,034	574,876	6,431	5,310
Occupancy Expenses	6.0	1,307,654	1,294,203	12,897	11,955
Other General & Administrative Expenses	7.0	4,254,558	5,713,170	41,962	52,773
Depreciation	14.0	129,644	60,390	1,279	558
Total Expenditure		22,003,350	17,996,872	217,017	166,238
Taxation		-	-	-	-
Surplus Reserve		-	-	-	-

Significant Accounting Policies & Notes to Accounts 15.0 As per our attached report on even date

Notes 1 to 15 form an integral part of these statements


Alina Gautam
Account Officer

Place: Kathmandu
Date: 26 February 2018


Khemraj Upadhyaya
Country Representative



Nishchal Bhattarai
Partner
MKNB Associates
Chartered Accountants

STICHTING BRAC INTERNATIONAL-NEPAL
CASHFLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2017

	2017 Jan-Dec NPR	2016 Jan-Dec NPR	2017 Jan-Dec USD	2016 Jan-Dec USD
Excess of Income over Expenditure	-	-	-	-
Cash Flow from Operating Activities				
Loss on Disposal of Assets	-	-	-	-
Depreciation	129,644	60,390	1,279	558
Cash Flow Before Changes in Working Capital	129,644	60,390	1,279	558
Changes in Working Capital				
Increase/(Decrease) in Related Party Payables	806,456	3,794,209	7,954	35,047
Decrease/(Increase) in Related Party Receivables	-	-	-	-
Increase/(Decrease) in Other Payables	(682,673)	790,163	(6,733)	7,299
(Increase)/Decrease Other Receivable	(8,037)	338,037	(79)	3,122
	245,390	4,982,798	2,420	46,026
Cash Flow From Investing Activities				
Acquisition of Fixed Assets	(451,780)	(105,437)	(4,456)	(974)
Net Cash Provided by/(used in) Investing Activities	(451,780)	(105,437)	(4,456)	(974)
Cash Flow From Financing Activities				
Increase/(Decrease) in Deferred Income	322,136	45,047	3,177	416
Increase/(Decrease) in Grants Received in Advance	10,231,316	2,823,847	100,911	26,084
(Increase)/Decrease in Grants Receivable	-	-	-	-
Net Cash Provided by/(used in) Financing Activities	10,553,452	2,868,894	104,088	26,500
Net (Decrease)/Increase in Cash and Cash Equivalents	10,347,062	7,746,256	102,052	71,552
Cash in Hand and at Banks, Beginning of the Year	9,271,340	1,525,084	91,442	14,087
Foreign Currency Gain/(Loss) Adjustment				(380)
Cash and Cash Equivalents at the End of the Period	19,618,402	9,271,340	193,494	85,640

Significant Accounting Policies & Notes to Accounts
Notes 1 to 15 form an integral part of these statements.

As per our attached report on even date


Alina Gautam
Account Officer
Place: Kathmandu
Date: 26 February 2018


Khemraj Upadhyaya
Country Representative


Nishchal Bhattarai
Partner
Chartered Accountants
MKNB Associates
Chartered Accountants


STICHTING BRAC INTERNATIONAL-NEPAL
STATEMENT OF CHANGES IN CAPITAL FUND
FOR THE PERIOD ENDED 31 DECEMBER 2017

	Donor Funds Received in Advance/(Donor Funds Receivable)	Donor Fund in Fixed Assets	Retained Surplus	Total Capital Fund	Total Capital Fund
	NPR	NPR	NPR	NPR	USD
At 1 JANUARY 2016	(227,922)	251,285	-	23,363	230
Donations Received During the Year	20,515,299	-	-	20,515,299	202,340
Transferred to Fixed Assets	(105,437)	105,437	-	-	-
Transferred to Statement of Comprehensive Income	(17,586,015)	(60,390)	-	(17,646,404)	(174,045)
Donor Funds Receivable	-	-	-	-	-
Assets Received from Donor	-	-	-	-	-
Adjustment of Opening Balance	-	-	-	-	-
Surplus for the Year	-	-	-	-	-
At 31 DECEMBER 2016	2,595,925	296,332	-	2,892,257	28,526
At 1 JANUARY 2017	2,595,925	296,332	-	2,892,257	28,526
Donations Received During the Year	32,556,802	-	-	32,556,802	321,105
Transferred to Fixed Assets	(451,780)	451,780	-	-	-
Transferred to Statement of Comprehensive Income	(21,873,706)	(129,644)	-	(22,003,350)	(217,017)
Donor Funds Receivable	-	-	-	-	-
Assets Received from Donor	-	-	-	-	-
Adjustment of Opening Balance	-	-	-	-	-
Surplus for the Year	-	-	-	-	-
At 31 December 2017	12,827,241	618,469	-	13,445,710	132,614

