

BRAC

2001



annual report

## Vision

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



# Table of Contents

Vision

---

Mission Statement

---

List of Acronyms

---

Map

---

BRAC at a Glance (Dec. 2001)

---

Timeline

---

Overview

---

Development Programme

---

Health Programme

---

Education Programme

---

Support Programmes

---

Governance

---

Financial Statement

---



## TABLE OF CONTENTS

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

BRAC firmly believes and is actively involved in promoting human rights, dignity and gender equity through poor people's social, economic, political and human capacity building. Although the emphasis of BRAC's work is at the individual level, sustaining the work of the organization depends on an environment that permits the poor to break out of the cycle of poverty and hopelessness. To this end, BRAC endeavours to bring about change at the level of national and global policy on poverty reduction

B R A C  
ANNUAL REPORT

2002



VISION

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



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

BRAC firmly believes and is actively involved in promoting human rights, dignity and gender equity through poor people's social, economic, political and human capacity building. Although the emphasis of BRAC's work is at the individual level, sustaining the work of the organisation depends on an environment that

permits the poor to break out of the cycle of poverty and hopelessness. To this end, BRAC endeavours to bring about change at the level of national and global policy on poverty reduction and social progress. BRAC is committed to making its programmes socially, financially and environmentally sustainable, using new methods and improved technologies. As a part of its support to the programme participants and its financial sustainability, BRAC is also involved in various income generating enterprises.

Poverty reduction programmes undertaken so far have bypassed many of the poorest. In this context one of BRAC's main focuses is the ultra poor. With multifaceted development interventions, BRAC strives to bring about changes in the quality of life of these people.

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

building on a national scale to accelerate societal emancipation.

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

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

# mission statement

# List of Acronyms

The following acronyms are widely used by BRAC

APON	Adolescent Peer Organized Network	MELA	Micro-Enterprise Lending and Assistance
ARI	Acute Respiratory Infection	MOU	Memorandum of Understanding
AO	Area Office	NCU	NGO Cooperation Unit
BCDM	BRAC Centre for Development Management	NEER	Non-farm Enterprise Extension Reinforcement
BEOC	Basic Education for Older Children	NFPE	Non-Formal Primary Education
BEP	BRAC Education Programme	NID	National Immunization Day
BRAC	Bangladesh Rural Advancement Committee (former name)	NGO	Non-Governmental Organisation
CEP	Continuing Education Programme	NSV	Non-Scalpel Vasectomy
DANIDA	Danish International Development Agency	PHC	Primary Health Care
DNFE	Directorate of Non-Formal Education	PSE	Programme Support Enterprises
EHC	Essential Health Care	RDP	Rural Development Programme
EIGP	Employment and Income Generating Programme	RED	Research and Evaluation Division
EPI	Expanded Programme on Immunization	REP	Rural Enterprise Project
ESP	Educational Support Programme	RHDC	Reproductive Health and Disease Control
ESP	Essential Service Package	RLF	Revolving Loan Fund
GEP	General Education Project	RSDP	Rural Service Delivery Programme
GP	Global Partnership	RTI	Reproductive Tract Infection
GQAL	Gender Quality Action Learning	SRC	Sericulture Research Centre
HNPP	Health, Nutrition and Population Programme	SS	Shastha Shebika (Health Care Worker)
HRLE	Human Rights and Legal Education	SSC	Secondary School Certificate
H&FPFP	Health & Family Planning Facilitation Project	STD	Sexually Transmitted Disease
IGVGD	Income Generation for Vulnerable Group Development	TARC	Training and Resource Centre
MED	Micro-Enterprise Development	VGf	Vulnerable Group Feeding
		VO	Village Organisation
		VSC	Voluntary Surgical Contraception
		WFP	World Food Programme

# BANGLADESH BRAC LOCATIONS



Regional Office   
Area Office   
Training and Resource Centre 





# BRAC AT A GLANCE

As on December 31, 2001

## Programme Coverage

Districts	64
Thanas (sub-districts)	460
Villages	60,627
Urban Slums	2,364
Population Covered	68 million
Water-body under Fisheries	39,077 Acres
Land under Agriculture	271,921 Acres

## Development Programmes

Village Organisations	109,288
Membership - Total	4,138,133
- Female	4,080,067
- Male	58,066
Loan Disbursement - Year 2001	Tk 15,099.82 million US \$ 274.54 million
Loan Disbursement - Cumulative	Tk 69,544.30 million US \$ 1,502.30 million
Loan Outstanding	Tk 8,345.56 million US \$ 151.74 million
Repayment Rate	98.85%
Members' Savings	Tk 4,304.99 million US \$ 78.27 million
Currently Enrolled in BRAC Schools	1.10 million
Graduated (till to date)	2.1 million
Legal Literacy - Courses Held	79,295
- Learners Completed	1,855,425

## Commercial Enterprises

Aarong Shops	8
Printing Press	1
Dairy & Food Project	1

## Job Creation

Poultry	1,476,911
Livestock	280,905
Agriculture	575,857
Social Forestry	29,431
Fisheries	215,330
Sericulture	14,860
Horticulture	146,522
Agro-Forestry	38,579
Handicraft Producers	13,172
Small Enterprises	50,311
Small Traders	1,519,673

## Human Resources

Staff	26,362
School Teachers	33,370
Community Veterinarians	3,654
Community Health Workers	20,209
Poultry Workers	46,423
Community Nutrition Workers	6,424

## Programme Infrastructure

Regional Offices	104
Area Offices	459
Team Offices	1,175
Training Centre	14
Health Centres	90
Diagnostic Laboratories	90
Community Nutrition Centres	5,840
Antenatal Care Centres	2,639
Schools	34,086
Libraries	570
School Reading Centres	6,500
Handicraft Production Centres	243
Limb and Brace Centre	1



## Annual Expenditure

Year	Amount	Donor Contribution (%)
1997	Tk. 4,215 million US \$ 102 million	36%
1998	Tk. 6,283 million US \$ 130 million	32%
1999	Tk. 7,708 million US \$ 148 million	30%
2000	Tk. 8,024 million US \$ 152 million	21%
2001	Tk. 8,135 million US \$ 153 million	21%

## Programme Support Enterprises

	No.	Capacity (annual)
Poultry Farms	4	8.0 million Chicks
Feed Mills	3	35,000 MT
Prawn Hatcheries	8	15 million post larvae
Fish Hatcheries	4	4,000 kg fish spawn
Seed Processing Centres	2	6,000 MT
Seed Production Farms	18	4,000 MT
Sericulture - Silk Reeling Centres	2	15 MT
- Grainages	12	2.0 million df
Nurseries	20	2.1 million
Bull Station	1	100,000

## Related Companies/Institutions

BRAC Industries Limited	Cold Storage
BRAC BD Mail Network	Internet Service Provider
BRAC Services Limited	Hospitality
BRAC Renata Agro Industries Ltd.	Poultry Farm
BRAC Concord Lands Limited	Land and Housing
Delta BRAC Housing Finance Corp.	Housing Finance
BRAC University	Tertiary Education
BRAC Bank	Small & Medium Enterprise Finance & Banking

## BRAC TIMELINE - MAJOR EVENTS

- 1972 BRAC starts at Sulla (Sylhet) as a relief agency
- 1973 Transition to a development programme
- 1974 Relief work among famine and flood victims of Rowmari, Kurigram started
- 1975 Research and Evaluation Division (RED) established; Jamalpur Women's Project commenced
- 1976 Manikganj Integrated Project initiated
- 1977 BRAC commences 'targeted' development approach through Village Organisations (VO); BRAC Printers set up in Dhaka
- 1978 Training and Resource Centre (TARC) set up at Savar; Aarong set up in Dhaka, Sericulture starts in Manikganj
- 1979 Outreach, Rural Credit and Training Programme (RCTP), Poultry Programme commenced
- 1980 Oral Therapy Extension Programme (OTEP) launched
- 1981 Livestock Programme initiated
- 1982 Non-formal Primary Education Programme (NFPE), Rural Enterprise Project (REP) launched
- 1983 Rural Development Programme (RDP) formed by merging Rural Credit and Training Programme (RCTP) and Outreach; Child Survival Programme (CSP) commenced
- 1984 Income Generating Vulnerable Group Development (IGVGD) Programme launched
- 1985 Monitoring Department set up
- 1986 Rural Credit Programme (RCP) commenced; Management Development Programme (MDP) set up; vegetable cultivation becomes a separate programme
- 1987 Women's Health Development Programme (WHDP) commenced
- 1988 Centre for Development Management (CDM) commenced
- 1989 Training Division, Women's Advisory Committee (WAC) set up.
- 1990 Non-formal Primary Education programme (NFPE) sets up a desk in Nairobi under the auspices of UNICEF to advise some African countries in primary education.
- 1991 Fifteen Adult Literacy Centres opened under NFPE; BRAC enters Global Partnership for NGO studies, education and training; Gender Quality Action Learning (GQAL) and Gender Resource Centre (GRC) established.
- 1992 Rural Development Programme (RDP) IV commenced; Micro-Enterprise Lending and Assistance (MELA) launched; BRAC BDMail goes into operation
- 1993 Urban Development Project starts, BRAC Dairy and Food Project commissioned, Delta BRAC Housing programme launched
- 1994 Chittagong Hill Tracts Development Project underway
- 1995 BRAC Information Technology Institute launched
- 1996 BRAC University
- 1997 BRAC Bank

## B R A C : A N O V E R V I E W



BRAC, a national private development organisation, set up in 1972 by Mr. Fazle Hasan Abed, was initially established as a relief organisation to afford relief and assistance to resettle refugees returning to Bangladesh from India after Bangladesh's Liberation War. The immediate task of relief and rehabilitation over, BRAC turned its focus on the long-term issue of poverty alleviation and empowerment of the poor, especially women, in the rural areas of Bangladesh.

From its modest beginning in 1972 BRAC, initially the acronym for Bangladesh Rural Advancement Committee and subsequently known only by its acronym, is now a multi-faceted organisation with over 26,000 regular staff and 34,000 part time teachers, working in 60,627 villages in all the 64 districts of Bangladesh. BRAC has been characterized as a learning institution, learning from experience and through a responsive and inductive process. Adjusting its strategy to prevailing circumstances, it does not pursue any rigid development model.

BRAC diagnoses poverty in real human terms. Prospects of a 'quiet revolution' have been recognized in the economic role of women in the world of poverty. Women with social, cultural, technological and structural constraints have been able to organize as contributors not only to their families' well being but to national production and development as well by increasing their access to economic and social resources with the assistance of BRAC. Today, BRAC promotes income generation for the poor, mostly landless rural people of Bangladesh, through micro-credit, health, education and training programmes.

