



2004

brac annual report

BRAC
ANNUAL REPORT
2004

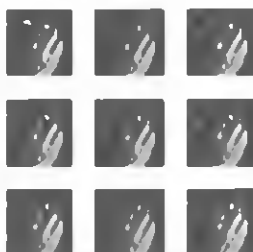
VISION

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

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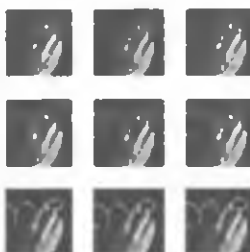
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mission statement

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

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

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

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

The 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.



acronyms

| | | | |
|--------|--|-------|--|
| ADP | Adolescent Development Programme | MOU | Memorandum of Understanding |
| AIDS | Acquired Immune Deficiency Syndrome | MRRD | Ministry of Rural Rehabilitation and Development-Afghanistan |
| AKF | Aga Khan Foundation | NCU | NGO Cooperation Unit |
| ARI | Acute Respiratory Infection | NEER | Non-farm Enterprise Extension Reinforcement |
| AO | Area Office | NFPE | Non-Formal Primary Education |
| BCDM | BRAC Centre for Development Management | NID | National Immunisation Day |
| BESDP | BRAC Economic and Social Development Programme | NGO | Non-Governmental Organisation |
| BEOC | Basic Education for Older Children | NORAD | The Norwegian Agency for Development Cooperation |
| BEP | BRAC Education Programme | NOVIB | The Netherlands Organisation for International Development Cooperation |
| CEP | Continuing Education Programme | NSV | Non-Scalpel Vasectomy |
| CFPR | Challenging the Frontiers of Poverty Reduction | PACE | Post Primary Basic And Continuing Education Programme |
| CIDA | Canadian International Development Agency | PHC | Primary Health Care |
| DANIDA | Danish International Development Agency | PSE | Programme Support Enterprises |
| DFID | Department of International Development | RDP | Rural Development Programme |
| DGIS | The Netherlands Government | RED | Research and Evaluation Division |
| DNFE | Directorate of Non-Formal Education | REP | Rural Enterprise Project |
| EC | European Commission | RHDC | Reproductive Health and Disease Control |
| EDP | Economic Development Programme | RLF | Revolving Loan Fund |
| EHC | Essential Health Care | RSDP | Rural Service Delivery Programme |
| EIGP | Employment and Income Generating Programme | RTI | Reproductive Tract Infection |
| EPI | Expanded Programme on Immunisation | SIDA | Swedish International Development Agency |
| ESP | Educational Support Programme | SK | Shastho Kormi (Health Worker) |
| ESP | Essential Service Package | SRC | Sericulture Research Centre |
| GEP | General Education Project | SS | Shastho Shebika (Health Volunteer) |
| GoB | Government of Bangladesh | SSC | Secondary School Certificate |
| GP | Global Partnership | SSFJW | Salma Sobhan Fellowship in Journalism for Women |
| GQAL | Gender Quality Action Learning | STD | Sexually Transmitted Diseases |
| HIV | Human Immunodeficiency Virus | TARC | Training and Resource Centre |
| HNPP | Health, Nutrition and Population Programme | TUP | Targeting the Ultra Poor |
| HRLE | Human Rights and Legal Education | VGF | Vulnerable Group Feeding |
| H&FPFP | Health & Family Planning Facilitation Project | VO | Village Organisation |
| IGVGD | Income Generation for Vulnerable Group Development | VSC | Voluntary Surgical Contraception |
| ILO | International Labour Organisation | WB | World Bank |
| MED | Micro-Enterprise Development | WFP | World Food Programme |
| MELA | Micro-Enterprise Lending and Assistance | | |
| MISFA | Microfinance Investment and Support Facility for Afghanistan | | |

BANGLADESH
BRAC LOCATIONS



Regional Office 
Area Office 
Training and Resource Centre 



BRAC At a Glance

As of December 31, 2004

Programme Coverage

| | |
|-------------------------------|-------------------------|
| Districts | 64 |
| Upazila/Thana (sub-districts) | 480 |
| Villages | 68,408 |
| Urban Slums | 4,378 |
| Population Covered | 100 million (estimated) |

Development Programmes

| | |
|---|---|
| Village Organisations | 142,117 |
| Membership - Total | 4,858,763 |
| - Female | 4,727,286 |
| - Male | 131,477 |
| Loan Disbursement - Year 2004 | Tk. 25,902 million US \$ 442.76 million |
| Loan Disbursement - Cumulative | Tk. 133,212 million US \$ 2,593.14 million |
| Loan Outstanding | Tk. 14,630 million US \$ 250 million |
| Repayment Rate | 98.74% |
| Members' Savings | Tk. 7,657 million US \$ 130.89 million |
| Currently Enrolled in BRAC Schools | 1.50 million |
| Graduated (till to date) | 2.8 million |
| Legal Literacy - Courses Held | 106,241 |
| - Learners Completed | 2,473,361 |
| Population Coverage of Health Programme | |
| - Essential Health Care | 31 million |
| - Tuberculosis Control Programme | 82 million |
| - National Nutrition Programme | 13 million |

Commercial Enterprises

| | |
|----------------------|---|
| Aarong Shops | 8 |
| Printing Press | 1 |
| Dairy & Food Project | 1 |

Job Creation

| | |
|----------------------|-----------|
| Poultry | 1,698,165 |
| Livestock | 470,778 |
| Agriculture | 847,574 |
| Social Forestry | 75,050 |
| Fisheries | 277,230 |
| Sericulture | 19,060 |
| Horticulture | 179,031 |
| Handicraft Producers | 15,223 |
| Small Enterprises | 136,159 |
| Small Traders | 2,635,212 |
| Total | 6,353,482 |

Human Resources

| | |
|-----------------------------|---------|
| Staff | 32,652 |
| School Teachers | 65,412 |
| Community Health Volunteers | 29,736 |
| Community Health Workers | 2,284 |
| Poultry Workers | 50,805 |
| Community Nutrition Workers | 11,988 |
| Nutrition Women Members | 119,658 |

Programme Infrastructure

| | |
|-------------------------------|--------|
| Regional Offices | 137 |
| Area Offices | 498 |
| Team Offices | 1,172 |
| Training Centre | 19 |
| Health Centres | 48 |
| Diagnostic Laboratories | 51 |
| Schools - BRAC Primary | 31,619 |
| - Pre-primary | 16,019 |
| Gonokendra (Union Libraries) | 878 |
| Kishon Kendra | 8,811 |
| Handicraft Production Centres | 285 |
| Limb and Brace Centre | 1 |

Annual Expenditure

| Year | Amount | Donor Contribution (%) |
|------|---|------------------------|
| 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% |
| 2002 | Tk. 9,258 million US \$ 161 million | 20% |
| 2003 | Tk. 11,471 million US \$ 196 million | 20% |
| 2004 | Tk. 14,487 million US \$ 245 million | 23% |

Programme Support Enterprises

| | No | Capacity (annual) |
|----------------------------|----|------------------------|
| Poultry Farms & Hatcheries | 6 | 13.5 million Chicks |
| Feed Mills | 3 | 40,000 MT |
| Prawn Hatcheries | 8 | 15 million post larvae |
| Fish Hatcheries | 4 | 5,000 kg fish spawn |
| Seed Processing Centres | 2 | 3,500 MT |
| Seed Production Farms | 23 | 5,200 MT |
| Sericulture | | |
| - Silk Reeling Centres | 3 | 15 MT |
| - Grainages | 12 | 2.0 million dfi |
| Nurseries | 24 | 21.5 million saplings |
| Bull Station | 1 | 125,000 doses |
| Iodised Salt Industry | 1 | 80,000 MT |

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Related Companies/Institutions

| | |
|----------------------------------|--|
| BRAC Industries Ltd. | Cold Storage |
| BRAC BDMail Network Ltd. | Internet Service Provider |
| HRAC Services Ltd. | Hospitality |
| BRAC Concord Lands Ltd. | Land and Housing |
| Delta BRAC Housing Finance Corp. | Housing Finance |
| BRAC University | Tertiary Education |
| BRAC Bank | Small & Medium Enterprise Finance & Banking |
| BRAC Tea Companies | Tea Plantation & Production |
| Documenta TM Ltd. | Software Development |

BRAC Afghanistan

| | |
|------------------------------------|--|
| Working Areas | 94 District Offices under 17 Provinces |
| Community School and Students | 83 with 2,753 students |
| Accelerated Learning Project (ALP) | 73,000 students |
| Fixed Health Clinics | 23 |
| Village Organisations | 3,689 with 72,804 members |
| Loan Disbursement | US\$ 7,485,904 |
| National Solidarity Programme | 20 Districts under 5 Provinces |
| Agriculture | 19 Districts |
| Training & Resource Centres | 2 in Kabul |

BRAC TIMELINE : MAJOR EVENTS

- ANNUAL REPORT 2004
- 1972 BRAC starts at Sulla (Sylhet) as a relief organisation
 - 1973 Transition to a development organisation
 - 1974
 - Relief work among famine and flood victims of Rowman, Kurigram started
 - Microcredit started
 - 1975
 - Research and Evaluation Division (RED) established
 - Jinalpur Women's Project commenced
 - 1976 Manikganj Integrated Project initiated
 - 1977
 - BRAC commences 'Targeted' development approach through Village Organisations (VO)
 - BRAC Printers set up
 - 1978
 - Training and Resource Centre (TARC) set up
 - Aarong set up
 - Sericulture started
 - 1979
 - Outreach programme launched
 - Rural Credit and Training Programme (RCTP) launched
 - Poultry Programme commenced
 - 1980 Oral Therapy Extension Programme (OTEP) launched
 - 1983 Livestock Programme initiated
 - 1985
 - Non-formal Primary Education Programme (NFPE)
 - Rural Enterprise Project (REP) launched
 - Income Generation for Vulnerable Group Development (IGVGD) Programme launched
 - 1986
 - Rural Development Programme (RDP) formed by merging Rural Credit and Training Programme (RCTP) and Outreach programme
 - Child Survival Programme (CSP) commenced
 - 1988 Monitoring Department set up
 - 1990
 - Rural Development Programme (RDP) Phase II commenced
 - Sustainable Rural Credit Programme (RCP) commenced
 - Management Development Programme (MDP) set up
 - 1991
 - Women's Health Development Programme (WHDP) commenced
 - Women's Advisory Committee (WAC) set up
 - 1992 Centre for Development Management (CDM) established
 - 1993 Rural development Programme (RDP) Phase III commenced
 - 1994 Non-formal Primary Education programme (NFPE) launched in Africa
 - 1995
 - Adult Literacy Centres opened
 - Gender Quality Action Learning (GQAL) and Gender Resource Centre (GRC) set up
 - Continuing Education (CE) Programme Started
 - 1996
 - Rural Development Programme (RDP) IV commenced
 - Micro-Enterprise Lending and Assistance (MELA) launched
 - BRAC BDMall Ltd. Company launched
 - 1997
 - Urban Development Programme started
 - Gender Policy Launched
 - Delta BRAC Housing programme launched
 - 1998
 - BRAC Dairy and Food Project commissioned
 - Chittagong Hill Tracts Development Programme started
 - 1999 BRAC Information Technology Institute launched
 - 2001
 - BRAC University launched
 - BRAC Bank Ltd. launched
 - Post Primary Basic Education (PBEn) Programme Set up
 - 2002
 - Challenging the Frontiers of Poverty Reduction launched
 - BRAC-Afghanistan Programme commenced
 - BRAC Advocacy & Human Rights Unit set up
 - 2003
 - BRAC Tea Companies launched
 - Continuing Education & Post-Primary Basic Education Programme integrated into a single Programme renamed as Post Primary Basic and Continuing Education Programme (PACE)
 - Documenta TM Ltd. launched
 - TB Programme coverage expanded
 - BU-IED initiated
 - 2004
 - Office of the Ombudsperson established
 - SHaRE Unit set up
 - Salma Sobhan fellowship in Journalism for Women Programme launched



“SMALL IS BEAUTIFUL, BUT BIG IS NECESSARY”

BRAC OVERVIEW

BRAC, a national, private organisation, started as an almost entirely donor funded, small-scale relief and rehabilitation project initiated by Fazle Hasan Abed to help the country overcome the devastation and trauma of the Liberation War and focused on resettling refugees returning from India. Today, BRAC has emerged as an independent, virtually self-financed paradigm in sustainable human development. It is one of the largest Southern development organisations employing 97,192 people, with 61% women, and working with the twin objectives of poverty alleviation and empowerment of the poor.

With its innovative approach to development, following no rigid model, but continuously expanding and growing through experiential learning, BRAC today provides and protects livelihoods of 100 million of the 141 million people of Bangladesh. Diagnosing poverty in human terms and recognising its multidimensional nature, BRAC approaches poverty alleviation with a holistic approach. Through the unique integration of its core programmes, strategic linkages and constant evolution, BRAC has come to stand as a unique example of how a development organisation of the South can be sustainable without being largely dependant on donor assistance. BRAC's outreach covers all 64 districts of Bangladesh and 78% of the total number of villages in Bangladesh and has been called upon to assist a number of countries including Africa, the Middle East and Afghanistan.

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

BRAC has held to the belief that community partnerships and institution building go a long way in sustainable development and the spreading and transferring of knowledge to future generations. BRAC's Economic Development Programme has so far organised 4.86 million poor and landless people, mostly women into 142,117 Village Organisations (VOs). These Village Organisations serve as forums where the poor can collectively address the principal structural impediments to their development, receive credit, and open savings accounts and build on their social capital. BRAC's microfinance programme by offering credit to the poor and assisting and encouraging them to save, strives to ensure economic and social sustainability of the poor. In a country which ranks as one of the poorest and most densely populated in the world, with a per capita income of about US\$444 and 49.8% living below the "upper poverty line," BRAC's credit programme has so far disbursed Taka 133.21 billion (US\$2.59 billion) with a 98.7% recovery rate where no collateral is required. Members have saved up to Taka 7,657 million (US\$ 130.89) with BRAC. Its comprehensive approach combines Microfinance with Health, Education and other Social Development Programmes because BRAC recognises that its microfinance clients must be informed and aware enough to put their loans to the best use, must be cognizant of their rights, maintain good health and hygiene and have the confidence to establish a means of income generation. Thus BRAC's strategy also includes human rights and legal education courses, provision of legal aid clinics, use of popular theatre to raise awareness and offer solutions to social problems, and household visits by volunteer health workers. Training is provided for gender equity, conscientisation, and awareness building that helps create an enabling environment in which the poor can participate in their own development.

Over the years BRAC realised that microfinance though a successful, thriving programme, was failing to reach the bottom 25% of the absolute poorest, composed of mostly women-headed families falling on the bottom rung of the poverty ladder. So in January 2002, BRAC introduced its Challenging the Frontiers of Poverty Reduction – Targeting the Ultra Poor (CFPR-TUP) programme. Using a specific set of criteria to identify these families in the margins of



society who are too poor to take advantage of standard micro finance options, BRAC designed a smart subsidisation scheme that included income generating assets, training and health care services, tailor made to create opportunity ladders for the ultra poor to help them transition onto the mainstream micro finance programmes. The programme has already received widespread national and international attention and is setting the standard for other development organisations to emulate.

Yet another one of BRAC's innovations that has been replicated in about a dozen countries is the Non Formal Primary Education programme set up in 1985. The programme started with 22 one-room schools and has grown to about 49,000 schools in 2004, accounting for about 11% of the primary school children in Bangladesh. It fulfills BRAC's goal of poverty reduction through access to education for those traditionally outside formal schooling. The BRAC schools teach the same competencies as the government schools. However, they enroll and retain a higher proportion of hard-to-reach children, such as girls who make up 65% of the student body. The importance of maintaining literacy outside the school setting has been addressed with BRAC's 878 rural community based libraries (Gonokendras) and 8,811 Kishon Kendras that give members access to a variety of reading materials. The Adolescent Development Programme (ADP) trains adolescent BRAC school graduates, both girls and boys, in vocational skills, health awareness including reproductive health, and leadership.