Significant Accounting Policies & Notes to Accounts

As per our attached report on even date

Notes 1 to 15 form an integral part of these statements



Alina Gautam
Account Officer

Place: Kathmandu
Date: 26 February 2018




Khemraj Upadhyaya
Country Representative




Nishchal Bhattarai
Partner
MKNB Associates
Chartered Accountants

STICHTING BRAC INTERNATIONAL-NEPAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017

	2017 NPR	2016 NPR	2017 USD	2016 USD
1.00 GRANT INCOME				
Rehabilitation Project	9,704,637	13,148,652	95,716	121,454
ICDP Phase II	12,169,069	4,437,363	120,022	40,988
	21,873,706	17,586,015	215,738	162,442
Ammortization of deferred income	129,644	60,390	1,279	558
Total	22,003,350	17,646,404	217,017	163,000

Grant income relates to the operating expenses incurred by the different projects that are transferred from grants received in advance to the statement of comprehensive income

2.00 OTHER INCOME				
Bank Interest Income	-	-	-	-
Foreign Currency Gain	-	350,468	-	3,237
Total	-	350,468	-	3,237

3.00 PROJECT EXPENSE				
Construction Cost	5,170,591	1,388,222	50,997	12,823
Project Supplies	1,170,112	888,032	11,541	8,203
Club Rent	159,277	37,774	1,571	349
Honorarium and Incentives	304,851	58,750	3,007	543
Total	6,804,831	2,372,778	67,115	21,917

4.00 STAFF COSTS AND OTHER BENEFITS				
Salaries and benefits	8,049,137	7,013,986	79,388	64,788
Bonus	755,265	223,222	7,449	2,062
Food Allowances	-	417,705	-	3,858
Social Security Fund	-	40,983	-	379
Medical Benefits	-	130,155	-	1,202
Leave Fund	50,227	155,405	495	1,435
Staff insurance	-	-	-	-
Total	8,854,629	7,981,456	87,332	73,725

5.00 TRAINING & DEVELOPMENT				
Employee Development	-	95,090	-	878
Project Meeting	132,285	6,725	1,305	62
Project Training & Workshop	495,749	416,481	4,890	3,847
Research and Survey	24,000	56,580	237	523
Total	652,034	574,876	6,431	5,310









STICHTING BRAC INTERNATIONAL-NEPAL
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2017

	2017 NPR	2016 NPR	2017 USD	2016 USD
6.00 OCCUPANCY EXPENSES				
Office Rent	1,221,330	1,208,555	12,046	11,163
Other Utilities	86,324	85,648	851	791
Total	1,307,654	1,294,203	12,897	11,955
7.00 OTHER GENERAL & ADMINISTRATIVE EXPENSES				
Office expense (Note 7.01)	411,085	548,200	4,054	5,064
Maintenance and general expenses	356,056	166,120	3,512	1,534
Travel and transportation	1,013,049	2,972,369	9,992	27,456
Logistics and Management Expense	1,252,451	1,640,175	12,353	15,150
Bank fees and service charges	30	5,286	0	49
Promotional Expense	86,562	154,520	854	1,427
Audit and Legal Fee	415,600	226,500	4,099	2,092
Foreign Currency Loss	719,725		7,099	
Total	4,254,558	5,713,170	41,962	52,773
7.01 Office Expense				
Fuel Charge	-	-	-	-
Generator Maintenance	-	-	-	-
Internet Expense	8,601	12,025	85	111
Motor Cycle Maintenance	-	-	-	-
Office Supplies	-	-	-	-
Food Bill	279,225	-	2,754	-
Postage & Delivery	-	4,500	-	42
Printing and Stationary	21,537	35,866	212	331
Recruitment and Reallocation Expense	25,329	346,603	250	3,202
Telephone and Fax	76,393	149,206	753	1,378
Total	411,085	548,200	4,054	5,064
8.00 CASH AND CASH EQUIVALENTS				
Cash at Bank	19,604,726	9,244,517	193,360	85,392
USD	19,325,442	8,555,463	190,605	79,027
Local	279,284	689,054	2,755	6,365
Cash in hand	13,676	26,823	135	248
Short Term Deposits	-	-	-	-
Cash at IOU	-	-	-	-
Total	19,618,402	9,271,340	193,494	85,640



STICHTING BRAC INTERNATIONAL-NEPAL
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2017