BRAC believes that poverty is a complex syndrome and to be overcome, it must be met with a holistic approach and innovative interventions. BRAC Development Programme (BDP) has so far organised over 4.14 million poor landless people into 109,288 Village Organisations (VOs), each having 35-40 members. These groups serve as forums where the poor can collectively address the key structural



impediments to their development. The Village Organisations are also key institutions for the delivery of financial services to the poor. BRAC's credit programme, initiated in 1976, has disbursed US\$ 1,502 million (Taka 6,954 crore) among Village Organisation members to develop their income generating capacities. In addition to receiving access to credit, members are encouraged to save regularly. The savings deposited with BRAC now stand at US\$ 78 million (Taka 430 crore). While BRAC believes that micro-credit is an important tool in breaking the cycle of poverty, it also places an emphasis on training its members in income generating activities and in facilitating their linkages with Bangladesh's consumer markets. BRAC also has a number of social development initiatives designed to increase members' awareness of their rights and responsibilities and to facilitate addressing issues of discrimination in their villages and their region.

Like BDP, BRAC's Health, Nutrition and Population Programme takes a broad approach to the health needs of the poor people. The health programme provides basic curative and preventive services to a large number of poor population. BRAC's wide range of health services is available to more than 31 million people. Trained health workers and female health volunteers (Shastho Shebika) raise the awareness of the rural poor on health issues that directly impact on their lives and families. The health services provided by BRAC seek to reduce maternal and child mortality, and also to reduce vulnerability to common diseases. Services are offered

to control infectious diseases such as tuberculosis, acute respiratory infections, diarrhoea etc. The programme also provides services to pregnant women for improving their health and nutrition status. Beside these, reproductive health needs of the community in general, with particular focus on the BRAC members, are addressed in the family life education, contraception, STD/RTI control and awareness against HIV/AIDS. BRAC is encouraging rural people to use safe water for domestic purpose and hygienic sanitation for health and environmental reasons. In 2001 all the activities came under the core BRAC Development Programme as the BRAC Health Programme with the exception of the Nutrition Facilitation Programme (NFP), which is working as a partner of the Bangladesh Government's health initiatives.

In 1985, BRAC initiated its Non-Formal Primary Education (NFPE) Programme by setting up 22 one-room schools to provide basic education to the children of poor landless families. This programme has grown to encompass well over 34,000 one-room schools providing education to 1.1 million children. BRAC places a special emphasis on the education of girls and the involvement of families in their children's school life. As a result, 70% of NFPE's students are girls. The importance of maintaining literacy outside the school setting has been addressed with BRAC's community based libraries that give members access to a variety of reading materials.

BRAC provides support to these three core areas of its activities through various support programmes. BRAC's Training Division is involved in all aspects of staff and VO members training, be it poultry rearing or developmental management. For training and staff development courses the Training Division has established twelve residential Training and Resource Centres (TARCs) and two BRAC Centres for Developmental Management (BCDMs). In order to promote gender equity throughout the organisation and within the community with whom BRAC works, the Training Division has initiated a Gender Quality Action Learning (GQAL) programme. The aims of GQAL programme are to improve gender relations within the organisation and to sensitize the programme participants on gender related issues.

Key support is provided to all programmes through the Research and Evaluation Division (RED), the Monitoring, the Publications, the Public Affairs and Communications and the Construction and Logistics Departments. In attempting to link the poor rural producers with the expanding urban markets, BRAC has undertaken some commercial projects, such as Aarong (retail handicraft stores), thereby, providing a market for rural artisan and contributing to the funding of its core development programmes. BRAC Dairy was commissioned in 1998. It is the second largest liquid milk plant in Bangladesh and has an integrated system of milk procurement from rural dairy farmers to the production of quality dairy

products. Four Poultry Farms and three Poultry Feed Mills have been set up to meet the increasing demand for healthy chicks and quality feed in rural areas. BRAC's three feed mills make balanced feed available to women trained in a variety of aspects of poultry rearing. BRAC Printers, a Cold Storage, 12 Grainage and Reeling Centres (Sericulture), 12 Fish and Prawn Hatcheries and a Bull Station are also among its programme support enterprises.

BRAC continues to maintain its cycle of innovation while working to provide better services and greater assistance to its members. BRAC has set up a Tissue Culture Laboratory and two Seed Processing Plants and agricultural farms to make new agricultural technology available to its members and the farmers at large.

BRAC is also concerned with providing training in Information Technology (IT) to the new generation to better equip them to compete in this increasingly globalised and competitive world. The BRAC Information Technology Institute has been established in Dhaka to train future IT professionals which is now a part of BRAC University. In collaboration with IBM, BRAC has also set up an IBM-ACE centre to provide IBM certified courses.

BRAC has worked with the Organisation of Rural Associations for Progress (ORAP) in Zimbabwe and the School for International Training (SIT) in the United States to create the Global Partnership Programme which offers post-graduate diploma in 'NGO Leadership and Management'. The courses are designed to prepare students for successful careers at home and abroad.

BRAC has set up two new institutions in the year 2001, which are expected to have far reaching impacts in the socio economic development of Bangladesh. BRAC University which received its Charter from the Government in January, was inaugurated by the then Honorable President of Bangladesh and Chancellor of BRAC University in June 2001. The mission of BRAC University is to foster the national development process through the creation of an excellent institution of higher education that is responsive to society's needs, is able to develop creative leaders and actively contributes to learning and creation of knowledge. BRAC Bank, which finally got underway in July 2001, is a full-fledged commercial bank with special focus on providing financial services to small and medium enterprises. BRAC Bank intends to expand nationwide to provide services to this neglected sector.

The budget of BRAC for the year 2001 was US\$ 153 million. Donor contribution accounted for 21% of that amount. The projected budget for BRAC for the year 2002 is US\$166 million. Donor contributions will account for 20% of that amount.

---

B R A C  
D E V E L O P M E N T  
P R O G R A M M E





## Institution Building through Village Organisation (VO)

*The BRAC Development Programme (BDP) works with and for the disadvantaged rural population of Bangladesh, especially women, and it has a compelling vision of a society where the poor and disadvantaged will be able to achieve quantitative improvements in their livelihoods, attain a high degree of self-reliance and manage their own affairs with dignity and freedom.*

*In the last three decades, with more than four million rural women, it has been able to reach a very large number of poor people. BDP has been working in all the 64 districts of Bangladesh and has a wide range of interventions including institution building, microfinance, sector programme, social development, and health intervention. BDP's greatest strength lies in its grassroots development programmes and learning from experience.*

To bring the rural poor into mainstream of development, BRAC focuses on institution building as a strategy. BRAC believes that a common platform that is created and owned by the poor is a prerequisite through which the poor can make themselves count in the development process. The Village Organisation (VO) is an association of the poor, landless people who come together with the help of BRAC to try and improve their socio economic position. BRAC's approach to social and economic development of the poor, especially women, involves four interrelated strategies: service delivery, institution building, public sector mobilization, and wider social mobilization.

BRAC's core approach and competency is the delivery of health, education, microfinance, and micro-enterprise services on a large scale to the rural poor, primarily women. BRAC decided to train local women to help deliver these services and organize local groups. As a result, BRAC's service delivery contributes to building local leadership and local organisations.

As of December 2001, BRAC had organized its 4.14 million members into 109,288 VOs across the country. BRAC's micro-finance staff meet VOs once a week to discuss and facilitate credit operations. BRAC's social development staff meet VOs twice a month to discuss various socio economic and legal issues. BRAC's health staff meet with the VOs once a month to discuss health issues.

With regard to institution building, the VOs are the primary organisations that BRAC seeks to help establish and strengthen. Each VO is constituted of several small peer groups that vet applications and provide group guarantee for BRAC loans. BRAC's legal literacy, popular theatre performances, and other inputs are designed to raise the social awareness of the members of the VOs. Leadership training and community dialogues lead the way to social action and collective bargaining for resources and justice at the ward and union levels.

BRAC continuously challenges itself to question its own assumptions, implicit and explicit, and reviews them in the light of unfolding reality and experiences. The Junior Village Organisation (JVO) is one such example. Launched for BRAC school female graduates aged 14 and above, the girls, whether pursuing further studies or not, are entitled to become members and receive loans at the age of 16 with minimum weekly savings of Taka 2 only. The amount of loan ranges from US \$ 20 to US \$ 200. In the year 2001, a total US \$ 714,373 (Tk. 3.92 crore) has been disbursed. The number of Junior Village Organisation (JVOs), which started functioning since May 2001, has gone up to 1,498 with 31,880 members.

## Social Mobilization

BRAC believes that women must be aware of their legal rights to protect themselves from being discriminated and exploited, and that the socio-political relationships and power structures within village communities need to be changed. Poor women need encouragement to take action when their rights are infringed. To take such a step, women often need external assistance, such as the help of a lawyer or the police. BRAC feels that it can assist poor women obtain access to these services, either through legal aid clinics or by helping women report cases at the local police station or when seeking medical care in the case of acid victims.

BRAC's social development programme was broadened in 1998 to incorporate Gram Shobha, Polli Shomaj and Popular Theatre as forums for empowering the VOs. Polli Shomaj, Popular Theatre, Legal Education, Legal Aid and such forums help the programmes to achieve some of the specific outcomes, both through awareness and institution building.

**Gram Shobha:** The VO members meet once a month to discuss issues related to social injustice, health, education, legal education and rights, violence against women and women's oppression. Through these monthly meetings, the VO members try to find solutions to many of their problems. This forum is considered to be the first step towards gaining a voice and participating in larger fora.

**Polli Shomaj:** The Polli Shomaj is a ward level organisation made up of representatives from several VOs. This is a new initiative which started since the middle of 1998 and was meant to complement the government's initiative to set up local government bodies at the ward level. What is unique about BRAC's federations is that unlike other NGOs, BRAC has decided to have an all women membership. By the end of December 2001, BRAC has helped VO members to form 11,597 Polli Shomaj groups. So far, these groups have addressed issues such as illegal divorce, dowry, under-age marriage, polygamy, corruption and injustice within the community. Polli

Shomaj members are also participating in greater number in resolving social conflicts through local arbitration (Shalish), and playing an active role in lobbying the Union Parishad for delivering various benefits (VGD cards, old age pension etc.). Several Polli Shomaj members (1400 approximately) contested successfully in local elections and become Union Parishad members.