In Bangladesh, where only 36% of the population have access to primary health care services beyond childhood immunisation and family planning, BRAC's Health, Nutrition and Population Programme takes a broad approach to the health needs of the poor by providing basic curative and preventive services to more than 97 million people. Trained health workers and volunteers work to raise awareness among the rural poor of health issues that directly impact their lives and families. It seeks to reduce maternal and child mortality and reduce vulnerability to common diseases. Services are offered to control infectious diseases like tuberculosis, acute respiratory infections, diarrhea etc. BRAC has collaborated with the government to immunise children and pregnant women. Under the Essential Health Care programme, with the help of Shastho Shebikas (Health Volunteers) and Shastho Kormis (Health Workers) immunisation coverage of the population today is 80%. The programme also provides services to pregnant women for improving their health and nutrition status. The reproductive health needs of the community in general, with particular focus on BRAC members, are addressed through education on family life, contraception, STD/RTI control, and awareness of HIV/AIDS.

Various Support Programmes some of which include the Training Division, Research & Evaluation Division, Advocacy & Human Rights Unit, Public Affairs & Communications, Administration & Special Projects, Internal Audit & Monitoring, Finance & Accounting, Publications and Human Resources provide continuous support that is essential to the success and smooth functioning of BRAC's core programmes. The Training Division is engaged in all aspects of staff and VO member training, be it poultry rearing or development management. Seventeen residential Training and Resource Centres (TARC) and two BRAC Centres for Development Management (BCDM) have been established by the Training Division. Through its Global Partnership (GP) programme, BRAC offers post-graduate diploma in NGO Leadership and Management leading to a Masters degree.

Fostering its development principles into its own policies, BRAC's Human Rights and Advocacy Unit has undertaken a number of initiatives to promote and protect human rights, particularly that of women.

BRAC is also the only NGO that has its own independent Research and Evaluation Unit set up in 1975 when BRAC was still very small, recognising the importance of evidence-based programming. The mandate is to provide analytical research support to improve existing programmes and provide direction to explore new avenues of development based on field experiences. Recently a discussion on the paradigm shift in development has been initiated by the division to provide new dimensions to BRAC's development activities.

BRAC has invested substantially in commercial enterprises one of which is Aarong (retail handicraft chain stores), that links poor rural producers, or in this case artisans, with the expanding urban markets. Such enterprises also include the BRAC Dairy and Food Project which 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. Six Poultry Hatcheries and three Poultry Feed Mills have been set up to meet the increasing demand for healthy chicks and quality feed in rural areas as well as to

provide supply access to women trained in a variety of aspects of poultry rearing, BRAC Printers, a Cold Storage, a Tissue Culture Lab, 15 sericulture process centres, 12 Fish and Prawn Hatcheries, an Iodised Salt Factory and a Bull Station to improve cattle breeds through artificial insemination are also among its Programme Support Enterprises. BRAC's Vegetable Export programme links poor farmers with international markets and in 2004 received the EUREPGAP Certification from FoodCen Netherlands to export high quality, fresh vegetables to countries under the European Union. Such commercial enterprises not only ensure economic sustainability for poor rural producers, but also earn revenues that the organisation can retain to fund its core development programmes.

BRAC operates on the ethical principles and practice and has maintained high levels of transparency in all its operations since it was established. BRAC has been able to maintain an unblemished reputation over the past three decades. The same principles of ethics and integrity that form the supporting pillars of all its activities whether of large scale or small, are also enforced in the organisation's policies and practices. BRAC was the first NGO to establish an office of the Ombudsperson in 2004 and also received an Honorary Mention from the Consultative Group to Assist the Poor (CGAP) which recognised BRAC for consistently maintaining high levels of transparency in its annual financial reporting.

BRAC has formed important links with the government over the years, facilitating the emergence of other NGOs in Bangladesh and has expanded into an organisation operating on a national scale, side by side and in partnership with the government, other NGOs and organisations and contributing to 1.14% of the country's GDP. With an annual budget of US\$245 million, around 77% of which is self financed, BRAC has established itself nationally and internationally as a symbol of innovation and dynamism, always ready to experiment with innovative ideas. As a recognition of BRAC's dedicated work for the poor, BRAC received the Gates Award for Global Health and BRAC Founder and Chairperson was honoured by the UNDP Mahbubul Huq Award for Outstanding Contribution in Human Development.

Other BRAC initiatives

BRAC University

BRAC University was inaugurated in 2001 to foster national development by creating a centre of excellence in higher education that is responsive to the needs of society, able to develop creative leaders and actively contribute to learning and creation of knowledge. Recently the University launched the James P. Grant School of Public Health that aims to counter an impending global health manpower shortage. More information available at: <http://www.bracu.ac.bd>

BRAC Bank

BRAC Bank is a full service commercial bank focused on providing financial services to small and medium enterprises. It is rapidly expanding, with 12 branch offices and 290 SME units covering the largest number of SME clients and is expanding its horizon to include more and more unserved potential clients each year.

BRAC Afghanistan

BRAC Afghanistan began in May 2002 when BRAC realised that its development innovations and experiences in Bangladesh could be shared with the people of Afghanistan. Recognising BRAC's goodwill and impressed with its results in Bangladesh, the Government of Afghanistan invited BRAC to begin mobilising Afghan communities and providing development services. BRAC Afghanistan now provides services in micro finance, health, education, income generation, and small enterprise development. The programme takes the best practices of BRAC in Bangladesh and tailors its initiatives according to the needs of the Afghan people. At the end of 2004, BRAC Afghanistan had 2184 staff, of which 2033 were Afghans.



CHAIRPERSON'S STATEMENT

Year 2004 ended with one of the most destructive natural calamities that the world has seen, taking almost 250,000 lives in one sudden fatal stroke. People world-over united in spirit, bonded in grief, vulnerable and defenceless against nature's fury. Prior to the Tsunami, Bangladesh experienced one of the worst floods in recent history that wrecked much of the rural infrastructure and set us back significantly in our development activities, followed by a Monga, or extreme distress in six of the Northern districts. It was a difficult year and we were kept busy in lending our support to the country in the reconstruction process. In our efforts to help the country through crisis during the flood of 2004, BRAC undertook a US\$ 6.5 million Relief and Rehabilitation programme in flood affected areas which started post-flood and is still continuing and BRAC responded swiftly when some districts in Northern Bangladesh faced extreme distress.

Yet for BRAC, the year 2004 was not without its share of promise and fulfilment. I am happy to say that our Challenging the Frontiers of Poverty Reduction – Targeting the Ultra Poor programme that was launched in the year 2002 to tackle chronic poverty of the absolute poorest struggling on the bottom rung of the poverty ladder, has made significant progress. Our partnerships with the government, civil society and other NGOs are flourishing, particularly in the fields of health, education and legal aid for deprived women and children. BRAC's Microfinance programme, with the introduction of a new credit window for marginal farmers called Unnoti, saw a large increase in client base, adding another 800,000 new microfinance clients to its existing 4 million. The Education programme made a concentrated effort to include disabled children into the education system and particular attention was paid in the areas inhabited by the ethnic minorities. Our largest donor-funded programme, the Non Formal Primary Education, mobilised US\$128 million for the next five years to implement Primary and Post Primary Basic and Continuing Education. The US\$44 million National Tuberculosis Control programme funded by the Global Fund for Malaria, Tuberculosis and HIV/AIDS, was started in collaboration with the government and other NGOs and BRAC deployed 700 staff in 270 sub district. This year a new variety of hybrid maize was developed by BRAC plant breeders which promises high yield.

BRAC's programmes in Afghanistan have progressed significantly over the last year. Micro finance has expanded from 12,000 to 60,000 BRAC group members in 17 out of 32 provinces. Programmes in Education and Health have also expanded. Staff strength in Afghanistan is over 2,000 of whom 93% are Afghans with more than 50% women. This year has been a major milestone in BRAC's history, when BRAC became the first in Bangladesh to establish the office of an Ombudsperson.

Thus, in spite of all the shocks and setbacks we suffered this year, we have stood steadfast in our work, and we look to the future, as always, with courage, hope and determination. BRAC staff has worked hard to tackle poverty in its many dimensions. In all of BRAC's achievements they are a crucial part. I am proud of their dedication and achievements.

Fazle Hasan Abed
Founder and Chairperson, BRAC

DISASTER



**Are we ready
for the next one?**

The Tsunami that hit South East Asia and Africa on the last week of the year 2004 killed countless numbers of people in 11 countries including Bangladesh. Fortunately for Bangladesh, the Tsunami did not hit as devastatingly hard as it hit neighbouring countries like India, Sri Lanka, Maldives or Indonesia. We were, however, shocked and alarmed by the severity of the earthquake that

caused immeasurable pain and distress and by the impending danger it has signalled for the region.

While disasters like the Tsunami may not be familiar to us Bangladeshis, we are not unaccustomed to recurring disasters like floods and cyclones attributed to natural and manmade causes. Nevertheless the effect of the disasters, particularly the flood of

2004 created a new record in terms of devastation and damages. Though the number of affected areas was much less than that of other years in the last century, the losses far exceeded that of all others.

As of July 27, 2004, 124 upazilas were fully affected, 113 were partially affected and as of August 8, 2004 more than 33.5 million (3,35,61,939) people had been affected in 262 upazilas of 39 districts, around 1.6 million (16,83,839) people were sheltered in 5021 protection centres and about 1.4 million (1,44,88,159) acres of crops were fully damaged.

Prior to the floods, the work by BRAC, other NGOs, had propelled Donor-funding and Government initiatives broiler rearing firms, rice processing mills, fisheries, and nurseries had grown and new roads, bridges, and culverts constructed between the years 1998 and 2004. Statistics show that in BRAC, by the year 2004, the number of poultry rearers had increased by 25 percent, the number of livestock rearers by 250 percent, the number of fish farmers by 100 percent, and the number of vegetable growers by 30 percent since 1998.

The destruction to the rural livelihood and communication not only caused damages to the country's people and infrastructure, but also posed as a major setback to the numerous development efforts made in previous years. For example, 9,855 BRAC

Affected Area: Comparison among years

| Year of flooding | Flood-affected area (sq. km.) | % of total area |
|------------------|-------------------------------|-----------------|
| 1954 | 36,780 | 24.8 |
| 1955 | 38,850 | 26.2 |
| 1974 | 52,520 | 35.4 |
| 1987 | 57,270 | 38.6 |
| 1988 | 77,700 | 52.4 |
| 1998 | 1,00,000 | 67.4 |
| 2004 August | 30,582 | 20.61 |

Source: adopted from Ahmed et. al. 1999

schools and 2,99,100 students were affected, 14,38,270 slab latrines and 1,46,232 tube wells of BRAC Village Organisations members were either washed away or damaged severely by the floods. The water-logging affected 252,000 BRAC-organised marginal and small rice farmers, 214,000 marginal and small vegetable farmers, and 4,000 horticulture nurseries. BRAC estimated that the total number of seedlings damaged in horticulture Nursery and homestead plantation was 18,209,401 and 5,50,862 respectively. 16,099 BRAC fish farmers and 2000 BRAC fish nursery operators suffered losses equalling Taka 195.60 million and Taka 10.08 million respectively.

BRAC was perhaps the first organisation in Bangladesh to respond to the situation. Even on early days of the flooding in July, BRAC distributed dry foods among the early affected people. On the 14th of July in an emergency meeting with the Chairperson BRAC decided to go for a multi-flanked drive. Advertisement and posters reached the affected people cautioning them about possible health hazards and laying out guidelines to avoid them. Another set of advertisements went to the press urging the masses to come forth with whatever they could offer and reach out to the flood-affected people. BRAC also appealed to the international community and organisations for relief and rehabilitation.

From the resources mobilised through public appeal, BRAC's own funds and employee contribution BRAC provided food for almost 63 lakh people in the form of dry food like puffed rice, ruti, pressed rice, and pure drinking water. All the relief distribution efforts were coordinated through a flood coordination cell established in BRAC. While the cell met every morning for at least half an hour to review the situation at the head office, there were district and upazila level flood coordinators working in the field. The field level coordinators were distributing relief materials, keeping liaison with local level government and reporting back to the head office. The Head office cell was in turn keeping contact with the government, other NGOs, international community and donors.

In response to BRAC's appeal to come to the aid of the victims of the 2004 flood in Bangladesh, BRAC received a total of Taka 81,842,191 from international organisations and Taka 7,543,435 from local and mostly individual contributors in assistance to conduct relief operations in Bangladesh. Out of the total amount, Taka

There were a few important reasons for this year's flood being the worst:

- The flood of 2004 was of a recurring nature. It started in early July and was starting to recede later that month when it surged back with fresh vigour
- The flood also lasted longer this year, as the water could not find outlets to retreat in most of the places and specially in the highlands where the flood was unprecedented
- More importantly, the rural economy had experienced phenomenal growth in the past few years subsequently the infrastructure had also undergone considerable improvements. The thriving rural economy not only suffered an enormous blow, the infrastructure was also severely damaged by the recurring and lasting flood.

48,054,000 came from UNDP and Taka 21,540,000 from NOVIB. A substantial amount was also received from DANIDA, CIDA, Marcy Crups, OXFAM America and AusAid. BRAC also contributed Taka 20,000,000 from its own fund and Taka 2,065,494 from Staff contribution. The fund was mainly spent in distributing prepared food, medicine supplies, providing pure drinking water and disseminating health messages.

Later the World Food Programme also assisted with 15 days of food ration for about 400,000 families and 540 Metric Tons of high energy biscuits for 4 lakh malnourished children and women. UNDP also assisted with Taka 7.91 crore for rebuilding infrastructure and Taka 6.70 crore for rebuilding shelters through a "cash for work" and "shelter reconstruction" programme. To rehabilitate the flood affected people NOVIB and SIDA gave Taka 7.60 crore and Taka 1.20 crore respectively for providing seeds, plants, day old chicks and other inputs to renew the economic activities and re-raise the structures of non primary schools.

This much-needed assistance came at a time when the UN World Food Programme was expressing concern over the fact that it had received less than 20% of the funds it had asked for to help flood victims in Bangladesh. Adding to the poor response of the international

community to appeals made for the flood was a situation of extreme distress or *Monga* in northern Bangladesh. Six districts of the country that had also been affected by the flood experienced the *Monga* before they could fully recover from the losses of the flood. The prolonged and recurring floods had damaged crops, left people jobless in the villages, and also led to a price hike of essentials – ultimately creating the situation of extreme distress. To feed one lakh families of 29 upazilas of these six districts BRAC instantly released Taka one crore and twenty-five lakh to provide each family five kilos of rice and one kilo of lentils for a week.

Since its inception as a small scale relief and rehabilitation project back in 1972, BRAC with its core micro finance, education and health and also emergency responses in times of crisis – flood, cyclone, drought or famine – BRAC has been coming to the aid of poor and marginalised people of Bangladesh. However, as BRAC realised as early as 1972, relief is not a permanent solution. There is much to be done in terms of being prepared in cases of natural disasters like floods and its natural consequences such as the *Monga*. This need for disaster preparedness is heightened by the gradual decrease in responses to relief and rehabilitation appeals. The Tsunami has only confirmed that people are vulnerable to the whims of nature, but losses and damages can be much reduced and recovered from more quickly if we are prepared to face them in advance. That is why disaster preparedness forms a crucial agenda of the year 2005 for BRAC and BRAC solicits support from all concerned in this regard.



RAHIMA:

A Life of Struggle and Overcoming Odds

When Rahima married Nurul Huq - a man from her own village - at the wishes of her parents she was a young girl in her early teens. Before she could really come out of a life of fun and play she was a married woman. And to her surprise, no sooner was she married that she became pregnant. Before she could come to terms with her social, physical and emotional changes, her husband died.

Nurul Huq died and his family no longer wanted Rahima stay with them. And thus began a life of struggle.

Rahima came back home only to find a bunch of young siblings starving for food and care as both her parents had passed away in the meantime. She was not thrown out of her parents' home. It was not uncommon for unfortunate young girls come back home to become a burden upon poor parents when their husbands died, married elsewhere or divorced. The story is the same everywhere - whether it is Manikganj, Sulla, Potia or Chor Alexander. A girl child is not a welcome child. In spite of her contribution in the family like taking care of younger siblings, helping mothers in everyday chores and contributing towards the family income through collection of dry leaves and tree branches for cooking fire, she is considered to be of no use to the family. Eventually she gets married because her parents cannot fathom why they must feed her longer than necessary. So she gets married and so had Rahima at the age of thirteen.

"I will become the chairman in the next election and then a member of the parliament"

One of the major functions of BRAC Human Rights and Legal Aid programmes is to raise awareness against child marriages by pointing out its effects and citing the severity of punishment as codified in the law. It has already stopped a lot of initiatives to get young girls and boys married at an early age but what about the women who had already gotten married only to bear its consequences like Rahima?