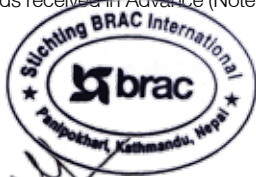
	2017 NPR	2016 NPR	2017 USD	2016 USD
9.00 OTHER ASSETS				
Stock and consumables	-	-	-	-
Advances, deposits and prepayments (Note 9.10)	70,000	61,963	690	572
Total	70,000	61,963	690	572
9.10 Advances, deposits and prepayments				
Employee Advance	-	61,963	-	572
Prepaid Insurance	-	-	-	-
Prepaid Rent	70,000	-	690	-
Prepaid Utilities	-	-	-	-
Receivable from other project and offices	-	-	-	-
Advance to P.NGO	-	-	-	-
Advances to 3rd Party	-	-	-	-
Total	70,000	61,963	690	572
10.00 OTHER LIABILITIES				
Accrued Expenses	-	-	-	-
Accrued Salary	-	602,673	-	5,567
Bonus Provision	449,178	59,000	4,430	545
Medical benefits provision	130,152	130,155	1,284	1,202
Leave Salary provision	202,392	155,405	1,996	1,435
Social security Fund Payable	35,000	-	345	-
Insurance Provision	-	-	-	-
Audit & Advisory Fees Provision	56,500	113,000	557	1,044
Payable to 3rd Party	-	-	-	-
Legal Fee Payable	-	-	-	-
Tax Payables	143,779	376,336	1,418	3,476
Payable to Partner NGO	257,447	520,552	2,539	4,808
Other Liabilities	-	-	-	-
Total	1,274,448	1,957,121	12,570	18,078
11.00 RELATED PARTY PAYABLES				
BRAC Bangladesh	2,347,457	2,793,456	23,153	25,803
Stichting BRAC International	3,239,252	1,986,801	31,948	18,352
Total	5,586,709	4,780,257	55,101	44,155

Related party payables relate to amounts owing to BRAC Bangladesh for the settlements of staff costs and operating expenditures on behalf of BRAC Nepal, HO logistics and other fees payable.



STICHTING BRAC INTERNATIONAL-NEPAL
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2017

	2017 NPR	2016 NPR	2017 USD	2016 USD
12.00 DONOR FUNDS				
Donor funds Received in advance (Note 12.10)	12,827,241	2,595,925	126,514	23,979
Donor funds investment in fixed assets (Note 12.20)	618,469	296,332	6,100	2,737
Total	13,445,710	2,892,257	132,614	26,716
12.10 Donor funds received in advance				
Opening balance	2,595,925	(227,922)	25,603	(2,105)
Donations received during the year (Note 12.1(a))	32,556,802	20,515,299	321,105	189,500
Transferred to deferred income - investment in fixed assets (Note 14)	(451,780)	(105,437)	(4,456)	(974)
Transferred to statement of comprehensive income (Note 1)	(21,873,706)	(17,586,015)	(215,738)	(162,442)
	12,827,241	2,595,925	126,514	23,979
Transferred to/(from) Donor funds receivable (Note 13)	-	-	-	-
Currency translation	-	-	-	-
Closing balance	12,827,241	2,595,925	126,514	23,979
12.1(a) Donations received during the year				
Name of donor				
BRAC	32,556,802	20,515,299	313,578	189,500
Total	32,556,802	20,515,299	313,578	189,500
12.20 Donations - investments in fixed assets				
Opening balance	296,332	251,285	2,923	2,321
Transferred from donor funds received in Advance (Note 12.10)	451,780	105,437	4,456	974
Depreciation charged during the year (Note 14)	(129,644)	(60,390)	(1,279)	(558)
Closing balance	618,469	296,332	6,100	2,737
13.00 Donor funds receivable				
Opening balance	-	227,922	-	2,105
Transferred (to)/from donor funds received in Advance (Note 12.10)	-	(227,922)	-	(2,105)
Closing balance	-	-	-	-



STICHTING BRAC INTERNATIONAL-NEPAL
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2017