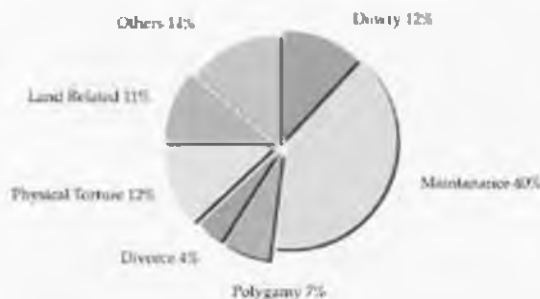
**Popular Theatre:** The Popular Theatre programme was started in 1998 to bring to light various social issues that affect poor women in rural communities. Through the medium of plays, various social ills and injustices, and possible solutions to the problems are highlighted and information is disseminated about existing laws to protect the rights of the poor. At the same time, this programme helps break traditional gender roles and gender segregation by encouraging and allowing women to participate in theatre groups and get involved in public performances. It is also providing entertainment for the rural poor.

As of December 2001, BRAC formed 85 drama groups involving 872 performers. A total of 8,334 shows were staged in 25 regions. This is one of the most popular of BRAC's programmes.

**Human Rights and Legal Education (HRLE)** In the mid 1980s, the HRLE programme was initiated with the belief that legal awareness among VO members would help them protect themselves from illegal, unfair, or discriminatory practices. The purpose of the programme was to increase the VO members' knowledge about the legal system and their willingness to take up and act on their legal responsibilities. The modus operandi of the HRLE Programme is through a training course on 7 basic laws: Citizen's Rights Protection Law, Criminal Law, Muslim and Hindu Family Law, Muslim and Hindu Inheritance Laws, and Land Law. Till December 2001, a total 79,295 courses were held which had a total of 1,855,425 learners.

**Legal Aid Clinic:** The HRLE courses offered by BRAC enable the VO members to share lessons which they have learnt in the courses. Many of the conflicts and problems can be solved through local arbitration

Types of complaints dealt with through Legal Aid Clinics till December 2001



(Shalish). However, many of the cases cannot be resolved without restoring to legal procedures. The poor are not usually in a position to pay for such services. In recognition of the above situation BRAC, in co-operation with Ain O Shalish Kendra, a legal aid organisation, started its legal aid programme in 1998. This programme provides legal training and services to both the members and non-members. The legal aid clinic provides services every Sunday between 8 a.m. and 5 p.m.

In 2001, a total of 6,069 complaints were received by the legal aid clinics. Of these, 2,851 cases were settled through arbitration by trained paralegal staff and 1,940 cases were sent to court. Most of the complaints dealt with maintenance issues. BRAC helped its members obtain monetary compensation amounting to US \$ 159,761 (Tk. .88 crore) and 2,085 decimals of land through arbitration and court proceedings.

**Local Community Leaders' Workshop:** BRAC convenes one-day workshop of VO leaders and community leaders to discuss local socio political and legal issues in an open forum. These workshops are designed to make the traditional elite leadership more accountable to their communities.

The participants in this workshop include the current Union Parishad (UP), Chairman, UP members, the local Qazi (marriage registrar), Imam, teachers, journalists, local leaders and influential persons of the locality. The HRIE Shebika, the Polli Shomaj Chairperson, the Social Development PO, the Area Coordinator and the Area Manager also participate. A total of 5,654 such workshops were held in 2001.

## Microfinance Programme

The microfinance programme of BRAC is a tool for poverty alleviation and empowering the poor. Lack of access to the formal banking system deprives them from the facilities to borrow, save and invest in productive activities, and this is a major reason why poor people remain poor. The formal banking sector also requires collateral. Making credit available to the rural poor at a reasonable price enables them to become involved in different income generating activities, which, in turn, allows them to become economically self-reliant. Through this process BRAC's microfinance programme works to create a self-sustaining and reliable financial service programme for the poor.

### i) Credit

BRAC provides credit to its VO members to initiate different income generating activities. While loans for individual and joint activities do not require collateral, members must have some savings with BRAC before they are eligible for loans. Credit operations are carried out through a Revolving Loan Fund (RLF). This RLF consists of donors' fund, members' savings, Palli Karma Shahayak Foundation (PKSF) loan and other loans. Loans realized are credited to and form part of the RLF for extending further credit. A 2% loan loss reserve is kept to cover the risk of bad debts and death. Regular borrowing and payments allow the borrower to take higher loans.

### Key Features of Loan

- Loan range: US\$ 20 (Tk. 1,000) to US\$ 400 (Tk. 20,000)
- Service Charge: 15%
- Repayment mechanism: Equal weekly installments
- Loan products: General loan, sector programme loan, housing loan and emergency loans given at the time of disaster

In 2001, US\$ 275 million (Tk. 1,510 crore) has been disbursed, 11% higher than year 2000.

### ii) Savings

Savings is an important component of microfinance operation. Experiences show that there is a positive correlation between savings and sustainable credit operation. From the member's point of view, savings

represent an opportunity to save in small amounts to form a lump sum that earns interest. This is an opportunity that the formal market or regular financial institutions do not provide.

A VO member may save in three ways:

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

**Compulsory Savings:** When VO members take loans, it is mandatory that they deposit 5% of the loan amount into their savings account. A member can withdraw 50% of their net savings at any time of the year.

**Current Account Savings:** BRAC has recently introduced Current Account Savings that bear no interest but allow the group members to make unlimited withdrawals. This has the following features:

**Convenience:** BRAC Area Office is conveniently located to allow all members to deposit money into their current accounts.

**Liquidity:** Members can withdraw any amount of savings from these accounts at any time.

**Safe Keeping:** BRAC Area Office is a safe place to keep savings instead of their houses.

By the end of 2001, the total cumulative savings stood at US\$ 78 million (Tk. 430 crore). In 2001 alone, the net savings was US\$ 14 million (Tk. 77 crore).

### iii) Death Benefit

BRAC has introduced a death benefit policy for its VO members since June 1990. The key features of BRAC's death benefit are:

- All member's families irrespective of borrowers are entitled to this benefit.
- Death benefit service provides US\$ 100 (Tk 5,000) to the dependants of the deceased.
- No premium is charged to the members. The cash benefits are paid out of interest earned through BRAC credit programme.
- Installments of deceased people are written off.

The year 2001 BRAC gave out a total of US\$ 563,636 (Tk. 3 crore) to 6203 families of deceased members.

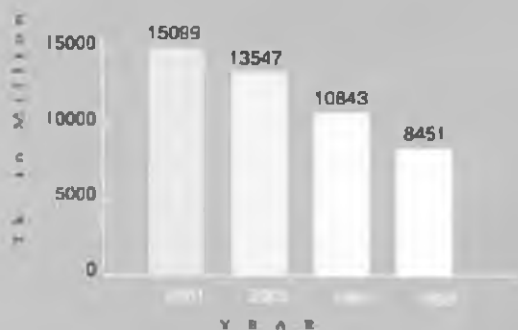
### Micro Enterprise Lending and Assistance (MELA)

Micro Enterprise Lending and Assistance (MELA) programme was launched in December 1996 to provide loan to small enterprises with growth potential. The objective of this programme is to provide credit facilities and technical assistance to new and existing small business.

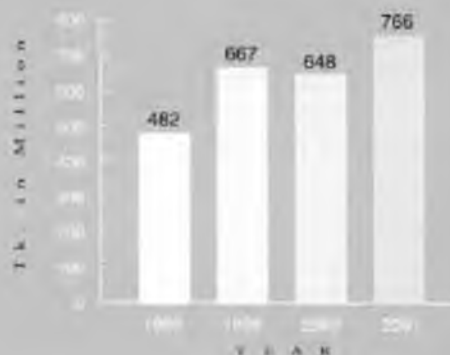
The characteristics of MELA loan are:

- Loan range: US\$ 400 (Tk. 20,000) – US\$ 4000 (Tk. 200,000)
- Service Charge: 15%

YEAR WISE DISBURSEMENT



YEAR WISE SAVINGS





- Repayment mechanism: Equal monthly instalments
- Loan Products: 12 months, 18 months and 24 months
- Twenty different business sectors are supported by MELA loan

By the end of 2001, a total amount of US \$ 25 million (Tk. 135 crore) was disbursed to 25,261 borrowers through 137 Area Offices in 56 districts of Bangladesh. As of December 2001, the outstanding MELA loan stood at US \$ 8 million (Tk. 42 crore) and average loan size was US\$ 1,124 (Tk. 61,798).

#### Employment and Income Generation (EIG) Programme

BRAC has learned that besides lack of access to finance, the two major constraints that have prevented the poor from improving their lives are the absence of self-employment opportunities and a lack of skills to sustain those activities. BRAC realised that if different employment opportunities were created, along with sufficient training and refreshers for capacity development, the poor could be linked to the mainstream economy which would ultimately bring them out of poverty.

Activities approved for BRAC sectoral lending and other support enterprises can be classified under the following broad categories.

- Poultry & Livestock Programme
- Sericulture Programme
- Fisheries Programme
- Rural Enterprise Project (REP)
- Social Forestry Programme
- Vegetable Export Programme
- Agriculture Extension Programme
- Programme Support Enterprises (PSE)

#### Poultry

Approximately 70% of the rural landless women are directly or indirectly involved in traditional poultry rearing activities. Poultry rearing is more effective if the mortality rates can be kept low, and the local breed improved. Taking these into consideration, a model for poultry development was developed in 1983. The poultry programme is composed of several components: poultry and livestock extension programme, poultry farms and hatcheries, feed mills and feed analysis laboratories, and the disease diagnosis laboratories. Till date, 1.47 million people



have been involved in the poultry programme.

The key persons under poultry and livestock extension programme are i) Poultry Worker ii) Chick Rearer iii) Key Rearer iv) Cage Rearer v) Broiler Rearer vi) Egg Collector vii) Model Cow Rearer viii) Model Goat Rearer and ix) Artificial Inseminator

## Fisheries

BRAC fisheries programme started in 1976 with an aim to introduce it as an Employment and Income Generation (EIG) activity. The programme has now developed into one of the most promising and profitable EIG activities for rural women because of its high rate of return, low time commitment and required support provided by BRAC.

The key components of the programme are, pond aquaculture, and baor fisheries.

BRAC's objective of promoting pond aquaculture by rural women is to provide them with an additional source of income and improve their nutrition level. The fisheries programme works with extension approaches to establish network gradually from the local communities to wider areas. Fish Extension Workers (FEW) are responsible for producing fingerlings through nursery activities, ensuring essential input supply, and for providing day-to-day technical assistance to the fish farmers who are engaged in pond aquaculture.

Till date 39,078 acres of water-body have been brought under fish culture and 215,330 farmers are involved in fisheries programme.

## Social Forestry

The key components of Social Forestry programme are horticulture nursery, grafting nursery, and agro-forestry. The social forestry programme, launched in 1988, uses a variety of activities to increase awareness about the necessity of planting trees in rural areas, create a sustainable supply of high quality seedlings, and reduce the adverse environmental effects of deforestation while creating income and employment opportunities for rural women. The objective is to bring all available land in the rural areas, i.e. homestead, roadside, embankments, marginal fallow, degraded lands etc. under tree plantation cover with active participation of the rural poor. At present there are 38,579 agro-forestry farmers.