Manikganj was one of the early chosen places where BRAC expanded its operations to provide sustenance to the women in deprivation and distress. BRAC facilitated the formation of women's groups in remote villages of the area to help them work towards economic freedom, social status and a healthy life. Village Organisations or what is commonly known as the "VOs," are the nucleus of all activities undertaken by BRAC to help women overcome the situation of injustice and denial they are often mired in.

So, in 1981, when Rahima was back at her ancestral home - a one toxi house with a single living room - the only option she had was to join a VO. No other organisation - government or non-government was able to offer assistance to her at that moment of dire need.

"I got a new life I should say. I was about to be maddened by the situation in which I had fallen. All my brothers were very young then, the only member senior to me was my sister and she was already married. I was to feed all my siblings and to take care of myself!"

Rahima started saving 50 paisa per week with the VO from her meagre income, working as a maid at different households of the area. It was very difficult for her but she was determined to continue saving.

"Fifty paisa was not small an amount for me at that time, but what else could I have done at that time! Who would have come to help me if I was to give birth to my child safely?"

Days passed. Rahima's baby was safely born. The smile of the baby helped her forget much of the pangs of her everyday life. The face inspired her to start again a life of hope and promise. Rahima was nominated by her VO to get training to become the Shashtho Shebika of the group.

In 1982 Rahima began a new life as the "barefooted doctor" in the villages. She learned to treat a few common diseases that were easily curable with medicine that were prevailing in her area. She learned to treat

simple fever, a few skin diseases, acidity and also to offer counselling on family planning, installation of sanitary latrine, use of sanitary napkin and safe drinking water.

300 households were at Rahima's disposal. She used to visit them by rotation so that they were all covered during the week. In her bag she used to carry medicines, contraceptive pills and condoms. *"Selling family planning items was the most difficult thing when I started my work as a Shashtho Shebika. Men did not like the idea of using condoms. However I could sell pills to women who were slowly seeing the dark side of having children every year. But most of them feared their husbands wouldn't like the idea and they took pills secretly."*

While Rahima was busy with individual households promoting family planning material BRAC was also talking to civil surgeons, doctors, family planning workers, local level government officers and local leaders - political or religious - to discuss the need and dissemination of family planning. The government was serious about this issue and soon the men in the families slowly started hearing from different corners about the importance of keeping the family small.



"Slowly men also started using condoms. I used to sell it to the woman of the house," says Rahima. "The medicines and all other items that I carried in my bag were supplied by BRAC. The VO gave me all the money I needed to buy them and I started earning small profits by selling the medicine and that was my small business".

From her small income Rahima fed her four young brothers and her son. The son was growing fast. The boy was 6 or 7 years old when some BRAC people came to see her to discuss the possibility of opening a non formal school at her courtyard. Rahima did not have a big piece of land though she could spare her courtyard for a one room BRAC school.

"Ultimately my child became one of the first entrants in the school," Rahima recalls.

The boy whom the mother named Tofazzol did very well in his studies. He passed the first public exam in 1992 with a good grade. Though Rahima's income had increased much over the years, to support higher education was becoming increasingly difficult since the higher the education, the higher was the cost.

"Considering all the factors like cost and distance of school for further studies I got my son admitted into a paramedical course. Tofazzol had developed an early interest in my profession and I thought he would do better."

Rahima recalls how BRAC officials stood by her during those moments of crucial decisions. Her son appeared in the public exam staying at a BRAC office near the exam centre, which was far from her own village.

BRAC stood beside her once more when the son came back, a paramedical doctor. Rahima got a loan from her VO to open a medicine shop for her son at the nearby bus stop.

Meanwhile Rahima had gained a good reputation in the villages. She was not only treating people for diseases she was also taking people to nearby hospitals in cases beyond her capacity. She was there for the people during their moments of need and offering consultations to make life easier.

The villagers were soon reciprocating Rahima's passion and care. "I was the most common guest in all family

occasions in the village - be it a marriage ceremony, a circumcision or obituary. I was even called upon during occasions of buying and selling properties in the area in spite of the fact that I didn't know much about such things!"

Slowly Rahima's popularity as a health volunteer, social worker, and the president of a rural club known as Polli Shomaj that again was organised by BRAC grew to the extent that she was persuaded to run in the local government election.

"I did nothing more than signing the nomination paper. My peers at the Polli Shomaj and the VO and also the villagers whom I visit everyday to inquire about their health did everything from me - starting from submitting the nomination to printing election bills, posters and campaigning for me!"

And thus today Rahima is a member of the Local Union Parishad. Asked about difficulties in performing the dual role, Rahima says, "I have divided my time for the two. I finish my household visits in the mornings and evenings. I sit in the office for most of the daytime. However, now that I am a member I cannot limit my visit to just 300 households. The whole village now wants my visit!"

Rahima's son Tofazzol also substantially helps Rahima look after the health of the villagers. His shop opens very early in the day and remains open till 9 o'clock at night. But Tofazzol is always ready to go on call to houses in the villages whenever he is needed.

Rahima is a name respected in her own and all the neighbouring villages. Her in laws who had once thrown her out are now proud of her. Her Union Parishad colleagues regard her suggestions with seriousness, though jokingly they say, "Rahima has changed since she joined BRAC! She is difficult to disregard!"

As a candidate bagging the highest vote in last election, even higher than the elected chairman of the local body, Rahima aspires to contest in the next poll for the chairman position. "I will become the chairman in the next election and then a member of the parliament," Rahima says simply, with a shy smile, a glint of ambition in her eyes.



The Salma Sobhan Fellowship in Journalism for Women

In the year 2004 BRAC, in conjunction with Pratichi Trust founded by Nobel Laureate Professor Amartya Sen took a joint initiative to train women of different districts of Bangladesh in Journalism. The aim is to facilitate their foray into a challenging career like journalism, reporting or news service and vis-à-vis enabling the people to hear about the health care, education, public service, law and order situation from small districts which has been hitherto unheard.

The initiative is based on the premise that women in Bangladesh are still lagging behind men in professions like journalism and they can be of great use in bringing out grassroots stories of success and failure to inspire changes for the better.

In Bangladesh along with many other developing countries women have limited choices while selecting careers. Their roles as caregivers and caretakers of the household often become restrictive to their personal development. Socially and culturally women are not encouraged to select careers that combine initiatives, hard work, and creativity. Most women with a decent education end up with desk jobs with few challenges. Families want their women members to be average performers and not careerists so that they are protected from stress and occupational hazards.

Despite all such hurdles women in Bangladesh are increasingly taking up challenging careers and some of them have already established themselves as entrepreneurs, bankers, development professionals, reporters, and so on. However, in challenging professions like journalism women continue to fall behind. Women are given the task of preparing desk reports instead of covering the field stories. At present, no single daily has a woman as its editor or news editor. Very few women are actually present in the national media. Stories from a woman's point of view are, therefore, missing.

Although women in metropolitan cities still manage to take up Journalism as a profession, it is much more difficult for women from small towns to do the same. In small towns a powerful few dominate the profession – almost all of them local men of money and fortune who regard journalism as a source of power. Reporting for the media is an easy way to assert their dominance in a small town. They can build up stories at their will and forget the same. They are bought easily with money to report in favour or against. This is a coveted position; competition – especially from a woman – is not welcome.

Because the presence of women is substantially less compared to that of men, women are either misrepresented or not represented at all. Often the man misses out the woman's voice. Her happiness, her hope, her dilemma and her pangs are all expressed in *his* terms. She remains an outcast.

But this is not a situation unique to Bangladesh. In the UK or the US, while 64% of the students enrolling into journalism schools or communication programmes are women, they only account for 4% of the workforce in the main stream of journalism as stated by Robert Gibson, Deputy High Commissioner, British High Commission to Bangladesh, while addressing some aspiring women journalists of Bangladesh.

Compounded with the absence of women in this profession is the fact that a great potential to hear the stories of misery and pain caused by unavailability, carelessness and dishonesty of designated caregivers and people in charge that remains untapped. Women journalists developed to report such issues will certainly have much to contribute to the national dailies with pictures and reports, ideas and propositions. It is expected that the reports will generate debates and discussion among the civil society, media and policy makers which will in turn help positive changes benefiting the rural people of Bangladesh.

Through this fellowship programme in journalism women from different districts of Bangladesh are expected to receive training on journalism fundamentals and development issues with practical exposure at a national media (print/electronic) or related organisation. The programme is to run for 3 years at the initial stage to accomplish the primary goal of training 200 journalists. BRAC Training Division with its years of expertise in training facilitation and management will be one of the

strong supports while the Centre for Policy Dialogue with a pool of leading think tanks of Bangladesh will be the other pillar. It is also expected that support will be received from a number of well wishers – individuals and institutions – of BRAC, Pratiche Trust, Late Salma Sobhan and the Fellowship Programme. BRAC Public Affairs and Communications Department will be the anchor entity while BRAC Training Division (BTD) will organise all the training events and evaluations thereof. A leading national medium (print /electronic), a national news service agency or any other competent organisation will be taken as a partner for each new batch who will be involved in the training on journalism fundamentals and providing practical exposure to the trainee journalists for a whole year.

The pilot project took off on December 14, 2004 with 32 women reporting to the Savar TARC for the 1st module of training. The training was enriched by the participation of leading development activists and journalists of the country. BRAC Training Division and Daily Prothom Alo coordinated the event. After successful completion of the training the women received their certificates from Professor Amartya Sen.

The programme has been named after the late Barrister Salma Sobhan who had pioneered the BRAC legal Education Programme in the late 1980s. Besides playing an Instrumental role in designing and implementing the BRAC programme of making difficult but essential acts and legislation pieces easy to the rural women of Bangladesh, Salma Sobhan was also actively involved in establishing the Ain O Shalish Kendra, an organisation aimed to protect and uphold human rights.

Pratiche Trust Bangladesh, funded from the Professor Sen's Nobel Prize for his contribution to the discipline of Economics, was established to promote education, provide health services and emergency medical treatment giving priority to the disadvantaged groups, especially women. As an organisation committed to poverty alleviation and empowerment of women, BRAC has taken this joint initiative to stand by aspiring women who are interested in taking up journalism as their profession of choice.



The story of an ordinary boy with extraordinary dreams

At eight years of age, Khurshid Alam was a lanky boy who found himself in Manikganj in the bright glare of hot days, looking over meager acres of land that his Uncle had given his father for a livelihood when they had been disenfranchised of all their property in Sylhet. In Manikganj, at a village called Bengrua, a school was being built when they arrived. They put up a green sign on which white bold letters spelled "BRAC." Khurshid watched young boys and girls line up for admission and wondered why he was made to look after a farm instead. When he tried to join the school he found it was already full. But everyday as classes commenced, he left his work and sat outside the school room and watched. Those who never dream can never overcome, the Apa would say to her class. And so he sat outside the one-room school and he dreamt that someday he too would find his space among the children who gathered with slates and books and pencil cases. He learned the Bengali alphabets from his place in the shadows of the sidelines. And then halfway into the school year he found the chance he had been dreaming of. A boy left the school and the teacher started looking for students. Khurshid and his cousin were first in line. By that time the class was well into the 40th page of the 1st grade Bengali book. When the teacher asked him to read, the boy read and even remembered spellings of the words that he had learned from watching. "That was my first day at school," Khurshid recalls. "I was roll no. 9. From that point onwards I never looked back."

Khurshid scored full marks in every exam and always came first. He was made Class Captain and Group Leader. "It was important for me to come first, not just in school but in everything I did. I was willing to do anything to come first." He quickly developed the habit of reading, and at an early age completed the weighty works of Rabindranath Tagore and Nazrul Islam at BRAC's community library known as the Gonokendra Pathagar. "I liked to both read and write poems and stories" says Khurshid. "Our teacher and sirs from the Regional Head Offices used to bring us books and encourage us to read. BRAC gave me the opportunity to avail all sorts of literature starting from Tagore to Shakespeare and Tolstoy." No sooner had Khurshid finished a book that he started looking for the next. When he had exhausted the community library, he looked to his teachers for books and found the ones he received from them to be extraordinary. By the time he was in fourth grade, he had realised the importance of education and decided that no matter how, he would complete the highest level of education.

Even though Khurshid excelled at his schools life was full of hurdles that he encountered on a daily basis. "There was a man living next door who didn't like to see anyone else in the village doing well. He used to give my parents all sorts of ideas about why going to school was a waste of time and so my parents did not like my going to school." When he got to second grade, Khurshid's teacher started coming to the house regularly to talk to his parents about how much more he would be able to earn in the future once he was properly educated. Khurshid attended the BRAC Non Formal Primary school until 1993 when he joined the Government Primary school. Even though the school was 45 minutes away, Khurshid went to that school

because it was better than the ones nearby. It didn't take long for him to notice the great difference in the system of education in the public school compared to that of BRAC schools. There was little more to the public schools than going to class and coming back. Absence of extra curricular activities and outlets for the creative expression brought monotony into schoolwork.

"Each class had 100-200 students towards whom the professors showed little interest or sincerity," says Khurshid. "At the BRAC schools teachers took personal interest in the welfare of the students. One of my teachers from the public school lived next door to me, and yet once, when I was absent, he never bothered to check and see what the matter was."

The lanky boy who had left the farm for words and pages came to Dhaka alone with the words of great writers and great ambition resonating in his heart, to be the first of his ancestry of a long line of Fakirs to be educated. The cityscapes and crowds, the cacophony of the harsh, gravel roads and bustling traffic was overwhelming. Unable to find accommodation at Dhaka College, he found himself in a room in one of Dhaka University's dormitories called Zia Hall, where he was to experience for the first time, the slings and arrows of student politics.

"I like student politics," says Khurshid Alam, "but I believe such politics must have the best interest of the nation at heart. It must function on the basis of a national philosophy. Unfortunately the student politics that has emerged in our country after the liberation war has no such philosophy."

Khurshid's roommate was a leader of the student's political party. He soon grew accustomed to frequent police raids, weapons in his desk drawer and harassment. There were days when he was forced to participate in protests and rallies when he had exams and there were days when he was beaten by the police for being associated with student politicians. He desperately wanted to be on the merit list but due to the turmoil of police and politics in his life he was not able to do so. It was a time when Khurshid had to discipline himself to find strength from within to carry on by himself in a place where he had no one to count on for support or comfort. His father didn't even have a clue as to where Dhaka College was. Family members of other students would occasionally visit. They didn't have to struggle financially to meet ends. The words of his teacher, etched indelibly in his soul reminded him, *"Those who never dream can*

never overcome." While other students played cards and idled away their time, Khurshid was busy bent over his books determined to overcome because he had the courage to dream. And he did.

"Independence is important if a person wants to do something," Khurshid reflects. "That's when one realises one's own potential. And if he/she really wants to do something he will do it somehow."

Today Khurshid Alam is a sophomore at BRAC University maintaining a high GPA and frequently contributing articles to the daily Prothom Alo. As always he carries on diligently, inspired and ambitious, determined to make his dreams come true. *"I wanted to join BRAC University because it had a good reputation and BRAC had played a significant role in my life. BRAC University is free from dirty student politics. There is discipline and timeliness and great opportunities to enrich one's knowledge and build one's career. Students and teachers share a good relationship. I have come to regard BRAC University as the source of my freedom from the limitations of the world through learning."*

In his quest for freedom from the tribulations of life, Khurshid Alam hopes to find enlightenment through his passionate pursuit of education. He knows there will be difficulties but he believes that the will can move mountains. He runs, breathless with anticipation towards dreams that lead him to unknown destinations rife with possibilities. He fills his cup of life with knowledge and envisions a future in academia, where he stands proud at the summit of his academic career, a professor.

"I want my future to be one where I can give back to the world and my country. I want to follow in the footsteps of Fazle Hasan Abed and Dr. Mohammad Yunus and do something good for the country and I always want to be involved with education. I want my merits and hard work to benefit the country and make a difference."

Bygone days remind him of what he regards as the "golden period" of his life—his days at the BRAC Primary school. *"It was a time when I had everything to gain and nothing to lose,"* he reflects. *"Today I am a part of a different world but no matter what I do, my experience with BRAC stays alive inside me."* Most memorable are his memories of the songs and dances and games. He has framed the words of his teacher that light his spirit like a candle in the dark. In a world of ambiguity and mistrust, they are words he believes. They take him a familiar distance to a past made of four simple mud walls where he had learned to dream.