14.00 PROPERTY AND EQUIPMENT

	Furniture	Computer & Peripherals	Electrical & Electronics	Motor Cycles	Equipments	Total	Total
	NPR	NPR	NPR	NPR	NPR	NPR	USD
Cost							
At 1 JANUARY 2016	177,250	114,700	-	-	-	291,950	2,697
Additions	60,000	21,037	24,400	-	-	105,437	974
Disposed During the Period	-	-	-	-	-	-	-
At 31 DECEMBER 2016	237,250	135,737	24,400	-	-	397,387	3,671
Addition	160,347	142,000	149,433	-	-	451,780	4,456
Disposed During the Period	-	-	-	-	-	-	-
FX Translation (Loss)/Gain	-	-	-	-	-	-	185
At 31 December 2017	397,597	277,737	173,833	-	-	849,167	8,312
Depreciation							
At 1 JANUARY 2016	17,725	22,940	-	-	-	40,665	376
Charge for the Year	24,155	31,355	4,880	-	-	60,390	558
Disposal	-	-	-	-	-	-	-
Written Off During the Year	-	-	-	-	-	-	-
At 31 DECEMBER 2016	41,880	54,295	4,880	-	-	101,055	933
Charge for the Year	39,330	55,547	34,767	-	-	129,644	1,279
Disposal	-	-	-	-	-	-	-
Written Off During the Year	-	-	-	-	-	-	-
At 31 December 2017	81,210	109,842	39,647	-	-	230,698	2,212
NET BOOK VALUE:							
NBV At 31 DECEMBER 2016	195,370	81,442	19,520	-	-	296,332	2,737
NBV At 31 December 2017	316,387	167,895	134,186	-	-	618,469	6,100

STICHTING BRAC INTERNATIONAL-NEPAL

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

	Rehabilitation Project	ICDP Phase II	Total	Rehabilitation Project	ICDP Phase II	Total
	NPR	NPR	NPR	USD	USD	USD
ASSETS						
Non-Current Assets						
Property and Equipment	268,521	349,948	618,469	2,648	3,452	6,100
Current Assets						
Cash and Bank	10,543,894	9,074,508	19,618,402	103,993	89,501	193,494
Donor Fund Receivable	-	-	-	-	-	-
Other Assets	70,000	-	70,000	690	-	690
	10,613,894	9,074,508	19,688,402	104,684	89,501	194,185
Total Assets	10,882,415	9,424,456	20,306,871	107,332	92,953	200,285
LIABILITIES AND CAPITAL FUND						
Liabilities						
Other Liabilities	756,646	517,802	1,274,448	7,463	5,107	12,570
Related Party Payable	4,436,161	1,150,552	5,586,713	43,753	11,348	55,101
Total Liabilities	5,192,807	1,668,354	6,861,161	51,216	16,455	67,671
Capital Fund						
Donor Funds	5,689,609	7,756,101	13,445,710	56,116	76,498	132,614
Retained Surplus	-	-	-	-	-	-
Total Capital Fund	5,689,609	7,756,101	13,445,710	56,116	76,498	132,614
Total Liabilities and Capital Fund	10,882,416	9,424,455	20,306,871	107,332	92,953	200,285

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STICHTING BRAC INTERNATIONAL-NEPAL

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

	Rehabilitation Project	ICDP Phase II	Total	Rehabilitation Project	ICDP Phase II	Total
	NPR	NPR	NPR	USD	USD	USD
Grant Income	9,762,349	12,241,000	22,003,350	96,285	120,732	217,017
Foreign Exchange Gain	-	-	-	-	-	-
Total Income	9,762,349	12,241,000	22,003,350	96,285	120,732	217,017
Project Expense	-	6,804,831	6,804,831	-	67,115	67,115
Staff Costs and Other Benefits	5,977,900	2,876,729	8,854,629	58,959	28,373	87,332
Training & Development	-	652,034	652,034	-	6,431	6,431
Occupancy Expenses	1,063,607	244,047	1,307,654	10,490	2,407	12,897
Other General & Administrative Expenses	2,663,130	1,591,428	4,254,558	26,266	15,696	41,962
Depreciation	57,712	71,931	129,644	569	709	1,279
Total Expenditure	9,762,349	12,241,000	22,003,350	96,285	120,732	217,017
Taxation	-	-	-	-	-	-
Surplus Reserve	-	-	-	-	-	-

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STICHTING BRAC INTERNATIONAL-NEPAL OFFICE
Kathmandu, Nepal

Schedule 15: Significant Accounting Politics and Notes to Accounts

BACKGROUND

BRAC, an international development organization based in Bangladesh, was formed in 1972 under the Societies Registration Act 1860 of Bangladesh. Although it was first set up to resettle refugees in post war Bangladesh, BRAC later redesigned its strategies in accordance with its philosophy of poverty alleviation and empowerment of the poor.