## Agriculture

BRAC's agricultural extension activities can be broadly categorized into vegetable cultivation, and crop diversification (rice, maize, wheat, cotton, sunflower). Agricultural extension programme has been undertaken to increase the nutrition and income levels of the households by increasing agricultural production of VO members through technology transfer. Under this programme 20 VO members in each area receive training and become Agricultural Extension Workers. The VO members who have less than 0.5

acres of land receive training, technical support, inputs and have access to BRAC's microfinance to obtain the resources to invest in farming. Interested small farmers who have between 0.5 and 3 acres of land also receive training and technical support.

Crop diversification contributes to increased agricultural productivity. Maize and wheat are used for poultry feed and as the number of commercial poultry farm increases in the country, the demand of maize and wheat is also increased. Rice, cotton, onion, mustard and sunflower cultivation is also being undertaken and is profitable. By December 2001 there were 146,522 vegetable growers and 58,306 acres of land have been brought under vegetable cultivation and 839.37 MT of seed have been distributed.

## Sericulture

Sericulture or silkworm production is a labour intensive agro-industry. Silk is the protein fibre produced by silkworms for spinning a cocoon. Sericulture programme links the rural producers with urban markets. The main components of the programme are: a) sapling production, b) silkworm seed production, c) mulberry cultivation (roadside, homestead and bush), d) silkworm rearing, e) reeling, f) weaving, and g) marketing. Besides, there are other components of the sericulture programme, which include raw silk production, cocoon production, Disease Free Laying (DFL) production unit, silk seed

carrying out the following activities to meet the needs of the urban poor.

### *Health Component*

The urban poor need affordable health care. BRAC has built a network of community health workers who advise the poor about their health care options. These workers assess the needs of the slum community and help BRAC devise cost effective health delivery services for the poor. BRAC works with the concerned government authorities like City Corporations, the Health Department and WASA to provide safe water and sanitation for slum dwellers. BRAC installs latrines and make provisions for safe water in these slums. The slum dwellers are also educated on the importance of sanitation and safe water.

### *Education Component*

BRAC has set up non-formal primary schools in urban areas. The school curriculum is based on the rural school models with modifications made for the urban environment.

### *Effective Service Delivery*

BRAC provides a range of services to the urban poor living in slums. However, the urban poor are mostly mobile working outside home most of the time.

Urban unemployed youths are a major problem because many are involved in anti-social activities. BRAC runs programmes that channel the energy of these youths into productive ventures. For instance, by involving them in community development and helping them provide services. BRAC gives the youth various skill trainings.

Performance of BRAC credit programmes for the slum dwellers (given below, December 2001)

Area Offices	50 (Dhaka, Chittagong Khulna, Rajshahi)
Urban Poor Organisations (UPO)	4,349
UPO members	140,831
Loan Disbursement (cumulative)	US \$ 30.86 million (Tk. 162 crore)
Savings Deposit	US \$ 4.87 million (Tk. 27 crore)
Outstanding	US \$ 6.18 million (Tk. 34 crore)
Loan Repayment Rate	98.98%

Many female workers in urban areas have little access to proper housing facilities. These workers live in slums, which are unhygienic, insecure and squalid. BRAC aims to build clean and hygienic accommodation for working women where they can live without fear of sexual harassment, violence and extortion from local musclemen and criminals. BRAC has already started to construct a hostel for garment workers. It has also started absorbing the retrenched garment workers into microfinance programme with an average loan size US \$ 100 (Tk. 5,000). As of December 2001, US \$6,364 (Tk. 3,50,000) was disbursed to 80 workers for tailoring, grocery, catering service, small trade etc. The total number of registered workers is 1,584.

B R A C  
H E A L T H  
P R O G R A M M E





BRAC's present health programme has evolved from a series of lessons learned over the years in providing basic health care services at the grassroots. BRAC's health programme developed and matured with the changes in the needs and demands of the people. Starting from initiating and developing OTEP programme to fight massive diarrhoea, it has gone through successive programmes such as the Child Survival Programme (CSP), Immunization, Women's Health Development Programme (WHDP) and finally Reproductive Health and Disease Control Programme (RHDC). The present nutrition programme at national level is the continuation of BRAC's pioneering work initiated in 1993 in Muktagacha upazilla (sub district) on a pilot basis. Today BRAC is providing health care services to 31 million people. It is also catering to the needs of the nation by actively collaborating with the government in different national health programmes.

At present, BRAC's health intervention is a combination of preventive, curative and rehabilitative health services extending up to the national level. The health programmes operate in two ways: one is the BRAC Health Programme operated in coordination with BRAC's Development Programme. The second one is implemented as a support programme to the government's health initiatives. The Integrated Nutrition Project of the National Nutrition Project, the National Tuberculosis Control Project and the National Immunization Day (NID) programmes are some of the important programmes included in the second.

## BRAC Health Programme (BHP)

**B**RAC Health Programme (BHP) provides a comprehensive health package and is consistent with the Essential Services Package (ESP) of the government. Through this package, BRAC serves over 31 million people of Bangladesh. It includes basic curative care for common diseases, safe water and sanitation, health and nutrition education, family planning, pregnancy related care, HIV/AIDS awareness education, management and treatment of tuberculosis cases and community mobilization for immunization.

The BHP strategy is to progress towards sustainability through: (i) a community based approach using community volunteers (ii) introducing viable user fee from the attendees for clinical services at different rates reflecting capacity to pay, and (iii) developing effective collaboration and coordination at different levels with the government of Bangladesh. The first level care is provided at the household level by 20,000 community health volunteers. The community selects these volunteers who are called Shastho Shebikas. Each Shebika is responsible for looking after 300 households. During home visit, she provides basic curative care for 10 common diseases, promotes and provides contraceptives, identifies pregnant women and provides support for pregnancy related care, mobilizes children for immunization, treats children suffering from pneumonia and ensures Directly Observed Therapy (DOTS) for tuberculosis patients. She provides health education to all the members of a family and raises awareness in the community about HIV/AIDS and assist in making records on births, deaths and migratory movement of people.

Through the Shebikas, BRAC makes available a number of health commodities to the community. The Shebikas sell items such as iodized salt, tube-wells, sanitary latrines, sanitary napkins, hygienic soap, oral rehydration salts (ORS), contraceptives and safe delivery kits to the community. The idea to involve the Shebikas is to initiate behavioral changes in health practices in the community and provide essential health services at the door step and to provide a source of income for them as well.

For the last two decades BRAC has been implementing the DOTS Programme for control of tuberculosis. This is a facilitation programme, where the logistics, supplies and training are provided by the government, and BRAC is responsible for implementing the programme. In 2001, as result of an agreement with the government, BRAC implemented the programme in 106 upazillas (sub districts) of Bangladesh. Earlier, the programme was implemented in 60 upazillas.

The HIV/AIDS Community Awareness Programme, another important programme of BRAC, was implemented in two upazillas (sub-districts) of Tangail district in 2001.

### New Health Initiatives

BHP is implementing a number of pilot projects under its New Health Initiatives to address emerging public health problems responsible for significant level of morbidity among people.

In 2001, the following pilot projects in collaboration with different funding agencies were undertaken:

- The Micro-health Insurance Programme.
- Community Based Arsenic Mitigation Project
- Early Childhood Development Project
- Newborn Health Care Initiative
- Public-Private Partnership Project

### Shushastho (BRAC Health Centre)

Shushastho (BRAC Health Centre) is a community-based fixed-point provider of health facilities located in rural Bangladesh. The goal of the Shushastho initiative is to improve the health status of rural people through delivery of need-based essential services from a sustainable model of static health facilities. This has evolved as a result of commitment to ensure comprehensive health care services to rural people, especially women, children and the poor. This important component of the health

programme provides technical and clinical back-up to community-based health interventions offering secondary level clinical services and also establishes and maintains referral linkages with the government's tertiary level facilities for further care.

Initially 12 Shushasthos were established in April 1995 on a pilot basis. As of December 2001, 90 Shushasthos have been functioning in 80 upazillas. The Shushasthos are equipped with outpatient, indoor and laboratory facilities, essential drugs and behaviour change communication (BCC) materials/equipment. Indoor services include safe delivery, MR and post-abortion care, clinical family planning, childhood illness (such as pneumonia, diarrhea, etc.) and common medical emergencies including referrals.

In 2001, a few new initiatives were undertaken. All pathological laboratories in the Shushasthos for proper diagnosis and treatment through joint collaboration programmes with BIRDEM and ICMF were upgraded. From its own resources, BRAC has upgraded three Shushasthos having provisions for basic and comprehensive EOC facilities. The Shushasthos deliver health care services at cost price with a safety net provision for the poor. The user fees are waived for patients coming from extreme poor households who are unable to pay.

In 2001, a total of 554,458 patients received care from the Shushasthos and a total of 5,999 deliveries and 5,511 MR were done. The monthly

number of deliveries conducted in the year increased from 271 in January to 550 in December. There was a similar increase in MR services as well. The total number of laboratory tests done is 158,258. In 2001, average cost recovery was around 56%.

### Brace and Limb Fitting Centre

Some 400 million out of the world's 600 million disabled people live in South and South East Asia. Considering the need to improve access to rehabilitation for disabled persons, BRAC has included a rehabilitation component to its health programme called BRAC Limb and Brace Fitting Centre (BLBC) in July 2000. This rehabilitation component was initiated to provide support to the physically disabled persons, mostly poor, and those who could be rehabilitated by using quality limbs and braces. They are also given the opportunity to be subsequently involved in the social and economical activities of BRAC to reverse his/her status in the society. To operationalize and develop this project, BRAC has been working in collaboration with SDMI, one of the esteemed and specialized pro-poor institutions for health services of Jaipur, India.

Special physiotherapy services were introduced in 2001. A total, 296 patients received services from the centre and 266 patients were provided with various appliances. During this period, 10 poor patients were provided with limbs and braces through individual donors.



### *National Immunization Day*

Since 1985, BRAC has been working in partnership with the government and UNICEF to attain the goals of Extended Immunization Programme (EPI). BRAC has been providing support to routine EPI programme through its Shastho Shebikas. In 2001, BRAC played a significant role in community mobilization during the 8th and 9th National Immunization Days (NID) involving more than 100,000 volunteers and related BRAC staff. As a result of its success in social mobilization on the 8th NID, WHO and the government invited BRAC to operationalize the 9th NID and child-to-child search. During the 9th NID, BRAC with technical and financial assistance from WHO, provided NID orientation to 84,093 school teachers and 86,604 religious leaders/imams in 3,648 of the 4,451 unions all over Bangladesh.