AT THE DARKEST HOUR: MARIAM'S CLIMB UP THE POVERTY LADDER

Mariam was an only child, born into a life of destitution in Itakhola Village under the Nilphamari District. Her parents were landless and they lived on the land of Azizul Alam - a man of great influence in the village. Her father was a day labourer and her mother worked in the rice husking mill. By the time Mariam was six, her father had passed away and her mother was thrown into a life of turmoil and uncertainty. At an age when Mariam should have started school, she started working with her mother at the rice husking mill.

Mariam was married to Zohurul Islam by the age of 15. Zohurul Islam was a man of her village, a day labourer with no asset of his own. Within two years of her marriage Mariam was a mother of four. The family income had started to dwindle and it was becoming increasingly difficult to feed the family of six. Often there was nothing in the house to eat. Even the smallest children were called upon to work at the fields with their parents. Hunger, poverty, weather and calamities filled each of their days. The world was a place of struggle and misery of which malnourishment and illiteracy were natural consequences.

It was at that moment of dire distress that Mariam was selected to be a member of the BRAC's CFPR-TUP programme. Considering her capacity and conviction and her living environment, Mariam was selected as a member of the horticulture nursery. She was leased 10 decimals of land and trained on soil, soil quality, plantation methods and strategies of seed and seedlings. The first year of her activities resulted in a huge production of saplings. For the first time in her life Mariam and her family started to eat three meals a day and buy essential things that she never could have dreamed of. Dawn had arrived at the darkest hour.

As Mariam was doing well and demonstrated the determination to do even better, BRAC donated her 8.5 decimals of land for a nursery in September 2004. Inspired by this to work harder, Mariam continued working with renewed motivation and dedication. Today there are about 4000 saplings in her garden and in her BRAC Account she has saved Taka 9,797.

Recently Mariam was given a cow as an additional asset that gave birth to a calf.

With economic solvency, Mariam has learned also to be socially aware. Two of her children go to school and receive stipends. Mariam has learned to write her name and can count from 1 to 100. She has learned of social issues such as child marriages, dowry, marriage registration, divorce, separation, rural judiciary system, prevention of diseases, family planning and so on. She makes sure her family drinks safe water and use hygienic latrines. Darker days of grappling to survive has passed Mariam by, and her experiences have taught her the importance of awareness and hard work. She continues to work hard, thankful to BRAC for lending a hand and helping her on her feet.



BRAC
ECONOMIC
DEVELOPMENT
PROGRAMME



ECONOMIC DEVELOPMENT PROGRAMME

BRAC Economic Development Programme provides the cornerstone for all of BRAC's development work. It uses a participatory, peer supported and multi-sectoral strategy to offer poor rural women the skills and opportunity to achieve sustainable improvement in their livelihoods, and attain dignity and self-reliance. This programme covers microfinance, institution building, income generating activities and programme support enterprises.

VILLAGE ORGANISATION: Linkage to the Poor

BRAC focuses on institution building to bring the rural poor into the mainstream of development. BRAC believes that a common platform created and owned by the poor themselves is a crucial prerequisite whereby the poor can make themselves count in the development process. The Village Organisation (VO) is an association of poor, landless people who come together with the help of BRAC to improve their socio-economic position.

The VO promotes a structured organisation of the rural poor with particular emphasis on women's participation. The main goal of the VO is to strengthen the capacity of the poor for sustainable development and enable the poor to participate in the national development process. The VO is also the link between rural people and BRAC. Service delivery, institution building, public sector mobilisation, and wider social mobilisation are the four key interrelated strategies of BRAC towards the social and economic development of the poor, especially women. The VO plays a central role and is often a starting point for all these strategies.

BRAC's core competency is the delivery of health, education, micro-finance, and micro-enterprise services on a large scale to poor rural women. BRAC has developed and trained local women to deliver these services and organised local groups to receive the services. VOs are also meant to develop the social capital of BRAC members. The groups gradually begin to address various social issues in the locality such as child marriage, polygamy, illegal divorce and domestic violence.

BRAC's microfinance staff meet VOs once a week to discuss and facilitate credit operations. The social development staff and health staff meet VO members twice a month and once a month accordingly to discuss various socio-economic, legal and health issues. As of December 2004, BRAC has organised its 4.86 million members into 142,117 VOs across the country.



MICROFINANCE : Giant Steps Against Poverty

Bangladesh is characterised by a high level of poverty accompanied by low productivity activities. Because they cannot provide collateral and typically deal in small denominations of money, the poor are denied access to the formal banking system, and are thus deprived of the facilities to borrow, save and invest in productive activities. In addition, moneylenders from the informal credit markets charge very high interest rates restricting poor people's access to credit earnings. Making credit available, especially to the rural poor is therefore, considered an essential strategy in reducing income poverty.

Launched in 1974, BRAC's Microfinance Programme aims to:

- Make credit available to poor women, especially in rural areas
- Provide credit at a reasonable price
- Involve poor women in income generating activities through credit provision
- Promote the economic development of the country by increasing the income level of the rural poor
- Operate self-sustaining credit activities.

| Poverty Group | BRAC Programme | Definition of Target Group | Terms & Conditions/ Mandatory Prerequisites * | Product Details |
|---------------------|----------------|---|--|--|
| Extreme Poor | IGVGO | IGVGO members are: • Household owning no more than 15 decimals of land. • Women who are divorced, separated, or have disabled husband, aged between 18-40 years | To be eligible for a loan: • one must become a BRAC VO member after joining the programme • Members must save with BRAC in order to be eligible for a loan | <ul style="list-style-type: none"> • Enterprise Development Training • Social Awareness Training • Social Development Support • Health Support <ul style="list-style-type: none"> • Starting loan size is approximately US\$ 20 for IGVGO members • Interest rate 15% flat • Repayment through 48 equal weekly installments over a period of one year |
| | CFPR/TUP | <ul style="list-style-type: none"> • Dependence upon female domestic work and tanning • Owing less than 10 decimals of land • No adult active male member in the household • No productive asset in the household | <ul style="list-style-type: none"> • There should be at least one adult, active women member in the household capable of getting involved in an income generating activity • Households must not be associated with any other MFIs | <ul style="list-style-type: none"> • Asset transfer and subsistence allowance • Enterprise development training • Social development support • Essential health care support <ul style="list-style-type: none"> • After completion of 3 years under CFPR, group members can attain IGVGO loan products |
| Moderate Poor | DABI | DABI members are those who own up to one acre of land (including homestead) / sell their manual labor to earn their living | To be eligible for a DABI loan: • one must be a BRAC VO member • Members must save with BRAC regularly | <ul style="list-style-type: none"> • Loan ranges between US\$ 50-500 • Interest rate 15% flat • Loans are repayable over a period of one year through 48 equal weekly installments |
| | UNNOTI | Those who have more than one acre of land and are involved in farm and non-farm enterprises | UNNOTI borrowers: • save regularly • attend regularly in weekly meetings | <ul style="list-style-type: none"> • Loan sizes range between US\$ 165-833 • Interest rate 16% flat • 12 and 18 monthly loan products that must be repaid in equal monthly installments |
| Vulnerable non-poor | PROGOTI | PROGOTI programme aims to provide larger loans to the BRAC and non-BRAC micro-entrepreneurs to develop and finance their own business. | PROGOTI borrowers: • must have good entrepreneurial skills • must open a bank account in order to receive their loan | <ul style="list-style-type: none"> • Loan sizes range between Take 20,000-300,000 (US\$ 333-6000) • Service charge 15% flat • 12, 18 and 24 monthly loan products that must be repaid in equal monthly installments |

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

NEW INITIATIVES

• *Retrenched Garment Workers*

Recent changes in the International trades and quota systems have caused many businesses in the garments industry to close down or operate at reduced activity. This has resulted in layoffs for the predominantly women garments workers. To facilitate their rehabilitation into alternative income generating activities, BRAC has now started absorbing a number of these retrenched garment workers into its microfinance programme with an average loan size of US\$ 86 (Tk. 5,000).

• *Microfinance for Acid Victims*

BRAC and Acid Survival Foundation (ASF) are jointly working to help acid victims. BRAC Microfinance helps rehabilitate the acid victims through credit and savings facilities, so that they can earn income through investing in different income generating activities (IGA). By the end of 2004, 388 acid victims were enrolled in VO's and have received loans for IGA's.

• *Employment and Livelihood for Adolescents (ELA)*

Employment and Livelihood for Adolescents (ELA) is a programme for BEP (BRAC Education Programme) school graduates, and it primarily focuses on the financial

empowerment of adolescent girls. ELA groups are comprised of 20-40 members and all are girls. So far, 136,449 members have enrolled in 5,413 ELA VO's. During 2004 loans of Tk. 305.2 million have been disbursed to them. They invested these primarily in poultry, livestock, nursery, fisheries, and other small businesses.

• *Women Enterprises Development Programme (WEDP)*

BRAC started Women Enterprises Development Programme (WEDP) tailored for women in urban, rural and hill tract areas. Managed only by women staff, this programme gives women entrepreneurs access to funds to become not only self-sufficient, but to also become job-providers.

Key features of WEDP loans are:

- Loan range: Taka 20,000- 300,000
- Service Charge: Annually 15% (flat)
- Loan terms: 12, 18, and 24 months
- Types of business: 39 different business sectors are supported
- Repayment: Monthly equal instalments by account payee cheques
- Incentive for early repayment of loan: 15% interest rebate on advance payments





During 2004, loans of Tk. 223.95 million were disbursed to 1,466 women entrepreneurs.

Death Benefits

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

- Members having no loans with BRAC are equally eligible for the insurance service
- BRAC's insurance service provides Taka 5,000 (US\$ 85) to the dependants of the deceased
- No premium is charged from the members. BRAC pays the money to the family from the interest earned through its credit programme

In 2004, Tk. 30 million (US\$ 490,000) was paid in death benefits.

Urban Programme

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

also started absorbing a number of retrenched garment workers into its micro finance programme with an average loan size of US\$ 86 (Tk. 5,000).

• Hostel for Garment Workers

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

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

With subsidised government loan, BRAC has already constructed such a hostel with 2,008 beds in Ashkona, Uttara. BRAC is planning to construct a similar hostel with 3,264 beds in Savar.

Rural Enterprise Project (REP)

As rapid population growth of Bangladesh is narrowing the scope of employment and income earning sectors, and thus new livelihoods are essential for reducing rural poverty. Rapid urbanisation and globalisation has opened new opportunities, but the poor may not be able to gain access to these opportunities. Realising this, BRAC initiated the Rural Enterprise Project (REP) to encourage employment and income generation through entrepreneurship. REP was formed in 1985 to find and test new opportunities for rural development. The primary objective was to experiment with various income generating enterprises that can be owned and managed by rural landless women.

REP mostly initiates BRAC's non-farm activities. Some of BRAC's most successful enterprises have emerged from testing carried out by this unit. In order to develop entrepreneurs among women, REP has created opportunities for them in non-farm activities such as iodised salt production, hybrid paddy cultivation, hand made paper production, garbage collection for fertiliser production, garment waste processing etc. The major programmes under REP are Non-farm Enterprise Extension and Reinforcement (NEER) Programme and Micro Enterprise Development (MED) Programme.

This programme has encouraged VO members to take non-traditional roles in creating and managing small enterprises like restaurants, grocery stores, tailoring, carpentry workshop and laundry. These initiatives were once tested successfully under REP. At present, NEER programme works separately to improve and expand those enterprises. The women-owned restaurants called Shuruchi (good taste) and women run grocery stores called Shuponno (quality goods) are two projects of NEER that deserve special mention. Major activities under NEER include: i) Shuruchi (Small Hotel) ii) Shupannya (Grocery Shop) iii) Shucharu (Laundry) iv) Shubesh (Tailoring) v) Api-Culture vi) Srijoni (Carpentry Shop).

Until 2004, 11,873 restaurants, 37,101 grocery stores, 7,410 laundries, 16,446 tailoring shops, and 3,637 other micro enterprises were operated by women members throughout the country.



EMPLOYMENT AND INCOME GENERATION PROGRAMME: Strengthening the Possibilities

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

Poultry & Livestock:

In Bangladesh approximately 70% of landless rural women are directly or indirectly involved in poultry rearing activities. The Poultry and Livestock Programme is composed of several components: poultry and livestock extension programme, poultry farms and hatcheries, feed mills and feed analysis laboratories, bull station, and the disease diagnosis laboratories. To date, 2.11 million people have been involved in this programme. The key people under the poultry and livestock extension programme are i) Poultry and Livestock Extension Workers ii) Chick Rearers iii) Key Rearers iv) Cage Rearers v) Broiler Rearers vi) Egg Collectors vii) Model Cow Rearers viii) Model Goat Rearers and ix) Artificial Inseminators.

BRAC started its livestock programme in 1983 to protect livestock from disease by developing skilled village level para-veterinarians, and improving local cattle breeds by providing credit and appropriate technical support. These measures are expected to increase the productivity of the livestock sector, and provide a steady source of income for the landless. The government has taken up BRAC's livestock development model for widespread implementation. The objectives of the poultry-livestock programme are to create employment opportunities and to increase the beneficiaries' income within a short period of time.

Fisheries

BRAC Fisheries Programme started in 1976 as one of the employment and income generation programme under BDP, and has developed into one of the most promising income generating activities for rural women who constitute more than 90% of the total participation in the fisheries programme.

BRAC Fisheries Programme has the following components:

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

Pond Aquaculture

This activity now reaches 134,284 (90% women) members. The total area brought under pond aquaculture is 11,594 hectares and total number of ponds is 136,120. Around 138,090 participants received training under pond aquaculture. This activity is considered as a family based activity, and women normally spend 10-15% of their total daily working time. Pond aquaculture is supported with field based training, credit, essential inputs supply and regular follow-ups.

Inland Open Water Fisheries Development Programme

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

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

The goals of these projects are to promote a more equitable distribution of fishery benefits through ecologically sustainable use of open water fisheries. BRAC is involved with 39 bodies (14,817) in 41 upazilas and has organised 12,645 fisheries.

BRAC Fish and Prawn hatchery and Brood Fish Development Project

BRAC has established eight fresh water and four saline water hatcheries in nine locations for producing environmentally safe, quality fish and prawn seeds. Another two hatcheries, one sea based and one Tilapia, are under construction. The quality of fish seed, now

producing in 500 public and private hatcheries in Bangladesh, has deteriorated considerably mainly because of the non-availability of quality brood fish. To produce and supply quality brood fish, BRAC established 'Brood Fish Development' centre at Sreemangal over 75 acres of land. Bangladesh Fisheries Research Institute is providing technical support to the project.

Social Forestry

BRAC's social forestry programme, launched in 1988, increases awareness about the necessity of planting trees in rural areas, creates a sustainable supply of high quality seedlings, and reduces the adverse environmental effects of deforestation while creating income and employment opportunities for rural women. BRAC aims to bring all available land in the rural areas (homestead, roadside, embankments, marginal fallow) under tree cover with the active participation of the rural poor.

The key components of Social Forestry programme are: i) Horticulture Nursery ii) Grafting Nursery iii) Agroforestry. BRAC started the nursery programme to supply good quality seedlings locally. Nursery workers are given training by BRAC. Each nursery is on 7-10 decimals of land and produces 10,000 seedlings annually. A grafting nursery has been set up to meet the increasing demand for HYV seedlings. The grafting project is based on the asexual propagation of fruit trees. BRAC launched an agroforestry project on degraded private and government khas land in 1991. The purpose of the project is to produce wood, fuel, fodder, food, fruit and vegetables from the same plot. The agroforestry programme encourages women to create plantations in which agricultural crops are mixed with trees so that income is maintained through the short, medium and long term. The agroforestry programme provides assistance, training, and support to 75,050 women.

Agriculture Extension Programme

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

The vegetable cultivation programme targets poor rural women. Interested VO members with suitable land are given three days training on vegetable cultivation. Crop diversification contributes to increased agricultural productivity. Maize is used for poultry feed, and as the number of commercial poultry farms in the country increases so does the demand for maize. Sunflower cultivation is also being undertaken, and is profitable. By 2004, 340,550 new jobs were created in the agriculture extension programme. In 2004 74,100 acres of maize, 83,500 acres of HYV rice, and 59,000 acres of Hybrid rice were cultivated under this programme.

To increase the production, BRAC established a modern soil testing laboratory having a capacity of 4,000 soil sample per year. Till December 2004, it has tested 7,924 soil samples supplied by farmers from different locations of the country.