In 2015, after Nepal took a devastating hit to its economy, affecting the lives of its people due to the earthquake, BRAC had been one of the first global organizations to stand beside the people of Nepal in their time of distress. BRAC has initially set up its operations in Nepal with the main focus being on the rehabilitation of the earthquake victims and had planned to raise funds to build 400 earthquake resilient houses over a period of one and a half years. However, on failure to get approval for reconstruction project, BRAC has now implemented another project named ‘Pilot Project’, with the mission to empower people and communities in situations of poverty, illiteracy, disease and social injustice, in partnership with the Forum for Wildlife & Environment Project (FOWEP) by signing the project agreement with the Social Welfare Council (SWC).

BRAC has entered into a General Agreement with SWC and is also registered with tax authorities of Nepal with Permanent Account Number 603648982. It has obtained the status of tax exempt entity under the provisions of Income Tax Act of Nepal.

Significant Accounting Policies

Basis of Preparation

The financial statements expressed in Nepalese Rupees (NPR) in accordance with the historical cost convention using accrual basis of accounting unless otherwise stated.

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and prepared in conformity with Generally Accepted Accounting Principles.

Functional Currency and Presentation Currency

The functional currency of Stichting BRAC International-Nepal Office is Nepalese Rupees (NPR). The financial statement includes figures which have been translated from Nepalese Rupees (NPR) to United States Dollar (USD) as at the year-end rate of USD 1: NPR 101.39 (2016: USD 1: NPR 108.26). These figures are for memorandum purposes only and do not form part of the audited financial statement.

Recognition of Income

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

The portion of the grants utilized to purchase property and fixed assets are transferred as deferred income and treated as liabilities and subsequently the portion of the depreciation expense of the same assets for the period is recognized in the statement of income as grant income. The actual expenditures incurred on programs undertaken are recognized as Grant Income for the period.

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

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

For ongoing projects and programs, any expenditure is recognized as grant income and for which funding has been agreed at the end of the reporting period is recognized as grants receivable.



Property and Equipment

Recognition and Measurement

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

The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs 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 capitalized as part of that equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying value of property and equipment and recognized net with other income in profit or loss.

Depreciation

Depreciation is recognized in the statement of comprehensive income. The fixed assets are depreciated on a straight line basis. The rate of depreciation used is as follows:

Assets	Depreciation Rate
Furniture and Fixture	10%
Computer and Peripherals	20%
Electrical and Electronics	20%
Motorcycle	20%
Equipment	15%

Full depreciation is provided on Fixed Assets at the prescribed rate in the year of purchase.

Inventories

All costs related to program, stationery and office supplies are charged to expenses at the time of procurement.

Segment Reporting

An operating segment is a component of the company that engages in business activities providing products and services from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of BRAC’s other component programs. All operating segments’ operating results are reviewed regularly by BRAC’s Country Representative to make decisions about resources to be allocated to the segments to assess its performance, and for which discrete financial information is available.

The company’s primary format for segmentation is based on 2 projects being operated by Sticking BRAC International-Nepal Office; these programs are listed below:

- Rehabilitation Project
- Pilot Project (The phase II of the project has started on July 2017 named-Integrated Community Development Project (ICDP)).



1. Notes to Account

1. Funding Arrangements

Stitching BRAC International-Nepal operates USD bank account at Himalayan Bank Limited, in which the funds are received in USD from its Headquarters. Funds are transferred from USD account to NPR account at the spot rates. Balance held in USD account is translated to Nepalese Currency using yearend rate of USD 1: NPR 101.39 and difference amount is recognized as Foreign Exchange Gain/ (Loss).

2. Head Office Logistic and Management Expenses

10% of the fund invested in program activities and purchase of the fixed assets by BRAC International-Nepal is charged as expenses in the financial statement and correspondingly treated as liabilities payable to HO. The charging of 10% overhead has been suspended from August 2017. Total expenses accounted during the year amounts to NPR 1,252,451. Implication of VAT in accordance with Section 8 of the VAT Act and of Tax in accordance with Section 88 of Income Tax Act is not considered.

3. Income Tax Liabilities

Since Stichting BRAC International-Nepal office do not have any specific revenue from transactions, no income is generated. Accordingly, no tax provision has been considered nor has deferred tax been considered. Stichting BRAC International-Nepal as non-profit making organization has signed agreement with SWC for development activities which are considered as non-taxable activities.

4. Contingent Liabilities

No contingent liabilities exist as on the balance sheet date.

5. Related Party Transactions

Related party transactions have been carried out with BRAC and Stichting BRAC International.

6. Previous Years Figures

Corresponding previous year figures covers the period 1st January 2016 to 31st December 2016.



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COVER PHOTO:

BRAC/Sinthia Ahmed