### *Nutrition Facilitation Programme*

BRAC was invited in 1995 to be a member of the core team in conceptualizing and designing the Bangladesh Integrated Nutrition Project (BINP) along with the government of Bangladesh and other development partners. Since July 1996, this US\$ 65 million project, financed by a loan from the World Bank, is being implemented in 59 upazillas. BRAC was also given the responsibility to implement the project activities in four phases in 26 upazillas covering a population of around 7 million through a Memorandum of Understanding (MOU) signed with the Bangladesh Integrated Nutrition Project (BINP) of the government. BRAC took on the full responsibility for planning, management, social mobilization, training, logistics support, procurement of equipment and supplies, and quality control through supportive supervision.

In the year 2001, meetings were held in each of these upazillas consisting of 194 unions and 5,840 villages. BRAC staff disseminate education and information to various groups and fora (adolescents, newly weds, parents, village doctors, imams, school teachers, etc. each month. In 2001, there were 1,009,320 members of the adolescent girls' fora and the issues discussed were status and rights of women, physiological changes in puberty, anatomy of reproductive organs (female and male) and menstruation (personal hygiene), nutrition and health rights, nutritional requirements of adolescents and women including dietary guidelines, marriage,

contraception, conception and pregnancy care, growth development and promotion of children under two years of age, morality, drug addiction, and violence against women.

The cardinal icon at the village is the Community Nutrition Promoter (CNP). She is a village woman with a minimum of eight years of schooling, recruited by BRAC. The 5,840 CNPs and 584 supervisors (Community Nutrition Organizer/CNO) attended 24 days of intensive training by BRAC. In 2001, information on needs, care and nutrition, health rights of the adolescents, pregnant and lactating women and the under-two children were provided to 1,132,157 households.

In the 5,840 Community Nutrition Centers (CNC), growth/weight monitoring and promotion sessions were held with 461,056 mothers of children under two years of age and 255,710 pregnant and lactating women. Among the pregnant women, 80% received antenatal care services at least thrice at the government Satellite/Family Welfare Centres and/or the Antenatal Natal Care Centres run by the CNOs. All the government health functionaries (Family Welfare Visitor, Medical Assistant, Family Welfare Assistant, Health Assistant, Family Welfare Inspector, Health Inspector, etc.), who received orientation from BRAC, were motivated to combine the EPI and Satellite Clinic facilities with the 5,840 CNCs.

B R A C  
E D U C A T I O N  
P R O G R A M M E



BRAC Education Programme (BEP) has provided for beyond its original Non-Formal Primary Education (NFPE) initiatives. New initiatives include Pre-primary, Non-Formal Primary, Continuing Education, Adolescent Development, Community schools as well as the Educational Support Programme that facilitate cooperation with other Bangladeshi NGOs. BEP aims to:

- Reduce illiteracy and contribute to the basic education of a significant proportion of the country's children, especially those from the poorest families.
- Ensure enhanced participation of girl children in education.
- Involve communities in organizing education for their children in BRAC schools.
- Develop para-professionals and quality teachers.
- Guide a strong inculcation of ethical values.
- Enhance the potential of education in other areas such as population planning, rural irrigation and health.
- Contribute towards strengthening of the government's education programme – "Education for All".

The year 2000 has seen an extensive restructuring of the BEP's organisational infrastructure. As BEP has continued to evolve, the need to reorganize its management and operations became essential so as to increase efficiency in both further development as well the continuation of its ongoing programmes.

This restructuring has resulted in the establishment of 8 distinct units which are Education Development Unit, Capacity Development Unit, Adolescent Development Programme, MIS Unit, Government of Bangladesh Partnership Unit, Editing, Design and Illustration Unit, Field Operations Unit, Administration Unit with Continuing Education operating as a parallel unit reporting to its own programme coordinator. Decentralised management and operations keep Head Office informed of all activities.

## Non Formal Primary Education (NFPE)

**B**RAC's NFPE programme was initially designed for children aged 8 to 11 years (70% of whom are girls) and to progress them through Grades I–III over a three-year period.

Recently, the programme has extended to provide education of a five year curriculum in four years. The teachers are mostly locally recruited married females 60% of whom have passed Secondary School Examination. The teacher receives a 114-day training from the BEP, which include 15-day basic teacher training, monthly refreshers, subject based training, etc. The NFPE schools from Grades I to III, follow BRAC curriculum along with supplementary materials and teachers' guides. In Grades IV and V, the Government curriculum is followed in addition to supplementary materials and teachers' guides developed by BEP. In 2001, out of 34,000, there were 21,936 NFPE schools in operation, of which 20,779 were in the rural areas.

In 1992, BRAC replicated its NFPE programme in urban settings to address the educational needs of poor urban children, particularly slum dwellers. An alternative curriculum for urban schools is being explored to make it more relevant to the students' life style. Texts were developed for Social Studies dealing with the urban context. In 2001, there were 1,157 urban schools in Dhaka, Chittagong, Khulna, Rajshahi and Sylhet. The total enrolment of nearly 1.1 million children in BEP, included nearly 3,000 ethnic minority students.

## Basic Education for Older Children (BEOC)

BEOC (or Kishor Kishori – KK) schools were established in 1987 to cater for the children aged 11-14 years who previously had no access to education. The ratio of girls to boys was 70:30. The BEOC school design is similar to the NFPE but it differs in that it offers basic education 3 years. There are 9,559 BEOC schools in operation, of which 9,464 are in the rural areas and 95 in the urban areas.

## Educational Support Programme (ESP)

The ESP started in 1991 to expand NFPE coverage through partnership with small NGOs. Through this programme BRAC provides technical and financial support to a number

of small NGOs who, in turn, replicate the NFPE model in remote areas of the country where BRAC is less represented. ESP schools follow the BRAC approach, including material and textbooks and offer 3 years of primary curriculum to the poorest children of the rural community. BRAC is currently supporting 2,505 schools through 303 NGOs under this programme. BEP is also using ESP's partnership capabilities to find and foster relationships with partner NGOs that have experience in working with the communities of the Chittagong Hill Tracts, so that these communities may be supported in a most effective manner.

**Continuing Education Programme (CEP):**

Continuing Education Programme was introduced in 1995 for mainstreaming the post literacy activities of BEP by promoting reading habit of rural citizens through an organized network of facilities. The CEP has two components, Rural Libraries or Gonokendra Pathagars and Reading Centers or Kishori Pathagars.

**Rural Library (Gonokendra Pathagar)**

In 2001, there were 570 Rural Libraries (RL) which provided access to reading materials and a venue for socio-cultural activities. These were mostly set up in secondary school premises or at the centre of a Union near other important rural institutions and run by local communities with active support from BRAC. When the number of subscribers increases to 600 and the subscription level increases to US\$ 1,000 (Tk 50,000), the community may transform the library into a self managed autonomous Trust registered with the relevant government department. A part-time librarian, who receives a short training on library operation from BEP, is responsible for running the library. A library committee is formed comprising 11 members: 10 local and 1 BRAC staff (respective Team In-charge of NFPE).

Besides encouraging reading habits among the rural community, the libraries act as centres for other activities such as training, educational, socio-cultural, sports, operational fund raising through crop collection, computer training and textbook lending. Each library



has a children's corner to focus on increasing the number of child readers.

In 1997, BRAC also introduced a 'textbook lending programme' for the children from poor families who cannot afford to buy full set of books. Under the programme, a student is eligible to borrow a set of books for an academic year.

### *Mobile Libraries*

Mobile libraries are a new initiative within the rural library (Gonokendro Pathagar) system. The mobile libraries aim to bring books to the doorsteps of villagers. Mobile libraries have been established to bring books to the villages adjacent to the libraries. These involve an assistant librarian (preferably a married BRAC school graduate) employed on part time basis circulating in the villages with a list of books that can be borrowed. The assistant librarian would then arrange for a 'pick up and drop place' in the villages where books would be brought by rickshaw.

### *Reading Centres*

In 2001, there were over 6,500 Reading Centres in all the 37 BEP regions. These were initially established to retain and develop reading habits of BEOC graduates, non-BRAC girls and rural housewives. These are also centres where various types of training are provided to adolescents. Reading Centres are initially formed with graduates from BEOC schools and are set up two months before a BEOC school completes its 3 years cycle. Each centre has 25-40 members and is kept open once a week mostly in the afternoon for 2-3 hours. They are provided with 200 books (drama, novels, fiction and books covering a range of areas such as food, nutrition, environment, common diseases, child care, hygiene, first aid, reproductive health, family planning and legal rights), 3-4 magazines, and some indoor games items. Members are also encouraged to save Tk 2/- a month on a voluntary basis to develop savings habit. These savings are refundable. The librarian is also a BRAC school graduate who works on part-time basis. A local committee comprising of a teacher, two BEOC graduates and two parents facilitate operation of the library. Each Reading Centre operates for 3 years.

### *APON (Adolescent Peer Organized Network)*

The APON programme that commenced in 25 regions in 1999 has now culminated in using utilizing the Reading Centers as the focal point for social activities and livelihood training for adolescent girls. This component has evolved into the APON Kishori Obhijan project and has been running in 7 regions as of December 2001.

### *APON for Girls*

APON Kishori Obhijan is the latest development in the APON programme. The new programme targets 50,000 adolescent girls through 2,000 Reading Centers in 7 regions. It aims to improve the quality of life of BRAC's adolescent graduates by imparting knowledge on three major elements: livelihood skill training, leadership development and raising awareness.

### *Livelihood Skill Training*

Following market assessments and an investigation into their interests, the girls engaged in this programme are provided with subsequent opportunities for accessing to savings and credit facilities. To date, these programmes have included journalism, computer training, photography, as well as the more traditional agricultural training programmes.



### *Leadership Development*

Through a leadership training programme adolescent girls are trained with peer education skills in addition to skills that enable them to organize and facilitate groups. The aim is to develop these girls as community leaders and role models capable of undertaking community level campaigns and mobilizing adolescents to have a voice in their communities. The peer education skills are an essential component of this training as the girls who participate in the leadership training are then employed to run awareness-raising classes in their villages.

### *Raising Awareness*

Girls in the APON Kishori Obhijan programme trained with leadership skills facilitate classes that aim to raise awareness regarding issues that are relevant and close to their lives. APON members use storybooks and follow-up discussions on abuse and exploitation, birth registration, gender discrimination, their own health (including reproductive health), social and environmental issues.