Sericulture

Sericulture is a labour intensive agro-industry. It has the potential to link rural producers with urban markets, and provides an opportunity for the transfer of money from the urban rich to the rural poor. BRAC's purpose in promoting sericulture is to provide income-generating activities for poor, landless women. The main components of BRAC's 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. Other components of the sericulture programme include raw silk production, cocoon production, DFLs production unit, silk seed production centre, sericulture resource centre (SRC), and reeling centre. At present, BRAC is operating 18 silk seed production centres, 6 sericulture resource centres, and 3 reeling centres.

The Sericulture Resource Centre provides practical training to rearers on mulberry cultivation and silkworm rearing. In 2004, there were 7875 silkworm rearers, and 1.08 million Disease Free Laying (DFL) silkworm eggs were distributed.

PROGRAMME SUPPORT ENTERPRISES

A number of essential inputs, such as poultry feed, day old chicks, silkworm eggs, vegetable seeds and so on are

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

Poultry Farm and Disease Diagnosis Lab: BRAC has established six poultry farms and hatcheries to produce good quality chicks. In 2004 these farms produced and distributed about 12 million day old chicks. To support BRAC poultry programme participants and other poultry rearers with services to detect various poultry disease and their treatment, BRAC set up one Poultry Disease Diagnostic Lab in June 1999.

Bull Station: BRAC has developed 748 Artificial insemination (AI) workers to provide door to door AI services in the rural areas. To supply good quality semen to AI workers, BRAC has established a bull station at Mymensingh. 125,000 doses of semen were produced and distributed in 2004.

Feed Mill: The success of the poultry programme significantly depends on the availability of balanced feed. In response to increased demand for balanced feed, BRAC established three feed mills in Manikgonj, Nilphamari and Sreepur (Gazipur). The production capacity of these feed mills are 35,000 MT per year. In 1999 BRAC has set up one Feed Analysis Laboratory in Gazipur to determine the quality of feed. BRAC established 50 depots in different districts to distribute the poultry feeds to farmers through dealers. Feeds of BRAC are marketed under the name "Surma Poultry Feed".

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

food shops, international hotels and restaurants. About 600 MT dressed meat has been processed and distributed in the year 2004.

Fish and Prawn Hatchery: Recognising the importance of quality fry/fingerling for successful aquaculture, in 1988 BRAC established its first fish hatchery in Gazipur. Over the years it has established nine hatcheries with an annual production capacity of 5000 kg fish spawn and 15 million PL in different corners of Bangladesh. At present three hatcheries in Gazipur, Bogra and Pabna produce both fish spawn and prawn PL. Four hatcheries in Jessore, Comilla, Barisal and Bagerhat produce only prawn PL. Among these, Bagerhat is the largest prawn PL producer with an annual capacity of 5 million. Sreemongol hatchery covers 75 acres of area with an annual production capacity of 2,000 kg fish spawn. Considering the faster growth rate of male "Tilapia" than female, BRAC started experimental trials of male Tilapia fry production by sex reversal method and established a tilapia hatchery in Magura. In 2004, BRAC fish and prawn hatcheries produced PL 18 million, spawn 3991 kg, fingerling 4.86 million and food fish/prawn 66.00 MT.

BRAC Nursery: In Bangladesh, both the timber and fruit trees are inadequate to meet the demand. It has only 6-7% of its total area under tree coverage. The availability of fruit is about 35gm per head per day, which is just half of the daily requirement. In order to meet the increasing demand for good quality seedlings BRAC initiated a nursery programme in 1995-1996 and established 24 nurseries of which 19 nurseries are producing seedlings of almost all kinds of fruit, timber and ornamental plants available in Bangladesh.



Seed Production, Processing, Marketing and Soil Testing: The shortage of high quality seeds is one of the major constraints in increasing the productivity of agricultural products in Bangladesh. Only 4.5% of the seeds available to the farmers is produced in controlled conditions to ensure high quality. A major portion of these seeds is produced without using any modern technology to ensure high yield and disease free varieties. BRAC used to purchase seeds from private companies at home and abroad and supplied this to the farmers in the rural areas. However, due to problems like poor packaging, low quality, high price and distribution difficulties arose. Therefore, in 1996 BRAC started producing high quality seeds with the aim to provide these seeds to the farmers. So far the programme has produced a wide variety of certified high quality seeds. BRAC's first production was hybrid vegetable seed in 1996 followed by hybrid maize seeds, rice, onion seeds, pulse and oil crop seeds and potato seeds. At present BRAC has 2 seed processing centers with an annual capacity of 3,500 MT and 20 seed production farms with an annual capacity of 5,200 MT. BRAC has set up 50 depots in different parts of Bangladesh through which BRAC distributes different types of seeds to the farmers under the name "Sufala Seed."

Salt Production & Marketing: Using a market survey, BRAC recognised that there is a high demand for iodised salt. Based on this demand, BRAC has established its own iodised salt processing plant at Islampur, Cox's Bazar in 2001-2002. When the plant was established it was able to produce 900-1000MT/month of iodised salt. In 2003, two more industries were established, and the programme is now producing about 2000MT of salt per month. BRAC has also established a refining iodised salt plant in Rugganj, Narayanganj and will be operational from May, 2005.

Vegetable Export

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

first year French bean was introduced, and exported successfully to England, France, Belgium and Holland. Now it is capable of exporting more than 100 tons of beans to markets in Singapore, Europe and the Middle East.

In 2004, BRAC exported 472 tons of fresh vegetables and 1334 tons of potatoes to the wholesalers and supermarkets in England, France, Germany, Belgium and Italy in Europe, and the UAE, Bahrain, Singapore, Malaysia and Hong Kong in Asia. In addition to French beans, broccoli and green chilli, demand oriented new items like long beans, bitter gourd, okra, and perval have been introduced. With the increase in the volume of exports, BRAC has constructed a sophisticated vegetable pack-house in Tongi to ensure proper cool chain management of vegetables as well as to prepare various pre-packaging materials for supermarkets. In November 2004, BRAC received the EUREPGAP Certification from FoodCert, Netherlands, B.V. to export high quality, fresh vegetables to countries under the European Union. BRAC is the first organisation to have received such an

accreditation and also the first EUREPGAP certifying Primary Market Organisation (PMO) for fresh fruits and vegetables in South-East Asia. Now BRAC is aiming to receive BRC (British Retailers Consortium) Certificate for quality management of prepackaged vegetables.

Tissue Culture Laboratory

Only 5% disease free high quality seed is available to farmers of Bangladesh, which is the main constraint of high productivity in the agriculture sector. A large part of the demand of the country for high yield variety is met through imports. To overcome the dependency on imports and to empower the poor farmers by increasing their productivity and income, BRAC established the Tissue Culture laboratory at Gazipur with four greenhouses. In 2004, the laboratory produced about 50 kgs of potato plantlet, 11,671 banana seedlings among other fruits and ornamental plants. BRAC plans to establish a Gene Plasma Centre for collecting live plants.

BRAC FOUNDATION

Launched in December 1997, BRAC Solar Energy Programme for Sustainable Development was registered under BRAC Foundation, to work on the Renewable Energy Sector. BRAC recognised the need of the poor rural people of light and power, and also realised the crisis and impending shortage of natural gas facing Bangladesh with the import bill over 70% of the country's total export earnings. The only sizable fossil fuel reserve of natural gas is likely to be exhausted by year 2010. BRAC also recognised a viable solution to this crisis in Bangladesh's virtually untapped renewable energy. An Integrated and multi purpose programme, its projects spread across the country in a wide variety of settings, including households, BRAC and other NGO offices, training centres, schools, health clinics, cyclone shelters, a weather monitoring station, a government rest house and income generating centres such as carpentry, tailoring shops, cloth dyeing and printing shops, leather workshops, restaurants and grocery shops. The programme has the following objectives:

- To change the living and social status of rural people
- To conserve the environment
- Self Dependency
- To meet the demand of the electricity in rural and remote and off-grid areas
- To increase the working hour as well as the education hour
- To change the economy of the society by pursuing modern approach through TV, Radio, etc
- To develop awareness about Photo Voltaic (PV) technology.

In the year 2004, BRAC Foundation installed 4,840 Solar Home Systems. It has received refinancing from IDCOL amounting to Tk 49,149,122 and a grant of Tk 21,246,717.

The Window of Opportunity



Challenging the Frontiers of Poverty Reduction –Targeting the Ultra Poor

Income Generation for Vulnerable Group Development (IGVGD): Including those Left out

The Income Generation for Vulnerable Group Development (IGVGD) programme covers the poorest women who own no land, have little or no income, or are widowed or divorced. The objective of the IGVGD programme is to alleviate poverty of the hard-core poor by providing long-term sustainable income and employment opportunities through food assistance, training and access to credit facilities.

IGVGD is a collaborative programme involving three partners including Government of Bangladesh, World Food Programme and BRAC to serve the Ultra Poor. This programme experienced a pilot phase between 1985-1987 with the assistance of partners, namely World Food Programme and the Government of Bangladesh. Since the completion of the pilot phase, from 1987, the programme set off to an expansion. Basically, the IGVGD (Income Generation for Vulnerable Group Development) programme involves providing food subsidy and credit support to its member women as well as the following capacity building schooling, which are as follows:

- Enterprise Development Training
- Social Awareness Training

After the final selection, all the IGVGD members are entitled to food subsidy consisting of wheat. The VGD members are encouraged to organise and participate in Village Organisations (VO) that are built to enhance social participation

Furthermore, this programme enables the IGVGD member women to involve themselves in monthly saving schemes with BRAC. BRAC engages these VGD women into savings schemes in order to develop a practice of saving money for future application. This extreme poor segment of rural Bangladesh enjoys very limited access to service from financial institutions like commercial banks to preserve savings which leave them with little understanding of the maintenance and mechanism of an organised saving scheme. BRAC orients them with the saving plan, and helps them avail services of continuing savings in their respective accounts. VGD members are entitled access to micro credit, which provides them with a first loan amount of Tk 2,500 on an average to initiate their small entrepreneurship.

With skill training VGD women become eligible for credit support with no collateral required. The average size of the first loan is Tk. 2,500. IGVGD is a two-year cycle programme, with new intake in every cycle. The current VGD cycle was from January 2003 to December 2004, and covered 292,200 VGD members in 268 upazilas of 43 Districts. During this period, 100% IGVGD women received Enterprise Development Training and Social Awareness Training. Moreover, 69% of VGD women received credit of average loan of Tk. 3,697.

Challenging the Frontiers of Poverty Reduction- Targeting the Ultra Poor (CFPR-TUP): Pushing Down and Pushing Out

CFPR-TUP is a programme designed to create opportunity ladders to help the absolute poorest, or the Ultra Poor, graduate to the mainstream microfinance programme through a broad-based and multidimensional attack on poverty. The programme strives to "push down" its interventions by developing new instruments relevant to the livelihood strategies of the ultra poor households. Secondly it seeks to "push out" the agenda to challenge the existing socio-political frontiers within which the existing approaches operate. Five major components of TUP are: enterprise development training, asset transfer, social development, essential health care and action research.

Targeting the Ultra poor – Pushing Down the frontiers of poverty reduction

This programme is planned to reach 70,000 ultra poor households over five years. The programme participants

are women from ultra poor households. There are four linked components.

- a. *Employment and Enterprise Development Training* - This component provides training and follow-up services tailored to the specific needs of the ultra poor. In addition to working with those selected for the special investment programme, the training is also extended to two other groups of the ultra poor involved through other institutional mechanisms - the next three cycles of the IGVGD programme and to poorer members of BRAC's Village Organisations who have not yet developed sustainable livelihoods. In 2004, 10,000 specially targeted ultra poor members received enterprise development training in poultry, livestock, vegetable farming, horticulture, nursery, and non-farm activities.
- b. *A Special Investment Programme for the Ultra poor* - This component involves asset transfer and stipend support to the ultra poor in geographically vulnerable areas. In 2004, Special Investment Programme was implemented in 52 upazilas from 12 districts. The 10,000 women covered under this programme received assets to begin an income generating activity such as poultry rearing, livestock, agriculture, horticulture nursery and non-farm activities. They also received a monthly subsistence allowance of Tk. 300 as a short time income support.
- c. *Social Development Programme* - This component involves individual and group work with the ultra poor in the programme, providing support and counselling on development of their livelihood strategies and in helping to cope with crises. 10,000 women received support and counselling in 2004.
- d. *Health Care Services for the Ultra poor* - This component provides specialised health care services and referral arrangements for the ultra poor. In 2004, 10,000 members received the tailor made health services provided by the CFPR programme. The health services include social mobilisation, health awareness, basic health care, pregnancy related care, family planning, immunisation, tuberculosis control, vitamin A capsule distribution among children between the ages of 1 and 5. Programme Organisers and Shastho Shebikas educate the ultra poor on health related issues during informal weekly discussions.

Targeting Social Constraints Pushing Out the frontiers of poverty reduction

This programme will operate in all fifty-four BRAC regions covering all districts of the country. There are two components:

- a. **Social Development Programme-** This component provides support for the development of Ward associations and Union associations representative of the poor. It will provide guidance and support on organisational development and advocacy. This programme is discussed in detail under the Social Development, Human Rights and Legal Services Programme.
- b. **Health Care Services for the Poor-** This component supports the government's Health and Population Strategy through a rights-based approach of essential health care services and targets new priorities in the national health strategy, specifically partnership with government in the tuberculosis programme and a new programme on HIV/AIDS. It is a part of BRAC's concern to be responsive to new, or re-emergent, issues in health care for the poor and to integrate its activities with other development partners. This programme is discussed in detail under the Health Programme.





**BRAC
SOCIAL
DEVELOPMENT,
HUMAN RIGHTS
& LEGAL SERVICES
PROGRAMME**

SOCIAL DEVELOPMENT, HUMAN RIGHTS AND LEGAL SERVICES PROGRAMME

Strengthening Women's Socio -Political Assets

BRAC Social Development, Human Rights and Legal Services programme aims to promote greater awareness of social, political and economic issues. The programme staff provide assistance to community members whose rights are being seriously infringed. BRAC believes that women must be aware of their legal rights to protect themselves from discrimination and exploitation, and be encouraged to take action when their rights are infringed. To take such steps, women often need external assistance, such as the help of a lawyer or the police. BRAC feels that it should and can assist poor women obtain access to these services, either through legal aid clinics, by helping women report cases at the local police station, or when seeking medical care in the case of acid victims.

Gram Shobha or Issue Meeting

Gram Shobha, also known as Issue Meetings are the congregation of VO members who meet once a month to discuss social and economic issues that affect their day-to-day lives. Issues related to social injustice, health, education, discrimination or violence against women and other relevant topical issues are discussed. The main goal of these meetings is to create a bond of solidarity between the women in the VOs and to ensure that the women, as well as BRAC staff, know what is happening in each other's lives. This is a forum where women can discuss and share many of their personal problems and seek the advice of their peers. All Programme Organisers of the area and branch offices facilitate these meetings.

Union Shomaj

In order to have a people's organisation capable of lobbying the Union Parishad and accessing distributed government resources, BRAC has been actively considering how best to promote the federation of the Polli Shomaj groups at the union level and eventually at the upazila level. BRAC has planned to set up 500 union associations on an experimental basis between 2003 and 2006. In this process, regions where existing people's organisations (for example VOs and Polli Shomaj groups) are already very strong have been selected. If the experience is positive in these areas, more union associations will be set up in other regions where PS groups have become stronger and show an interest in federating at the union level. A total of 263 Union Shomaj currently exists and 691 union association meetings were held in 2004.

- Follow-up ward federation activities
- Increase the institutional strength of the poor by bringing together a larger number of the poor
- Mobilise public resources available at the union level
- Do advocacy work and networking with government and other NGOs
- Create local leadership among rural poor women (to enable them to contest in UP elections)
- Ensure participation at the union level Shalish (mediation)
- Increase the involvement of the poor in union level bodies such as school committees, mosque committees, or bazaar (market) committees

With an additional 141 Union Shomaj established, there is a total of 263 Union Shomaj existing and the total number of union association meetings held in 2004 was 691.

Polli Shomaj

The Polli Shomaj is a ward level organisation, made up of representatives from several Village Organisations and external poor members. BRAC initiated this organisation in 1998 which was meant to complement the Government's initiative to set up local government bodies at the Ward level. BRAC's federations are unique in that they have an all women membership. These new groups are part of BRAC's attempt to re-focus on social mobilisation efforts and to strengthen local level institutions.

The main objective of Polli Shomaj is to give a political voice to poor women and therefore ensure that their interests are represented in local level bodies (government, or local groups such as bazaar, school or mosque committees). Polli Shomaj also mobilises government resources such as Vulnerable Group Development (VGD) cards, old age pension cards, Khash land and ponds, roads and embankments.

So far, Polli Shomaj 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 numbers in resolving social conflicts through local arbitration (Shalish), and playing an active role in lobbying the Union Parishad for various benefits (VGD cards, old age pension). In the 2002 Union Parishad election, 3,945 Polli Shomaj members contested. Of this number, 2,388 became Union Parishad members. Many are getting involved in various local committees and elected bodies, such as bazaar committees, school committees, or Mosque committees. In Municipal election, 122 contested as commissioner and 129 were elected. 8,505 Polli Somaj leaders are the members of various local committees.

One of the major achievements of the PS groups is the creation of a new cadre of women leaders among the poor. By providing them with various types of leadership training and exposure in different forums (in their own groups, in wider BRAC forums and in community forums), these women are becoming capable of providing leadership within their groups and in the community in general. It is also worth emphasising that it is still unusual for women to assume such formal leadership positions within the community (unless it is for NGO credit groups) and therefore this is a new area where BRAC has been

able to change gender roles and divisions of power to some extent. As of December 2004, 10,058 Polli Somaj have been formed by BRAC.

During the year 2004, 47,324 PS bi-monthly meetings, and 23,684 ward Sobhas were held. Social, legal, economic, political, environmental and other contemporary issues were the agenda for those meetings, and 184,552 Issue Meetings were organised.

Capacity Development for Women Union Parishod Representatives

The Regional Technical Assistance (RETA) for Gender and Governance Issues in Local Government was designed and sponsored by the Asian Development Bank (ADB) to promote capacity development for the women Union Parishod Representatives. It was piloted in Bangladesh, Nepal and Pakistan, with BRAC implementing the Bangladesh programme over an 18 month period in 16 upazilas and 141 Union Parishods in 4 districts. The pilot project which was completed in February 2004, primarily aimed to build the capacity of women leaders in local government to provide more efficient and transparent public service delivery. It sought to develop effective linkages among gender, poverty reduction and good governance in local government. The project was once again implemented in June 2004 and completed in December 2004 in 17 new upazilas and 167 Union Parishods in the same 4 districts.

A comprehensive training programme in 2004, funded by ADB, promoted capacity development for 501 elected women representatives. In addition, 167 male chairmen of the UPs were trained and gender sensitisation for 733 women UP members and male chairpersons was completed.

17 upazila level women's forums for elected members of the UP were formed. The upazila forum meeting provides women members with access to systemic information about poverty alleviation projects, sectoral projects and social services in the entire upazila. Elected women members of the UP conduct monthly community meetings in their respective wards with poor women, grassroots women leaders and extension staff from the sectoral agencies and safety net programmes.

The findings of the RETA project suggests that capacity development of female representatives has improved



their technical skills and awareness, and increased opportunities for poor women to access development programmes and legal justice. Overall, the project has deepened grassroots democracy and allowed the participatory process to strengthen local government, while ensuring that welfare programmes reach the poor who need their services. BRAC plans to expand the project in 14 districts and 72 upazilas across the country where the Specially Targeted Ultra Poor (STUP) programmes are operational in the year to come. BRAC envisions this project being implemented on a national scale in the future.

Human Rights and Legal Service

The Human Rights and Legal Service (HRLS) Programme is the central component of BRAC's Social Development

Programme. It was first introduced in 1986 to make women VO members aware of their basic rights as per the Bangladeshi Constitution. The main objectives of the programme are: giving VO members access to information about law; demystifying the law through legal literacy classes; raising awareness about legal rights; and empowering the poor, especially women, both legally and socially by encouraging them to take legal action.

The modus operandi of the HRLE Programme of HRLS 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 Law, and Land Law. In 2002, laws on Trafficking of Children and Women and Acid Throwing were also added. By 2004, 106,241 HRLS courses were held for 2,473,361 learners.

Local Community Leaders' Workshop

The Local Community Leaders (LCL) workshop is a one-day workshop held at the BRAC Area Office with representatives from the community. The participants include the current UP chairman, ex-chairmen, UP members, the local Quazi (marriage registrar), Imam (Muslim religious leader), teachers, journalists, local leaders and influential people. The HRLE Shebika, the Polli Shomaj Chairperson, the Social Development PO, the Area Coordinator (AC) and the Area Manager also participate in this workshop. The workshops are led by trained facilitators.

Issues discussed include an overview of the laws covered through HRLE classes and ways to ensure the implementation of these laws within the local community. Existing social practices that go against the law and ways to change these are also discussed. The main objective of the workshop is to involve influential local community members in the process of changing existing social practices that go against the law. 8,504 LCL workshops were held as of December 2004.

Popular Theatre

Theatre is a powerful tool for disseminating information. BRAC started its Popular Theatre programme in 1998 to bring to light various social and political issues that affect poor women in rural communities. Through the medium of plays, possible solutions to existing problems are suggested and at the same time this programme helps to



break traditional gender roles and gender segregation by encouraging and allowing women to participate in theatre groups and get involved in public performance. The main objective of the programme is to develop popular theatre as a communication network, and as a catalyst of change in rural areas.

183 drama groups have been formed as of December 2004. 21,760 performances have been held, and an audience of an average of 500 people attended each of these performances. Each drama group also performed various stories over the months, and 729 different stories have been dramatised. Most importantly, this is one of the most popular of BRAC's programmes – both BRAC staff and members feel that the popular theatre is a very enjoyable and entertaining way of learning about and discussing very serious issues.

The Legal Aid Clinics

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

The legal aid clinics are designed to help BRAC members as well as poor community members resolve their conflicts either through local arbitration or through the formal legal system by providing them with legal advice and assistance. The legal aid programme deals with issues like dowry, dower and maintenance, polygamy,

divorce, *hila* marriage, physical torture, land related matters, money related matters, rape, acid throwing, kidnapping, trafficking and fraud. The total number of complaints received from both VO and non-VO members by December 2004 was 30,125 in 34 districts of Bangladesh.

Through this legal intervention, BRAC has begun changing the traditional system of arbitration that discriminates against the poor and particularly against women. Instead of having decisions imposed upon them by traditional elites (mostly men) through the system of *shalish* (informal village courts), women can now participate in a process of arbitration facilitated by BRAC, which tries to enforce laws established to protect the rights of women. Although BRAC has no formal power to enforce the decisions taken during the process of arbitration, the people against whom complaints are made always know that a formal case could be brought against them if they do not comply with the informal arbitration.

When arbitration fails, BRAC forwards the complaints to ASK selected panel lawyers and they in turn take necessary action to file a regular case in the local court. Since the start of the programme, 2,700 cases have been filed in local courts and referred to the panel lawyers. 1,009 of the court cases have been completed and out of this, 817 cases have been decided in favour of our clients. Three cases have been decided against our clients. By December 2004, BRAC, along with ASK and BNWLA, were successful in obtaining Tk 59,344,539 as monetary compensation for its members.

Couple married again after six years of conjugal life

After six full years of leading married lives and parenting a child, Kamal Ahmod and Asma were married again. Almost separated by a divorce pronounced by the husband, the couple found themselves united once again when a BRAC Human Rights officer intervened. The husband eventually had to marry his wife through proper registration.

The incident took place in a village of Jaintapur Upazila in Sylhet. Kamal Ahmod of the Khash Mouza village under Alirgaon Union of Jaintapur Upazila married Asma, daughter of Yousuf Ali of Allihigh village six years ago. The marriage was solemnised by a local religious leader but not registered – making it legally unacceptable. Some two years ago they became parents to a daughter. For some silly reason Kamal pronounced “bain talak” (oral divorce) to his wife on March 6 which provoked the local leaders to enforce a separation between the two.

On March 8, Abul Kalam Bhuiya, Programme organiser of the Human Rights and Legal Education Programme of BRAC Jaintapur upazila came to know about the incident. He went to the village immediately and successfully managed to make both of the families of Kamal and Asma and also the local leaders understand that according to the Bangladeshi Law, the oral divorce is not legitimate. On the March 21, the two families sat at the BRAC Jaintapur Office and agreed that since the marriage was not registered in the first place the divorce could not be accepted, and both acts were punishable according to the law.

Kamal and Asma then came to the decision that they would start over and forget the past. They realised that their lives still stored compassion and love for each other. Local arbitrators, respecting their wishes and feeling, facilitated a legal registration of the marriage. The marriage was registered on the same day with the marriage registrar at an alimony amount of Taka 50 thousand.

It has been learnt that from then on, the couple has been leading a happy life.

Source: A national daily of March 27, 2005.



BRAC HEALTH PROGRAMME

BRAC initiated its health programme just nine months after its inception through health care centres. BRAC's health programme provided preventive, curative, and rehabilitative grassroots health services that have proven effective in the past. Lessons learned from the past enabled BRAC to restructure the BRAC health programme to cope with demands of national priority and policy and for this purpose it has strengthened its partnership programmes with the government through various national health initiatives. Building on the experience of past successes, the health programme has evolved and responded to emerging national health problems and scaled up former pilot projects. Today, BRAC offers comprehensive health care to 31 million people, but through Tuberculosis (TB) control programme it reaches 82 million people.



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A. Essential Health Care (EHC)

The Essential Health Care (EHC) programme offers a basic package of health services to approach health issues comprehensively. Notably, BRAC provides critical services in reproductive health and disease control, mobilises women and disseminates information through village organisation meetings, meetings with community members and household visits, and collaborates with the Government of Bangladesh to help implement national programmes, such as the tuberculosis, malaria, immunisation and sanitation programmes. Most critically, EHC pays particular attention to the poorest and most vulnerable members of the community in both rural and urban settings. EHC covers 31 million population all over the country.

BRAC's community health volunteers called Shastho Shebikas (SS) play a critical role in EHC programme components. All SSs are members of BRAC's Village Organisations (VO) and each SS is assigned for about 300 households. The SSs provide health education, sell essential health commodities, treat basic ailments, collect basic health information and refer patients to health centres when necessary. Though the SSs work on voluntary basis, they are able to earn some money through selling of essential health commodities. They receive Taka 500 (US\$ 8.50) to participate in a revolving fund that allows them to sell some essential drugs. Selling of drugs and other goods gives them the opportunity to earn some money. The SSs also provide assistance to the government health initiatives. They distribute vitamin-A capsules and help organise satellite clinics. They also identify and mobilise targeted children and pregnant women for immunisation and assist in the management of government immunisation centres and satellite clinics.

In recent years a cadre of female community health paramedics, called Shastho Karmis (SK), have been recruited and trained to strengthen work of the SS. In addition to monitoring of the targeted households and providing pregnancy-related care, each SK supervises ten SSs. The SKs conduct health education meetings in the community, where health topics such as immunisation, family planning methods or sanitation installation are addressed. They maintain coordination with government health and family planning workers at the community level.

• Health and Nutrition Education

The SK organises monthly health education meetings with the assistance of the SS in the community. The topic of the meeting varies each month, but topics include information and education on family planning, pregnancy-related care, immunisation, water and sanitation, personal hygiene, child health, nutrition and tuberculosis.

Information is also provided by the SS during their household visits. They discuss nutrition, including information on important natural sources for Vitamin A and appropriate diet during pregnancy and lactation. The SSs also motivate the community to cultivate vegetables and fruits in their homesteads to ensure food security. The SSs distribute various types of vegetable seeds to the community members twice a year. Additionally, every pregnant woman receives iron and folic acid from the SK during antenatal care. BRAC also helps to distribute Vitamin A capsules & de-worming tablets to children during the National Vitamin A plus campaign, during which the SSs also work at the outreach centres.

During 2004, a total of 11,796,002 participants attended 112,529 health and nutrition education forums. 93% of the children aged between one and five years received Vitamin A capsules in the BRAC programme areas.

• Water and Sanitation

The provision of safe water and good sanitation facilities play a vital role in promoting health and improving hygiene status at the community level, thus increasing the productivity and well-being of the nation. Inadequate provision of safe drinking water and sanitation are directly related to the spread of communicable diseases, increased health risk and poor health and environmental pollution.

BRAC emphasises increasing awareness and developing capacity at multiple levels. The SS and SK work to generate demand for safe water and sanitation facilities through household visits and health education forums on sanitation problems. The SKs use promotional materials like flip charts, posters, and leaflets to communicate their critical messages. In addition, information is also disseminated through popular theatre, workshops, rallies and campaigns as well as through the orientation of teachers, religious and community leaders. Another

feature of this programme is the promotion of private-sector involvement in service delivery. BRAC provides interest free loans of Taka 10,000-15,000 (US\$ 167-250) to local entrepreneurs for manufacturing slab latrines. A total of 100 slab ring production centres were established and 346,532 slab latrines were installed with the assistance of BRAC.

BRAC is working closely with other NGOs and the government to achieve 100% sanitation by 2010. To achieve this goal BRAC is running a sanitation programme in Shibpur upazila (sub-district) under Narsingdi district and Bogra district for 100% sanitation. Sanitation coverage achieved in Shibpur upazila was 93% and 58% in Bogra district. BRAC received a national award from the local government division for 100% sanitation coverage in Masimpur union, Shibpur upazila of Narsingdi district and Nandigram sadar union, Nandigram upazila of Bogra district for the year 2004.

• Family Planning

The SSs and SKs educate women regarding use and benefits of modern contraceptive methods during their household visits. The SSs also provide birth control pills and condoms and refer women to the government's secondary and tertiary facilities for other temporary and permanent contraceptive methods. The SSs monitor side effects and refers women to health centres for side effect management. During the past year, the contraceptive coverage was found at 56%.

• Immunisation

BRAC plays a key role in immunising infants and pregnant women. The SSs and SKs play critical roles in supporting the Expanded Programme on Immunisation (EPI) programme. Both types of workers are responsible for educating women about the importance of immunisation. They also provide information regarding the location of immunisation centres and monitor for any immunisation-induced side effects. During reporting period measles coverage was 87% in EHC areas. They also mobilise the community during National Immunisation Day (NID) for polio eradication and distribute Vitamin A capsule to children.

• Pregnancy Related Care

BRAC provides pregnancy related services through community-based ante and post-natal care to rural women. The SSs identify all pregnant women in the area and the SKs register them. The SKs then visit the pregnant women and collect information regarding present and past pregnancies. Thereafter the SKs provide the pregnant women with health and nutrition education, which address topics such as good hygienic practices, clothing, and the need for light exercise. The SKs also track the pregnancy, record weight and height, as well as taking measurements for anaemia, jaundice, oedema, blood pressure, temperature, and albumin and sugar levels in the urine. The SKs also perform an abdominal examination to determine the height of the uterus and position of the foetus. The SKs motivate pregnant women to receive Tetanus Toxoid (TT) immunisation, provide iron and folic acid (IFA) tablets, and promote breast feeding and family planning. The SKs advise the mother to use a trained birth attendant in the case of a normal delivery and refer mothers to the hospital if complications arise. About 383,675 pregnant women received ante-natal care and 247,364 women received post-natal care from BRAC ante-natal care centres and static facilities.

• Basic Curative Services

Illness is a major cause of income loss for the poor. About 60%-70% of all common diseases can be treated at the community level through basic curative services. The SSs have therefore been trained successfully to diagnose and treat some basic health ailments found in the general population such as anaemia, diarrhoea, dysentery, common cold, helminthiasis, ringworm,





scabies, hyperacidity, angular stomatitis and goitre. Additionally, the SAs are able to refer individuals with more complicated conditions to the local public and private health facilities. The efforts made by the SAs ensure affordable curative services to the poor and vulnerable at the grassroots level.

- **Tuberculosis (Under Essential Health Care)**

The tuberculosis treatment programme has expanded since its introduction in 1984, and now covers 283 upazilas in 42 districts, including the Chittagong Hill Tracts, 37 district towns, 13 medical college hospitals, Chittagong EPZ, Chittagong Port Authority Hospital, and part of five city corporations. The SA implements the programme through information dissemination, identification of suspect cases, administration of Directly Observed Treatment Short course (DOTS), patient follow-up, and referral. For new patients treatment success rate was 89%.