### *APON for Boys*

APON for Boys is an initiative to improve the quality of life of BRAC male graduate adolescents who are currently studying in high schools. The programme is also aimed at developing their awareness of issues relevant to them and building their capacities. The curriculum designed for the APON boys has an emphasis on male puberty and reproductive

health but also includes topics such as acid throwing, abuse, dowry and other culturally relevant issues. After developing a series of storybooks and number of key trainers, the group realized that there was an apparent need to educate and share these types of issues with the adolescent boys to complement the girls programme. For example, if adolescent girls are learning about 'Acid Attacks', at the same time the adolescent boys should also need to be aware of the tragic consequences of such attacks. The group has also concluded that the boys should learn about issues such as family planning, sexual abuse, AIDS and addiction. "APON Boys" is now being activated in 4 regions. The issues that have been identified are similar to those dealt with under that APON programme for girls.

### *Linkage with the Government of Bangladesh (GOB)*

#### *Pre-primary Classes*

Pre-primary classes began in 1997 as a pilot programme in the rural areas. Pre-primary classes cater to children aged between 4-5 years and aim to prepare them for enrolment in government primary schools. By December 2001, 1,837 pre-primary classes completed their cycles. In addition to sparking an interest in learning, BRAC's Pre-primary Schools have been established to develop social and motor skills of the students to make their first year in school a more fruitful and comfortable. Though children of the members of BRAC Village Organisation get preference to be

enrolled in the school, it is open to all children in the village. The school cycle is for one year. Each class consists of 28 to 30 students. Like other BRAC schools, 60% of the learners must be female. The classes are held in one of the BRAC NFPE schools in the village.

Each pre-primary school employs two adolescent females as teachers. Both must have graduated from BRAC schools and have further education to at least Grade VII.

In the class the students learn to read and write the Bengali alphabets and the numbers. They are also taught about cleanliness, healthy and unhealthy environments, fresh air and safe drinking water. Their vocabulary is extended to include the names of seven days of the week, twelve months of the year, and a wide variety of other things including birds, fruits, animals, and flowers. This is taught through pictorial books. Nursery rhymes are also taught. All learning is practiced and reinforced through 40 different types of games.

#### *Community Schools*

Community schools were established by the government of Bangladesh (GOB) under the General Education Project between 1990-1996 in rural areas where the density of population is high but the literacy rate was low. Due to long distances many children (especially girls) are unable to attend school. Under this programme, local residents of each area where such a school was to be established, formed a School Management Committee (SMC),



provided land for the school building and made a deposit of US \$ 200 (Tk 10,000) to the GOB. In return the GOB would bear the costs of constructing the school, provides furniture and textbooks, blackboard, etc. and the teachers' salaries. Once the schools (3,263) were built, the GOB made the SMCs responsible for handling administrative issues, maintaining discipline, ensuring security, hiring local teachers from the community and supervising the quality of education.

BRAC has received 43 of the 73 community schools which were not functioning well. Apart from initial repairs to school buildings, BRAC now runs and supervises these schools, gives training to teachers and pays their salaries. The schools operate classes from pre-primary to Grade V and follow the GOB curriculum.

#### *PRIME (Primary Initiatives in Mainstreaming Education)*

PRIME began in July 2001 to improve the quality of primary education in Bangladesh through BRAC's involvement. To improve primary education in Bangladesh, there is a need to share experiences and ideas between the NGOs and the GOB. Seeing that NGOs provide education to 8.5% of the school age children in the country (6.5% provided by BRAC), it is essential that the mainstream government system and

BRAC facilitate a collaborative effort so that more children may benefit from increased quality primary education. Through PRIME, BRAC could potentially provide support to government primary schools by targeting the students who are in the government school catchment areas. In addition, interactions with education sector professionals in these areas and sharing expertise and experiences would also contribute to overall improved quality of primary education in Bangladesh.

#### *Hard to Reach*

The Hard to Reach (HTR) programme was initiated by the Directorate of Non-Formal Education (DNFE), Government of Bangladesh to set up schools for children aged 8-14 years who are involved in hazardous occupations and are "hard to reach". BRAC became involved in the programme in 1997 and opened 285 schools in different urban areas in Dhaka, Chittagong, Rajshahi, Khulna, Sylhet and Barisal. In 2001, the number was reduced to 60 schools, the rest completing their cycle. They follow the GOB curriculum with supplementary materials provided by BEP.

#### *Garment Child Labourers*

In 1996 BRAC started schools for ex-garment child labourers to provide them with basic education. These children received US\$ 6 (Tk 300) as a monthly stipend to supplement their income. They used to earn US\$ 14-20 (Tk 700-1000) monthly by working in the garment factories.

The number of students in a classroom was limited to 15-20. Besides basic education, students also receive skill development training in different fields, like knitting, sewing, paramedics, carpentry, auto electronics, automobile repairing, etc. Since 1998, UNICEF and BCMEA started an "Earn and Learn" initiative for students aged 14 years who wanted to work in garment factories after school hours. Under this initiative the children studied at schools from 7:00 a.m. to 10:00 a.m. and work in the factories from 11:00 a.m. to 6:30 p.m. As of December 2001, these schools have completed their cycles and the programme is now closed.



## Other Initiatives

### *Continuing Education: IT related initiative for Gonokendro Pathagars*

During July 2001 and January 2002, a new pilot project on Information Technology was introduced in Gonokendro Pathagars. This project is being implemented in 10 Pathagars mainly for children and adolescents. The objective of this project was to introduce computers as a new tool in information technology. It also provided exposure to:

- Multimedia
- Development of life skills using new technology
- Information related to health

### *Cultural Integration of Ethnic Minorities*

Studies conducted by BRAC have shown that ethnic minorities in Bangladesh remain marginalized because of popular misconceptions about their culture and mores. In an attempt to bridge the gap in understanding between the mainstream Bengali culture and these ethnic minority communities, BEP has initiated a project to provide equal opportunity to access as well as involvement in developing curriculum materials for ethnic minority groups. There are currently over 4,500 children from ethnic minority backgrounds enrolled in 500 BRAC schools. There is a notable ethnic minority presence in 15 of the 32 regions where BEP operates. The groups exist primarily in four ethnic clusters in

Mymensingh, Sreemongol, Rajshahi and Joypurhat. Most of the groups have and use their own mother tongue but also learn Bengali as a means of communication with the majority population. As all BRAC schools use Bengali medium, the ethnic minority students are receiving their education in Bengali. BEP encourages local culture in the classroom by encouraging minority students to perform their dances, acting, songs and other things unique to their culture in schools not only where the majority of students are of ethnic minority background but also in areas where there is a smaller minority presence. In addition, BRAC encourages women of minority background to become teachers in BRAC schools particularly in these areas. To integrate ethnic culture into the curriculum and to promote children's interest in reading, BRAC is developing materials that portray ethnic minority culture and history through storybooks. Books on women issues within ethnic societies and on successful people from an ethnic minorities background are being developed. The ethnic minority children themselves are writing some books through workshop facilitated by BRAC. These books will be used in schools, adolescent reading centres and rural libraries in all regions where BEP operates.

### *Formal Schools*

The 11 BRAC formal schools were opened in 1999 to illustrate how the good practice of the non-formal schools can work in a formal school setting and to pursue innovative ideas for supplementary materials

and teaching methods. The schools use some BRAC textbooks and some government textbooks to achieve the government mandated competencies. Teachers also use supplementary materials such as posters and cards. The curriculum has been developed to improve children's creativity in both writing and practical activities. The teaching programme consists of a 6-year schooling cycle ranging from pre-primary to Grade V.

As a result of BRAC's commitment to 'Education for All' and the belief that children with special needs should be included in mainstream education, a pilot scheme has been developed in partnership with Helen Keller International. Initially BRAC is piloting the inclusion of children with disabilities in two formal schools in Pabna and Comilla. A larger number of schools will become involved as the trial develops. Helen Keller International is providing training and materials for teachers who will be involved in this pilot project.

S U P P O R T  
P R O G R A M M E S



## BRAC Training Division

*Training has been considered an integral part of BRAC programmes since its inception. The BRAC Training Division (BTD) is responsible for capacity building and professional development of BRAC staff and the programme participants through a wide range of training and exposure initiatives. It has established 12 residential Training and Research Centres (TARC) and two BRAC Centres for Development Management (BCTMs).*

In 2001, the BTD has played a significant role in developing some new need based training modules for the three major programmes of BRAC and took special initiative to upgrade existing modules and materials. Enhancing the quality and skills of BRAC staff was a key priority of BTD. Diversified internal training initiatives such as gender perspective in reproductive health, promotion of sales skills, community road safety initiative and computer literacy were arranged for male and female staff. Additionally, this division has facilitated a number of external training courses and exposure visits to develop the capacity of the staff members of other development organisations. The BTD has also been instrumental in creating a work force that believes in the vision and values of BRAC.

Training courses are grouped into two broad categories: Human Development and Management, and Occupational Skills Development. It may be mentioned here that the respective programmes also conduct their own occupational skills development courses. Human development and management courses include:

- Micro Finance Management
- Social Development
- Development Management Course
- Financial Management Course
- Organisation Development
- Participatory Rural Appraisal
- Training of Trainers
- Project Proposal Writing
- Strategic Planning
- Gender Awareness and Analysis Course

The BTD has developed a Gender Quality Action Learning (GQAL) programme to improve gender relations among BRAC staff and to ensure the quality of BRAC programme by involving both women and men. A total of 16,808 staff members and 872 Area Offices were covered by GQAL programme. The programme has been extended up to the Village Organisation (VO) members level on a pilot basis.

Some collaborative programmes have been undertaken with the government and non-government organisations. In collaboration with the National Institute of Preventive and Social Medicine (NIPSOM), the division has successfully completed a Training Needs Assessment (TNA) survey in four district hospitals and one medical college hospital in the greater Sylhet district for the Hospital Improvement Initiative (HII) Programme of the government of Bangladesh. The division has also been given the responsibility to develop and impart management training to the staff members of National Nutrition Programme (NNP). Training Needs Assessment in five sub-districts (upazillas) has been completed.

BTD is actively involved in developing materials related to Early Childhood Development (ECD) and facilitated the orientation workshops for the managers of



domestic markets and promote the export of traditional and non-traditional crafts. BRAC's job creation projects for rural women in Manukganj, Jamalpur, Sherpur, Jessore and Kustia areas are based on traditional and non-traditional craftskills. Nearly 30,000 artisans, mostly women, are involved in these groups. Many other independent cooperative groups or traditional family based artisans like potters, brass workers, jewellers, jute workers, basket weavers, handloom weavers, silk weavers and different artisans from all over the country come to Aarong for marketing and support services.

Over the years, Aarong has earned a name of itself as one of the finest rural crafts producers and market in Bangladesh. Experiences encourage BRAC to look forward to a continued partnership in development with the rural artisans of Bangladesh.

#### BRAC Bank

BRAC realized that there is a vast group of small and medium entrepreneurs in the country, who have no access to institutional credit. BRAC Bank, inaugurated on July 4, 2001, functions as a full-fledged commercial bank, with a special focus on providing financial services to those Small and Medium Enterprises (SME).

#### BRAC University

BRAC University is a recent addition (April 2001) to the family of BRAC initiatives. Its mission is not only to impart excellence in knowledge but also to act as a centre of knowledge creation through research that connects with practice. This, BRAC believes, is fundamental to creating professionals with the vision

and ethics needed to foster national development that is inclusive, pro-poor and just. The goal of BRAC University is to provide high quality broad-based education for students to equip them with the skill and knowledge necessary for taking on the challenges of development, both in Bangladesh and beyond.

#### Special Projects

##### Vocational Trainings:

To facilitate employment of BRAC School graduates, dropouts from formal education, and to respond to the job market demand both in the country and abroad, BRAC decided to introduce vocational training programme. The course will include semi skill vocational training on areas such as –electrical motor wiring, repairing of TV, and VCR, electro medical technician, lab technician, food and beverage service, etc. Willing candidates will get training loan and employment assistance services.

##### Road Safety:

Bangladesh has one of the highest fatality rate in road accidents. More than 73 deaths per 10,000 registered motor vehicles occur every year. BRAC workers, who travel a lot, suffer considerably due to road accidents. Road accident being such a major issue deserve due importance from policy makers. Responding to this important need of the society, BRAC has decided to undertake road safety initiatives for community.

The Governing Body consists of seven members. Apart from the Chief Executive officer, who is also the Founder of BRAC, all other members of the Governing Body are non executive. Distinguished individuals with high reputation in business, the Professions and the media have been elected to the Governing Body to bring their diverse skills and wise counsel in the Governance of BRAC.

- **Chairperson**

**Fazle Hasan Abed, Chief Executive Officer**

- **Members**

*Syed Humayun Kabir, Chairman, Reneta Limited*

*Taherunnessa Abdullah, Social Scientist, Gender Specialist*

*V.I. Chowdhury, Barrister*

*Kazi Aminul Huque, Partner, R R H & Co., Chartered Accountant*

*A.S. Mahmud, Chairman, ETV*

*Salma Sobhan, Barrister, Human Rights Campaigner*

Three meetings of the Governing Body and two special meetings of the general body were held in 2001, where members passed special resolutions to amend the Memorandum of Association and Rules and Regulation of BRAC.

- **Chair**

*Dr. Salehuddin Ahmed, Deputy Executive Director*

- **Members**

*Aminul Alam, Deputy Executive Director*

*S. K. Sarkar, Director Audit*

*Shawkat Hossain, Head of Finance*

One meeting of the Audit Committee was held in 2001. All members attended the meeting.

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

## Internal Control

Internal Audit Department consists of 125 Audit Staff including 60 Audit Assistants. 100% audits are conducted where irregularities are detected in course of normal internal audit, which is one on a sample basis. The frequency of audit in each of the Area Offices, Head Office and Commercial Projects is at least once a year but two or more times in a year at locations and programmes that warrant a close watch. In 2001 internal audit was conducted in 1981 offices and 153 review meetings were held where audit findings and response to audit reports were discussed on the basis of which decisions for corrective measures were undertaken.

## Accountability and Transparency

Audit reports for all projects, along with FD-4 certified by the Auditor, were submitted to NGO Affairs Bureau, Prime Minister's Office.

BRAC has a Donors' Consortium, for the Non-Formal Primary Education Programme. The Consortium met twice in the year 2001 and discussed programme activities and outcomes along with financial and audit reports. The Consortium donors are the European Commission, Department for International Development (U.K), DGIS (The Netherlands), CIDA (Canada), UNICEF, NOVIB and The Aga Khan Foundation, Canada.

## Contributions of BRAC to Government Exchequer

Income Year	2000	2001
Income Tax	19,183,780	9,337,884
Tax deducted at source from third parties	6,564,727	8,137,387
From Salary	2,884,301	3,805,111
VAT	15,173,837	28,371,027
Import Duty	8,271,866	17,757,658
<b>TOTAL</b>	<b>52,078,511</b>	<b>67,409,067</b>

**Ernst & Young**  
**Chartered Accountants**  
**4<sup>th</sup> Floor, Kompleks Antarabangsa**  
**Jalan Sultan Ismail**  
**50250 Kuala Lumpur**  
**Malaysia**

Tel:+60 3 2144 2333  
 Fax:+60 3 2141 0676

**S. F. Ahmed & Co.**  
**Chartered Accountants**  
**House # 25, Road # 13A, Block-D**  
**Banani**  
**Dhaka-1213**  
**Bangladesh**

Tel:+880 2 881 5102  
 Fax:+880 2 882 5135

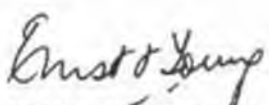
## INDEPENDENT AUDITORS' REPORT

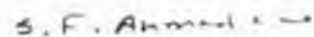
To The Governing Body of BRAC

We have audited the accompanying Balance Sheet of BRAC (registered in Bangladesh as a society under the Societies Registration Act 1860 and operating as a non-government development organisation) as of December 31, 2001 and the related Statements of Income and Expenditure and Cash Flows for the year then ended. These financial statements, which are set out on pages 1 to 30, are the responsibility of BRAC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRAC as of December 31, 2001 and the results of its operations and its cash flows for the year then ended in conformity with the accounting policies summarized in Note 2 of the financial statements.

  
**ERNST & YOUNG**  
**Chartered Accountants**  
**Kuala Lumpur, Malaysia**

  
**S. F. Ahmed & Co.**  
**Chartered Accountants**  
**Dhaka, Bangladesh**

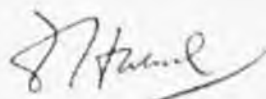
27 April, 2002



**BRAC**  
 (Registered in Bangladesh under the Societies Registration Act, 1860)  
**Balance Sheet**  
 as at December 31, 2001

	Notes	2001 Taka	2000 Taka
<b>ASSETS</b>			
Fixed assets	3	3,487,722,536	3,020,016,265
Investment in related undertakings	4	498,268,987	206,635,581
Investment in securities and others	5	85,897,901	77,305,969
Loans to Village Organisation members	6	7,711,317,218	7,310,962,622
Motor cycle loans		161,431,141	133,209,153
Inventories	7	916,591,320	803,072,435
Grants and accounts receivable	8	779,858,315	875,131,415
Advances, deposits and prepayments	9	482,171,503	319,679,286
Fixed deposits and PSPs	10	1,267,123,836	1,177,904,421
Cash in hand and at banks	11	458,593,865	385,803,475
<b>TOTAL ASSETS</b>		<b>15,848,976,622</b>	<b>14,309,720,622</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
Deferred income	12	518,643,273	564,116,803
Term loans	13	3,251,646,323	2,951,562,680
VO members' savings deposits	14	4,304,996,584	3,550,373,268
Other long term liabilities	15	998,960,792	841,924,819
VO members' project and current account		52,424,285	73,052,432
Grants received in advance account	16	77,351,255	18,189,531
Other current liabilities	17	511,655,759	505,060,509
Provision for taxation		31,741,030	31,741,030
Bank overdrafts	18	355,996,810	402,516,663
<b>Total liabilities</b>		<b>10,103,416,111</b>	<b>8,938,537,735</b>
<b>Net Assets:</b>			
Capital fund			
- unrestricted		5,640,775,763	5,225,386,788
- temporarily restricted		104,784,748	145,296,099
		<b>5,745,560,511</b>	<b>5,371,182,887</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>15,848,976,622</b>	<b>14,309,720,622</b>

The annexed notes form an integral part of these statements.

  
 Chairperson, Governing Body  
 BRAC  
 Dhaka, April 27, 2002

  
 Executive Director  
 BRAC

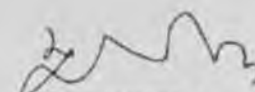
**BRAC**  
(Registered in Bangladesh under the Societies Registration Act, 1860)  
**Statement of Income and Expenditure**  
for the year ended December 31, 2001

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2001 Taka
<b>Income</b>				
Donor grants	19	50,745,399	1,485,106,528	1,535,851,927
Revenue from:				
- Commercial projects		1,135,225,461	-	1,135,225,461
- Programme support enterprises		1,568,593,864	-	1,568,593,864
Service charge on loans to VO members		2,195,038,399	-	2,195,038,399
Investment income	20	159,334,470	815,231	160,149,701
Other income	21	119,055,979	40,195,831	159,251,810
Rental income from House property		96,364,025	-	96,364,025
<b>Total income</b>		<b>5,324,357,597</b>	<b>1,526,117,590</b>	<b>6,850,475,187</b>
<b>Expenditure</b>				
Commercial Projects		1,029,150,649	-	1,029,150,649
Program Support Enterprises		1,380,256,787	-	1,380,256,787
House property related expenses		56,193,430	-	56,193,430
Education Programme		18,541,497	974,719,403	993,260,900
Nutrition Programme		-	289,959,610	289,959,610
Health and Population Programme		117,738,270	111,009,819	228,748,089
Micro Finance Programme		2,045,704,279	-	2,045,704,279
Relief and Rehabilitation Programme		148,722	23,754,164	23,902,886
Poultry Extension Programme		25,582,695	74,639,976	100,222,671
Fisheries Extension Programme		28,413,690	14,052,844	42,466,534
Agriculture Extension Programme		49,738,919	13,342,130	63,081,049
Sericulture and Silk Development Programme		27,793,497	-	27,793,497
Human Rights and Legal Education Programme		49,374,761	265,022	49,639,783
Rural Enterprise Development Programme		24,264,556	-	24,264,556
Training, Workshop and Seminars		37,791,565	18,110,616	55,902,181
Grant to BRAC University		50,000,000	-	50,000,000
Research, Monitoring and Evaluation		10,086,702	5,463,960	15,550,662
<b>Total expenses</b>		<b>4,950,780,019</b>	<b>1,525,317,544</b>	<b>6,476,097,563</b>
Surplus of income over expenditure before taxation		373,577,578	800,046	374,377,624
Taxation	22	-	-	-
<b>Net surplus for the year</b>		<b>373,577,578</b>	<b>800,046</b>	<b>374,377,624</b>

The annexed notes form an integral part of these statements.