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

STUP programme is running in seven districts. The provision of health care services for the specially targeted ultra poor involves two distinct strategies in addition to normal EHC services. First, the programme provides health awareness and basic health care services to all STUP, irrespective of their health status. Second, STUP diagnosed with mild and severe morbidity are provided with financial assistance for their clinical care. An essential component of the implementation strategy is to

undertake a health survey on mild and severe diseases among STUP households during household visits by the Programme Organiser (PO) and to take necessary steps for clinical care. During the reporting period 2,924 cases were identified with severe morbidity and 12,150 cases with mild morbidity. The identified patients were taken care of by BRAC and other health service providers. Among the severe morbidity cases 118 STUP members underwent surgical intervention in different medical college hospitals, sadar hospitals, upazila health complexes, and private clinics. BRAC shared 39.8% and the government and the community shared the rest of the cost incurred for surgical cases.

B. Facility-based Services

- **Shushastho (BRAC Health Centre)**

Static health centers or Shushasthos were opened in 1995 to serve as a back up to community-based health interventions. The Shushasthos aim to develop a financially and programmatically sustainable model in order to provide clinical services for complicated cases identified in the community. Additionally, the Shushasthos play a role in improving maternal health status by aiding deliveries in high risk birthing situations. Shushasthos are equipped with outpatient and in-patient services, laboratory facilities, essential drugs, and behavior change communications materials and equipment. One upgraded center in each district handles more complex clinical scenarios and emergency obstetric care. There are currently 48 Shushasthos, of which 7 are upgraded facilities in 18 districts of Bangladesh. Shushasthos are financed through BRAC funding. In 2004, 283,464 patients received care from the Shushasthos. Out of this patient pool, 42% were village organisation members, 6% were other NGO members, and 52% were non-village organisation members. Cost recovery of Shushasthos is approximately 70%.

- **BRAC Limb and Brace Fitting Centre (BIBC)**

The BIBC was established in 2000 to provide support to the physically disabled. The centre offers prosthetic (artificial limb) and orthotic (braces) services, as well as a

physiotherapy service, which was introduced in 2001. The aim of this centre is to provide low-cost quality devices and services to the disabled people of Bangladesh, with an emphasis on the poor. To operationalise and develop this project, BRAC has been working in cooperation with Santakba Durlabhi Memorial Hospital (SDMH), Jaipur, India a specialised pro-poor health services institution in Jaipur, India. Since 2001, the International Committee of the Red Cross Special Fund for the Disabled (ICRC-SFD) has been providing artificial limbs and braces, as well as technical support and machinery. The BLBC is also financed by the Jaipur Limb Campaign (JLC) UK; part of this support includes funding for Jaipur prosthetic technology. There are two satellite Limb and Brace Fitting Centres in Chittagong and Rangpur. Around 840 disabled persons received services from the BLBC and 620 of them were provided with appliances.

C. Partnership Programmes

• *Nutrition Programme*

The National Nutrition Programme (NNP) is the joint venture between the government and NGOs aiming to improve the nutritional status of women and children. It is the expansion of the Bangladesh Integrated Nutrition Project (BINP), which commenced at the very end of 1995 in six upazilas and, now in 2004, expanded to operate in 105 upazilas. Amongst all the components of the NNP extending from national to community levels, ten NGOs execute area based community nutrition (ABCN) at communities. BRAC as a partner and an implementing agency is currently operating in 53 upazilas accounting for more than half of the total NNP upazilas and covers a population of 12 million. Of women and children, the target group includes children under two, pregnant and lactating women, newlywed women and adolescent girls. The ABCN activities include growth monitoring and promotion, weight monitoring and promotion, food supplementation, micronutrient supply and social mobilisation. The uniqueness of NNP is combining poultry for nutrition (PFN), household food security through nutrition gardening (HFSNG) and vulnerable group development (VGD) programmes with core nutrition programme functioning under one

umbrella. This programme is financially supported by the government with the assistance of World Bank, Canadian-CIDA, the Dutch government and UNICEF.

The nutrition activities at community level are centred on a community nutrition centre (CNC), which usually covers a population of 1000-1500. A total of 10,876 community nutrition promoters (CNP) and 1,110 community nutrition promoters (CNO) are currently working in the field. A CNP with the assistance of women group members carries out a whole range of CNC activities to reach services to the target group. The activities of ten CNPs are supervised by one CNO. The CNPs and the CNOs are women health workers selected from their own community. The CNP has at a minimum an eighth grade education and the CNO has to obtain at least a secondary school certificate. The overall community activities are supervised and supported by field supervisors and a upazila manger. This unique team from community to upazila level is trained on nutrition, management and development issues. Linkage and coordination among BRAC, local government and government are maintained to support CNC activities carried out by the community. The achievement of this activity is reflected in regular organization of meetings, which reached about 80%-95% at upazila, union and village levels. With the participation of community, the nutritional status of children is slowly increasing and low birth is also declining.

The aim of the household food security programme is to maintain and sustain food supply at household levels and thus, improve nutritional status and income of the target group. At both PFN and HFSNG programmes, the main beneficiaries are poor families with less than 0.5 hectre of land. In each CNC, 12 women known as nutrition gardening women (NGW) receive training and Taka 125 to establish nutrition garden in their household premises. A village nursery owner (VNO) selected and trained for each four CNC is given a loan of Taka 15,000 to establish one nursery, which is intended to maintain supply of seeds and seedlings to NGWs to produce vegetables and fruits. A total of 99% of nutrition gardens and 92% of nurseries were established. On the other hand, the chain of poultry programmes is maintained by a group of beneficiaries who receive training and a loan of Taka 1,200-15,000 to operate key-rearer, chick-rearer and model rearer units and mini hatcheries. In this programme, 91% of chick rearer units and 78% of key rearer units were established. The poultry production is



supported by a community based poultry health supervisor (PHS) who renders medicine and vaccine to keep up health of poultry birds. Both HFSNG and PFN activities are technically supported and supervised by technical persons posted at upazila and regional levels. The VGD-NNP programme specifically aims to support the vulnerable group population - the poor living in extreme poverty who obtains training on income-generating activities (77%) and social awareness (90%). It is anticipated that nutrition services and social mobilisation along with household food security programmes will bring about changes in food behaviour and nutritional status of children and women over a period of time with the participation of NGOs, government and local governments.

• Tuberculosis (TB) Control

BRAC's TB programme began in 1984 as a pilot programme in Manikganj sadar upazila in Manikganj district. In 1994, BRAC joined in the implementation of the National TB Control Programme in partnership with the Government of Bangladesh, using the Directly Observed Treatment Short-Course (DOTS) strategy. At present the programme has expanded widely and covers 283 Upazilas, including the Chittagong Hill Tracts, 37 district towns, 13 medical college hospitals, Chittagong EPZ, Chittagong Port Authority Hospital and part of five city corporations covering 82 million population.

The SSs play a critical role in the implementation of BRAC's TB programme. The SSs disseminate information regarding TB and identify suspected patients who have had a cough for more than three weeks through household visits. Sputum from the suspected are examined for confirmation of TB cases. TB cases are also

confirmed through other tests by the chest specialists. Treatment is provided to the TB patients following the national guidelines. Fixed Dose Combination (FDC) drugs are being used for treatment of TB. TB treatment is given following DOTS strategy through the SSs, under the guidance of BRAC field level staff and a government or BRAC medical officer. To take TB medications patient has to go to the house of the SS either every day or alternate day (depending upon national guidelines) during the entire treatment period.

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

In 203 upazilas and Dhaka peri-urban areas, sputum of 306,619 suspected cases were examined and 50,252 persons were diagnosed as TB patients. Of them 35,027 was new sputum positive, 1,415 were sputum positive relapse, 10,675 were sputum negative, and 3,135 were extra-pulmonary TB patients. The average case detection rate was 44%. The case detection rate in 8 old districts (i.e., those started before 1999) was 75%, in 11 new districts (i.e., those started between 2001 and 2002) it was 42% and in 23 recent districts (i.e., those started between 2003 and 2004) it was 32%. Treatment success rate of new sputum positive patients diagnosed was 89%.

Enhancing partnership with NGOs involved in TB control programme

BRAC signed an agreement with the Global Fund to fight AIDS, TB and Malaria (GFATM) as the principal recipients on July 7, 2004 to control TB in Bangladesh in collaboration with the Ministry of Health and Family Welfare. Subsequently, BRAC signed agreements with the ten partners (ICDDR,B, National Anti-Tuberculosis Association of Bangladesh, Damien Foundation, Urban Primary Health Care Project, RDRS, Lepira Bangladesh, Danish Bangladesh Leprosy Mission, HEED Bangladesh, Lamb Hospital, Salvation Army) to expand financial support for strengthening DOTS services in the remaining

22 districts and parts of six cities, involving civil society in TB control and conducting operation research. The GFATM has been approved by the Ministry of Health and Family Welfare and BRAC is to receive US\$ 42.46 million for a period of five-year. This is the first time in Bangladesh the GFATM at the recommendation of the Bangladesh National Country Coordination Mechanism has approved a NGO to lead the implementation of a TB Control Programme with the National TB Control Programme. In addition, this programme has been supported by DFID, CIDA, EU, Fidelis, WHO, Research Institute of TB-Japan, Leeds University and BRAC.

D. Pilot/New Initiatives

- **HIV/AIDS Programme**

BRAC's HIV/AIDS programme promotes mass awareness in the community about the disease, provides condoms to high-risk groups, and performs syndromic management of STIs and RTIs in high risk groups to reduce the risk of HIV infection. Programme Organisers, Health Educators, Shastho Shebikas, and Extension Workers (EW) are trained to offer information about HIV/AIDS to the community people and especially the internal migrants on STI / RTI, HIV/AIDS to raise awareness. Popular theatre is also used to raise awareness of the disease within a community. Adolescent boys and girls are targeted in BRAC's awareness campaign, both during secondary school and through the medium of BRAC Education Programme's community and adolescent libraries. BRAC offers information and distributes condoms to brothel-based sex workers, as well as transport workers, industrial labourers and internal migrants. Micro finance loans are also available to commercial sex workers to ensure financial stability and security, and empower them to demand condom usage. This programme is being implemented with SIDA and UNICEF funds.

- **Malaria Prevention and Control Programme**

Malaria is one of the major killing diseases in Bangladesh and the whole population is at risk in high malaria endemic districts. BRAC is providing education on malaria prevention and treatment through its health programmes. A special initiative was taken in the hilly

areas including awareness-raising activities on malaria control as an EHC component in 1998. In 2002, Activities on Early Diagnosis and Prompt Treatment (EDPT) and distribution of Insecticide Treated Mosquito Nets (ITMN) were initiated in close collaboration with the Mal-VBDC (malaria-vector borne disease control) of Directorate General of Health Services, Government of Bangladesh, MRG (Malaria Research Group) and ICDDR,B. The SSs, SKs and staff were selected locally from different ethnic groups to work for their own community. Identified patients receive care at their doorstep through outreach centres and home based care by the SSs and SKs (front line workers). At present, this programme is running in all 25 Upazilas of the Chittagong hill-tract districts. During the reporting period a total of 41,613 uncomplicated malaria cases and 1,862 treatment failure cases were treated, and 21 cases were referred to higher facilities.

- **Micro-Health Insurance**

Micro-health insurance was initiated in July 2001 as a BRAC funded project. Since October 2001, it has been funded by ILO. The goal of this project is to facilitate the poor to affordable and quality health services and to empower women as the entry point for their family's access to health care. This project offers voluntary enrollment to VO, non-VO members and the ultra poor. Premium cost varies with VO membership and family size. Three packages such as a general package, a pre-paid pregnancy related care package and an equity package for free enrollment of the ultra poor are offered through this project. So far 11,256 families have been enrolled in the micro-health insurance. Of them, 7,481 families are under the general health package, 3,441 under the pre-paid pregnancy related care package and 334 under the equity package. During the reporting period about 4,517 were targeted for renewal of general package and half of the target could be achieved.

- **Community Based Arsenic Mitigation Project**

BRAC's arsenic mitigation project seeks to raise community awareness, test tubewell water for arsenic contamination, and implement safe drinking water strategies. BRAC has developed five options to ensure safe drinking water. These includes: new and renovated dug wells, rain water harvesters, pond sand filters, deep hand tubewells, and rural pipe water supply systems. As many as 1,970 safe water units have been distributed in five upazilas. This is a UNICEF and Rotary International supported programme.



• Early Childhood Development

The Early Childhood Development programme employs advocacy, research, family empowerment and networking to increase the skills and awareness of the caregiver for holistic development of child from conception to five years of age. The project is organised by Bangladesh Shishu Academy and financed by UNICEF. Communication skills of 7,184 front line workers were developed in 52 Upazilas of 12 districts through training, home made playing materials development and use of behaviour change communication materials. A child to child intervention programme is operating in six upazilas of six divisions to orient 11,710 adolescents in creating safe, secure stimulating, enabling and learning environments for childhood development. So far, 9,720 community leaders have participated in the community advocacy workshop and 4,662 BRAC staff was informed about Early Childhood Development activities.

• Saving Newborn Lives

This programme works to improve neonatal health and survival in three rural sub-districts by promoting the use of home based hygienic delivery practices, increasing referrals to health facilities for complicated pregnancies, increasing the number of newborns with complications who receive care at a health facility, and increasing the number of women receiving ante-natal care (ANC) services. BRAC is using Behaviour Change Communication (BCC) in one upazila, while direct service delivery is being used in the other two upazilas to determine which approach performs better. This programme was started in 2002 in collaboration with Save the Children (USA).

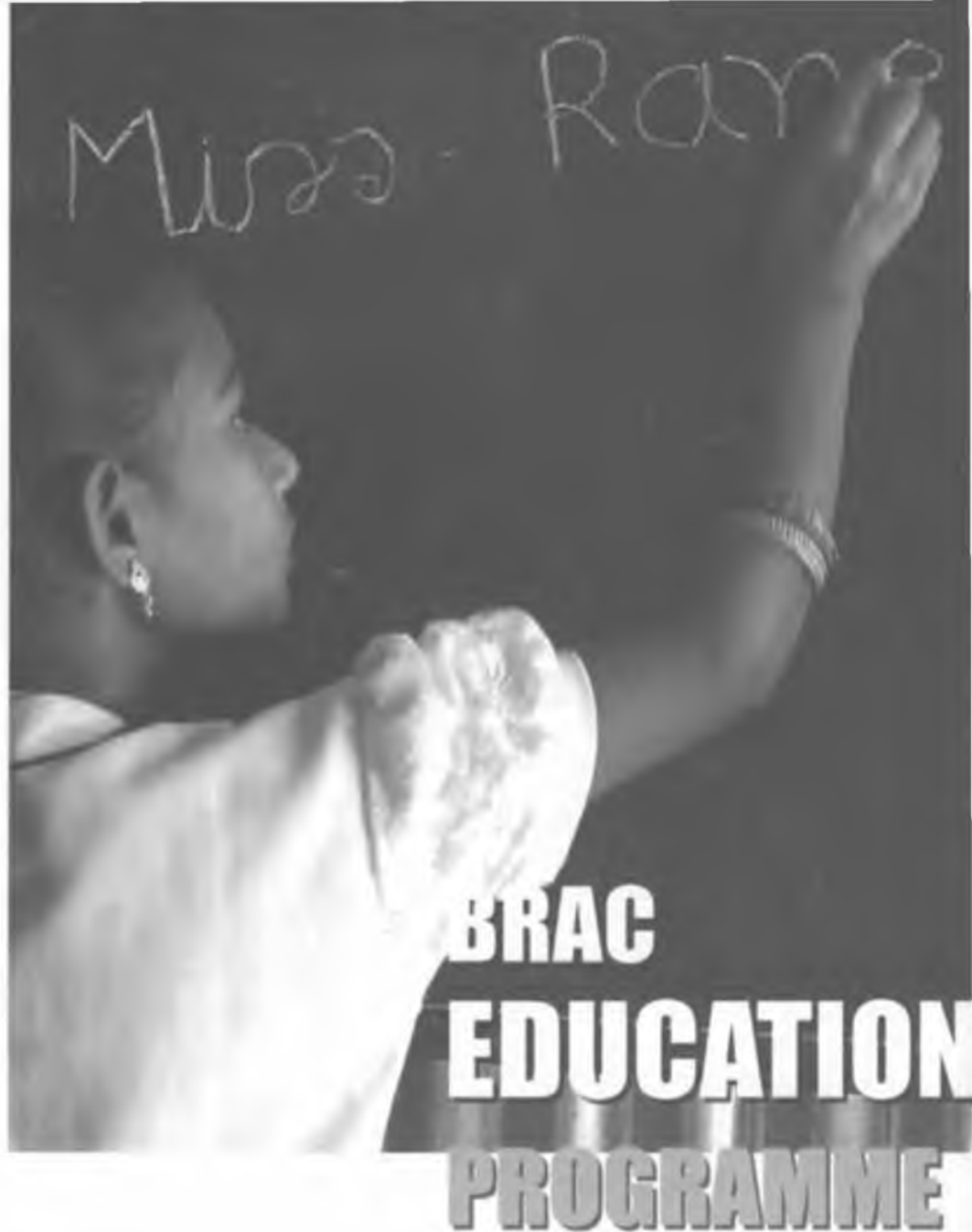
• Public Private Partnership Facilitation Programme

The Public-Private Partnership (PPP) programme, an experimental intervention of the Ministry of Health and Family welfare supported by DFID, had been designed to improve poor women and children's access to good quality essential health services. The PPP Vision encompasses "Empowering people to take care of their own health making better use of existing resources." Over the last three years, the PPP has drawn on the experiences of GOB-NGO-Community partnerships where BRAC has made significant contributions in creating the provision of Essential Service Delivery making optimum utilisation of available public-private community resources.