Chairperson, Governing Body  
BRAC  
Dhaka, April 27, 2002



Executive Director  
BRAC

## B R A C

(Registered in Bangladesh under the Societies Registration Act, 1860)  
Statement of Cash Flows for the year ended December 31, 2001

	Notes	2001 Taka	2000 Taka
<b>Cash flows from operating activities:</b>			
Surplus of income over expenditure before taxation		374,377,624	554,841,083
Adjustment to reconcile changes in net assets to net cash provided by operating activities:			
Loan loss provision		250,194,734	298,865,900
Depreciation		212,593,432	202,027,513
Gain on disposal of fixed assets		(6,163,450)	(4,381,151)
Share of reserves in related undertakings during the year		(23,338,890)	(6,804,425)
Donor grants - amortisation of investment in fixed assets		(43,849,676)	(43,299,797)
Donor grants - amortisation of motorcycle replacement funds		(11,980,297)	(14,947,986)
Adjustments for other accounts:			
Decrease in service charge outstanding on loans to VO members		33,224,915	154,836,587
(Increase)/Decrease in inventories		(113,518,885)	17,825,588
(Increase)/Decrease in advances, deposits and prepayments		(162,492,217)	174,137,582
Decrease/(Increase) in accounts receivable, net		37,180,176	(163,871,030)
Increase/(Decrease) in other current liabilities		6,595,250	(78,613,979)
Increase/(Decrease) in other long term liabilities		157,035,973	155,956,877
Increase/(Decrease) in deferred income		10,356,443	26,617,120
(Increase)/Decrease in motorcycle loans		(28,221,988)	(2,140,041)
Net cash provided by operating activities		691,993,144	1,271,049,841
<b>Cash flows from investing activities:</b>			
Increase in loans to VO members		(683,774,245)	(1,214,294,107)
Purchase of fixed assets		(693,520,358)	(715,806,145)
Proceeds from disposal of fixed assets		19,384,105	28,017,264
Increase in fixed deposits and PSPs		(89,219,415)	(120,847,459)
Increase in investments in related companies		(272,669,499)	(9,702,038)
Dividends received from related undertakings		4,374,983	-
Increase in investment in securities and others		(8,591,932)	(35,154,826)
Net cash used in investing activities		(1,724,016,361)	(2,067,787,311)
<b>Cash flows from financing activities:</b>			
Grants received during the year		1,607,633,045	1,878,070,044
Grants utilised during the year for:			
-operational expenditure		(1,480,021,954)	(1,662,833,015)
-investment in fixed assets		(5,898,798)	(23,228,241)
-motorcycle replacement funds		(4,457,645)	(3,388,879)
Increase in term loans		300,083,643	789,403,262
Increase in VO members savings deposits		754,623,316	647,419,777
Decrease in VO members project and current accounts		(20,628,147)	(19,929,985)
Net cash provided by financing activities		1,151,333,460	1,605,512,963
Net increase in cash and cash equivalents		119,310,243	808,775,493
Cash and cash equivalents, beginning of the year		(16,713,188)	(825,488,681)
Cash and cash equivalents, end of the year	11	102,597,055	(16,713,188)

## Notes to Accounts

### 1. Loans to Village Organisation members (note 6)

	Principal outstanding Taka	Service charge receivable Taka	Loan loss provision Taka	Total Taka
At January 1, 2001	7,732,454,484	123,368,525	(544,860,387)	7,310,962,622
Additions	15,099,817,735	2,195,038,399	(250,194,734)	17,044,661,400
Realisation	(14,416,043,490)	(2,210,424,626)	-	(16,626,468,116)
Write-off	(160,816,201)	(17,838,688)	160,816,201	(17,838,688)
At December 31, 2001	8,255,412,528	90,143,610	(634,238,920)	7,711,317,218

Loans to VO members bear annual service charges as follows:

Micro-credit	15% flat
Housing loans	10% flat

Repayments are made in weekly/bi-weekly/monthly instalments.

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

Loan Classification	Days in Arrears	Loan Principal 2001	Loan loss Provision 2001	Loan Principal 2000	Loan loss Provision 2000
Standard	Current (no arrears)	7,326,300,528	146,526,020	6,580,397,215	126,665,984
Watchlist	1 - 30	127,448,000	6,372,400	325,845,550	16,292,277
Substandard	31 - 180	345,420,000	69,084,000	480,966,232	96,193,246
Doubtful	181 - 350	175,950,000	131,962,500	158,146,427	118,609,820
Loss	Over 350	280,294,000	280,294,000	187,099,060	187,099,060
		8,255,412,528	634,238,920	7,732,454,484	544,860,387

### 2. Grants (note 25)

#### A. Schedule of donations received

Name of the project	Donor	2001 Taka	2000 Taka
Rural Development Programme	NOVB	-	30,906,566
	AKF/CIDA	-	50,426,515
	EC	-	213,871,168
		-	295,204,249
Reproductive Health and Disease Control	DFID	48,877,500	115,441,162
Rural Service Delivery component of National Integrated Population and Health Programme	Pathfinder International	27,191,725	99,066,139
Vulnerable Group Development Credit Programme	GOB	-	33,500,000
National Facilitation Programme (BINP)	GOB	283,360,721	231,856,735
Arsenic Mitigation	UNICEF	14,676,316	3,985,847
Flood Relief and Rehabilitation Programme	DFID	5,829,922	10,798,538
	DANIDA	18,000,000	-
	NOVB	-	10,663,835
	E C	-	16,437,910
	Local Donors	-	155,357
		23,829,922	38,055,640
Forth Fisheries Programme	GOB/DFID	5,241,525	3,036,000
Integrated Food Assisted Rehabilitation	World Food Program	-	9,103,000
Education for Under Aged Garment Workers	UNICEF	3,671,727	2,870,682
Implementation of Guidelines for Compensating Erosion Flood Affected Persons	GOB	204,682	12,166,497
Non-formal Primary Education (Expansion)	UNICEF	86,341,447	-
	DGIS	175,400,000	345,280,000
	NOVB	34,918,387	47,085,370

Name of the projects	Donor	2001 Take	2000 Take
	DFID	239,553,800	236,280,000
	AKF/CIDA	84,761,631	49,110,840
	EC	359,791,027	313,950,000
	Others	132,841	11,495
		980,899,133	991,717,705
Challenging the Frontiers and Poverty Reduction Agroforestry and Block Plantation	NOVIB	18,519,164	-
Adult Literacy Programme	EC	-	7,558,862
Basic Education for Hard to Reach Urban Working Children	GOB	792,706	9,155,395
Hepatitis-B Vaccine	GOB	1,458,000	4,660,147
Char Development Programme	CIDA	-	179,347
Strategies to Improve the Proportion of Deliveries with Skill Attendants	DGIS	10,659,469	6,802,721
Micronutrient Beverage Supplementation for Adolescent Girls	University Aberdeen	681,867	803,576
Participatory Livestock Development Programme Homestead Poultry as the Means of Generating Earnings for and Improving Nutritional Status of the Poor Households of the Selected Thana (Poultry for Nutrition	International Dev. Research Centre	-	6,946,340
Popular Theater	DANIDA	14,269,620	-
Strengthening BRAC Staff Capacity	GOB	2,266,000	5,960,000
INAFI			
Adolescent Peer Organised Network (APON)	Australian Embassy	1,227,040	-
Global Nutrition Programme	Rockefeller Foundation	13,457,500	-
BRAC Limb and Brace Centre (BLBC)	NOVIB	8,948,546	-
Management Training of NNP Managers	UNICEF	6,282,500	-
Atta Fortification Programme	Uppsala University	1,126,103	-
Sundarban Biodiversity Conservation Project	Jaipur Limb Centre	2,776,437	-
Training of Shastha Sabika and Programme Organisers	GOB	311,649	-
Identification of Gaps and Needed Interventions to Promote Health Equity in Rural Bangladesh	WFP	565,000	-
Kangaroo Mother Care to Prevent Neonatal and Infant Mortality Project	GOB	2,110,820	-
Thematic Workshop on Microfinance	NOVIB	1,826,011	-
Income Generating Vulnerable Group Dev. Programme (Transferred from Term Loan - Govt. of Bangladesh)	IndoPh Network	953,438	-
MNT Campaign	Population Council	486,691	-
	Imp-Act	508,002	-
	GOB	129,250,000	-
	Save the Children	1,203,231	-
<b>Total</b>		<b>1,607,633,045</b>	<b>1,878,070,044</b>
<b>B Donation income transfer from donor's fund</b>			
Opening balance		18,189,531	45,798,773
Grants received during the year		1,607,633,045	1,878,070,044
Less: previous years receivable		(301,023,234)	(517,252,385)
investment in fixed assets		(5,898,798)	(23,228,241)
motor cycle replacement fund		(4,457,645)	(3,388,879)
donor's fund received in advance		(77,351,255)	(18,189,531)
Add grants receivable		242,930,310	301,023,234
transfer from motor cycle replacement fund		11,980,297	14,947,989
transferred from donor's fund-investment in fixed assets for depreciation on funded fixed assets		43,849,676	43,299,797
<b>Total</b>		<b>1,535,851,927</b>	<b>1,721,080,798</b>

\*\*\*\*\*

Please visit < [www.brac.net](http://www.brac.net) > for detailed audit report

\*\*\*\*\*

# M A N A G E M E N T

**Fazle Hasan Abed, Chief Executive Officer**

**Faruq A. Choudhury, Adviser**

**Abdul-Muyeed Chowdhury, Executive Director**

**Dr. Salehuddin Ahmed, Deputy Executive Director**

**Aminul Alam, Deputy Executive Director**

**Dr. AMR Chowdhury, Deputy Executive Director**

**Muazzem Hasan, Director BRAC Printers**

**Sukhendra K. Sarkar, Director Monitoring and Internal Audit**

**M. Tajul Islam, Director Public Affairs**

**Dr. Golam Samdani Fakir, Director Training Division**

**Muhammad Sahool Afzal, Director BRAC Information Technology Institute**

**Syed Rezaul Karim, Director BRAC Dairy and Food Project**

**Ahmed Najmul Hussain, Director Special Projects**

**Syeda Sarwat Abed, Adviser Aarong**

**Mehtabuddin Ahmed, Head of Administration**

**Shawkat Hossain, Head of Finance**

**Shabbir Ahmed Chowdhury, Programme Head, Microfinance**

**Erum Mariam, Programme Head, BRAC Education Programme**

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



BRAC Centre, 75 Mohakhali, Dhaka 1212, Bangladesh  
Tel: (88-02)-988-1265 (88-02)-882-4180 Fax: (88-02)-882-3614 (88-02)-882-3542  
E-mail: [brac@brac.net](mailto:brac@brac.net) Website: [www.brac.net](http://www.brac.net)  
Published by, Public Affairs and Communications Department, BRAC  
Cover Design & layout : Shajedur Rahman, BRAC Publications  
Printed by : BRAC Printers, Dhaka, Bangladesh