BRAC acted as a catalyst to establish six Community Health Schemes (CHSs) based at Government Community Clinics at Brahmanpara upazila of Comilla district in line with the PPP Vision. During the reporting period, BRAC concentrated its facilitation efforts to mobilise the community resources in view of transforming the CHS into a self-managed autonomous community healthcare trust. Following these efforts, six Trustee Boards were registered between July and September 2004. The Trustee Boards collected Taka 1 million from the community. The generated money has been deposited and the CHSs receive the monthly interest amounting to Taka 8,330 as fixed income, which is being used as a subsidy for monthly operational expenses.

A total of Taka 140,175 has been generated by the CHSs as programme revenue (user fees Taka 44,600, profit from drug sale Taka 37,273 and pathology services Taka 58,302). Two CHS outlets have been upgraded through constructing additional rooms. These physical facilities have been extended in order to perform delivery and MR services as well as first level care.

A total of 17,648 individuals received ESP services from the CHS outlets, of which 2,002 were extremely poor. The programme is supported by Northern Ireland Centre for Health Care Co-operation and Development (Nicare), GoB and DFID.



BRAC began its Non-Formal Primary Education Programme in 1985 with 22 one-room schools and by 2003 it was operating more than 34,000 schools under the new name of BRAC Education Programme or BEP. These schools account for about 11% of the primary school children in Bangladesh and go towards fulfilling BRAC's stated goal of poverty reduction through access to Non-Formal Primary Education for those traditionally outside formal schooling. BRAC hopes that providing an educational outlet for students outside the government formal schools will lead to the strengthening of the national education. This can only be done by an improved, full-range primary curriculum that will allow learners to retain and use the literacy, numeracy and life-skills that it provides. The BRAC schools teach the same competencies as the government schools; however, they enroll and retain a higher proportion of hard-to-reach children, such as girls, who make up 65% of the student body. BEP has been particularly successful in persuading conservative communities in remote rural areas to send their girls to school. The BEP model has been adopted in about a dozen countries, although none to the same scale as in Bangladesh. In 2002 BRAC opened its first international office, in Kabul, and is currently operating more than 90 schools for adolescent girls in rural Afghanistan.

BRAC Education Programme, which caters to children traditionally outside formal schooling, is divided into the following five components:

1. School Operations:

BRAC Primary Schools (BPS) and BRAC Adolescent Primary Schools (BAPS):

The BRAC Non Formal Primary schools were established in 1985 to take education to poor, rural students, especially girls who have either dropped out or are left out of the formal education system. Recently, ethnic and disabled students have also been included. BRAC Education Programme began as a component of the Rural Development Programme in 1985 starting with 22 one-room schools. By 2004, this number grew to include more than 49,000 Primary and Pre-Primary schools with an enrollment of over a million children, 65% of them girls. 2.8 million students have already graduated from these schools. Initially it was designed to provide education to children between the 8-10 age brackets, through Grades I-III. The programme has now been extended to teach the curriculum of Bangladesh's standard five-year primary education within four years.

98% of NFPE teachers are locally recruited and married women, with 73% of them having passed the Secondary School Examination and above. All teachers receive 12 days basic training, as well as monthly refresher. They also go through orientation before the opening of their school and subject based training. From Grades I-III, NFPE schools follow BRAC curriculum on the basis of NCTB competencies along with supplementary materials and teacher's guides. In Grades IV and V, the Government curriculum is followed in addition to BEP-developed supplementary materials and teacher's guides.

BRAC Adolescent Primary School (BAPS) formerly known as Basic Education for Older Children (BEOC) were established in 1987 to cater towards children 11-14 years of age who previously had no access to education. The BAPS design is the same as that of the BPS schools. Starting in 2001, these schools have begun offering a complete five year primary curriculum in a four year time period.

Education Support Programme

The Education Support Programme commonly known as ESP was first initiated in 1991 when BRAC decided to share education experiences with other organisations by extending technical and financial support so that they may successfully replicate BRAC's NFPE model. Through ESP, BRAC at the end of December 1999 had provided technical and financial assistance to 285 NGOs to run 2,550 NFPE schools. By the end of the phase this number rose to 499 NGOs and 5,285 schools. All ESP schools are rural based and follow the NFPE three-year school model. The monitoring of these schools is carried out by partner organisations and by ESP TSSs (Technical Support Specialists), who are reportable to the partner organisation and the ESP Programme Coordinator. At the end of 2004, ESP was working with 499 partner NGOs in running 5,285 schools in 64 districts and 298 sub-districts of Bangladesh. Through careful effort, over the years ESP has extended its schools to remote areas like Nijhumdwp (a remote island), Panchagarh and Gaibandha.

Education for Indigenous Children (EIC)

In Phase III, BEP undertook concrete initiatives to integrate Ethnic groups with different cultural heritages living in various parts of the country into its education programme. Providing access to primary education for children, providing equal opportunity of education to adolescent girls from the ethnic minority background were the two major steps undertaken by BEP in 2002.

Through its approach BEP intended to explore and find ways to uphold ethnic minority cultures. The curriculum was revised to better reflect the various cultural aspects of these people. Their languages also played a role in the newly formed schools. Teachers and children used both their own language and Bangla inside the class. Even when teachers were from a Bengali background they were encouraged to use the respective languages of the students for a better sense of belonging as well as better communication purposes. In addition, the students of NFPE schools were encouraged to perform songs and dances from their respective cultures so that the other Bengali children, staff, and teachers could get familiarised and learn to appreciate diverse cultures. The schoolhouses themselves were identical to other BEP programmes except in order to develop good sanitation



habits among the indigenous children—many of whom grow up in households without toilet facilities—provisions were made of latrines in the schoolhouse grounds. As of December 2004, a total of 1,399 EIC schools are operational and 39,950 students enrolled of which about 56% are female.

Children with Disabilities (CWD)

Realising that children with disabilities were being limited in schools due to lack of specialised facilities, BRAC focused on identifying children with disabilities. Before any sort of formal targeting mechanisms were put in place, over 6000 students with disabilities had already been included in BRAC schools. After only 8 months of the programme, over 13,000 (of whom 670 are ethnic) students with disabilities had been included in BRAC classrooms. BRAC's current focus is on expanding the range of disabilities that their staff are capable of facilitating, as well as improving the quality of education that these children receive in BRAC schools by providing assistive devices such as wheelchairs, crutches, ramps, hearing aid and glasses. During 2004, 14,471 children with disabilities were enrolled in BRAC schools.

2. Capacity/Materials Development

Education Development Unit (EDU)

BRAC's Education Development Unit (previously known as the Materials Development Unit) is charged with the

planning, design and development of educational materials used in the five year BRAC primary curriculum across five subject areas: Bangla, English, Mathematics, Science and Social Studies based on the national competencies as set out by the Government of Bangladesh. Further responsibilities of the unit include planning training so that it is properly disseminated to the staff at the field level. Thus, EDU is responsible for devising training for the Master Trainers (MTs) with the ultimate goal of training the teachers on the developed materials. In 2004, EDU revised English Grade II Workbook and Teachers Guide, Mathematics Grade I Workbook and Teacher's Guide, Social Studies Grade I and Grade IV Workbooks and Grade I Teachers Guide. Specific subject based training was also provided in English, Mathematics, Bangla and Social Studies.

Capacity Development Unit (CDU)

The Capacity Development Unit is responsible for facilitating/coordinating professional development of BEP



staff and teachers. A main focus of CDU is to coordinate appropriate training and workshops on a continuous basis – and also coordinate appropriate training (both long and short-term) in its attempt to increase and improve the level and quality of skills of BEP programme staff. The major achievements for CDU in 2004 include the development of one video on teacher training, TARC Trainer (facilitator) manual for basic teacher training course, and piloting new approaches for refreshers in 6 teams.

3. Government Collaboration

With the aim of greater collaboration with the Government of Bangladesh in the education sector the Primary Initiative In Mainstreaming Education (PRIME) was established in July 2001 as a new intervention of BEP. At the inception, PRIME started working in 30 upazilas under 16 districts with the objective to improve the quality of primary education in Bangladesh. 30 upazila Managers were deployed to implement the PRIME activities. Developing relationships with both central and local level GoB officials, conducting social mobilisation along with exchanging ideas and experiences with the stakeholders of primary education were the important activities of PRIME. Initially, 814 Pre-Primary Schools were established under PRIME with the aim to serve as Feeder Schools (schools whose graduates go on to attend formal schools) for the Government Primary Schools (GPSs). Eventually PRIME was expanded to 40 upazilas. In November 2002, the Ministry of Primary and Mass Education (MoPME) gave approval to BRAC to establish Pre-primary schools (PPs) all over the country. This recognition also enabled BRAC to work more intensively with the Government regarding PP and allowed BRAC to take initiatives to establish PP schools in the GPS campuses. So far 1,525 PP schools have been established in the GPS campuses.

From the beginning of PRIME, GoB officials and community members were impressed with the Pre-Primary Schools and other activities of PRIME related to primary education. Government officials from central to local level, community people and above all the members of the parliament visited PRIME activities. They expressed their overwhelming satisfaction, sent appreciation letters and requested for expansion of the programme.

Facing tremendous demand from the Government as well as the community for expansion, it became necessary for

BRAC to take the programme nationwide to contribute substantially, rather than continuing to operate in only 40 upazilas. As a result of the expansion, the number of PPs was increased to 16,020. Additional activities, such as strengthening relationship with the Government, social mobilisation and SMC workshops were also undertaken in the expanded areas.

As of 2004, 16,019 BRAC Pre-primary schools have been established and 453,338 (65% girls) students enrolled. 44 Community schools were established with 7573 students enrolled and 11 formal schools have been established with 2,561 students enrolled.

4. Adolescent Development Programme

The idea of the Adolescent Development Programme has come out from BRAC's Kishor-Kishori (KK) school model. BRAC had realised that after graduating from KK schools many of the young girls were unable to continue their education. To provide access to reading materials to retain their literacy and numeracy skills BEP's Continuing Education Programme opened Reading Centres back in 1993. In 1999 BEP put more emphasis in this area by designing a tailor made course specifically to meet the needs of adolescent girls. This course was called APON (Adolescent Peer Organised Network), where girls of similar age group learn through peer-to-peer approach about a number of essential issues (e.g. reproductive health, women's legal rights, dowry, oral divorce, inheritance law, etc) which are conventionally not discussed in Bangladeshi society. In 2001, BEP established the Adolescent Development Programme as the activities and the management system of this component evolved and expanded tremendously.

New Intervention: APON for Boys (APON-B)

With the success of APON for Girls (APON-G), ADP felt that it was important that boys also be given life skills courses to sensitise them on health and social issues. This initiative was taken in 2002 keeping in mind the fact that the aware and sensitised adolescent girls would be married to the boys of the society who are not at all sensitive about these issues. Therefore, providing these boys with a similar course would not only make them sensitive towards their female counterparts but also



would help them learn about the problems they are facing as adolescents themselves. Here it is also to be noted that it was suggested by the girls that if the boys are not aware of these facts then ultimately they themselves will not be able to utilise their knowledge on adolescent issues, as these are the boys who will be the husbands of tomorrow.

APON-B uses the same structure and concept as APON-G, with peer education being the method of training. The course deals with many of the same issues as APON-G, including early marriage, dowry, acid throwing, HIV/AIDS, abuse, reproductive health, and drug addiction. 1,000 Kishori Kendras were opened and of the total members including 30,500 project staff and Kishori supervisors, 100% were female. A retreat was held with the help of Save the Children, Australia, where adolescents from non-BRAC projects were present. The retreat focused on the feedback from APON course completed learners and their experiences and training the participants on life skills.

5. Post-Primary Basic and Continuing Education (PACE)

Introduced in 1995 as the CEP, or Continuing Education Programme, PACE (Post-Primary Basic and Continuing Education) was an extension of the BEP programme to assist the BRAC graduates in retaining their literacy skills acquired in the NFPE/KK schools and to promote the idea

of a learning society within rural communities. The Union Library (Gonokendra Pathagar) was formed for this purpose. The Union Library is at the core of this programme. In addition to the Union Library, PACE is also involved with the IT Project for Gonokendras, Children's Corners and mobile libraries. PACE has also involved itself in enhancing secondary teachers' skills based on the finding that most students fail to do well in English, Mathematics and Science due to lack of skilled teachers.

Post Primary Basic Education

A total of 1109 mathematics teachers of classes 6 to 8, 1132 mathematics teachers of classes 9 to 10 and 769 science teachers of classes 6 to 8 received training of both modules 1 and 2. Additionally, a total of 147 teachers from 147 schools received 6 days training on Value Education. 251 students from 11 schools received 3 days school based training on Mentoring. 304 teachers from 204 schools participated a 3 days field based workshop on Value Education. In the year 2004, materials were developed for classes 6-8 and classes 9-10. A group of material developers developed the English training materials and British CLT specialists revised it. The material development was focused on textbooks, Sample questionnaire of SSC and as well as on teaching methodology. Materials on ten contents of SSC syllabus were developed for remedial classes for class 10 students in rural secondary schools. Suggestions for the SSC syllabus and six model test papers were developed for coaching classes for SSC examinees. A total of 24

materials were developed for bridging courses for the newly enrolled students of class 6. In addition, In 2003 PACE started coaching in 242 schools to cover up the deficiencies of the SSC examinees and to improve their results in the public examination. In 2004, 18072 students of 329 schools of 12 districts participated in the coaching programme. 552 Mathematics and 563 English teachers were involved in these coaching programmes. To develop the teachers' English language proficiency a language laboratory has been set up at Mymensingh TARC. 18 hours of language lab based training is provided to the teachers covering the basic reading, writing, speaking and understanding skills. Initially BRAC staff prepared the material. At present a consultant has been assigned to develop more materials.

Continuing Education

In 2003, PACE started a new IT initiative on an experimental basis: Multimedia Presentations to bring IT to an even wider community. The advantage of multimedia presentations is that illiterate communities can participate in it as well. In June, BRAC acquired one multimedia projector and began presenting educational CDs in Gonokendras. Approximately 150 to 200 people came to watch the CDs projected onto a large screen in Gonokendras. At present 70 Gonokendras are equipped with computers with 10-15 CDs each. Continuing Education also provides access to those without access to Gonokendras in the form of the Mobile Library, which was created for the many Gonokendra members, especially women, who were not able to come to the library for various reasons at different times of the year. The Mobile Libraries were established as to bring books to the villages adjacent to the libraries. These libraries involve an assistant librarian (preferably a female, married, BRAC graduate employed on a part-time basis) circulating between villages with a list of books that can be borrowed. The assistant librarians arrange for a pick-up and drop-off locations in the villages where books would be brought by rickshaw. Maintaining and distributing this set of books is the responsibility of the assistant librarian. Now 168 mobile libraries are in operation.

Cooperation between the Government and PACE-BEP:

Initiatives were taken in 1998 to organise livelihood enhancement skill development training courses (both

long & short duration) for adolescents/youth Gonokendra members in cooperation with the Directorate of Youth and Sports. To date a total of 22,534 (including 7274 out of which 6044 are female in 2004) Gonokendra members have received training from the Directorate of Youth and other Government bodies on different trades including livestock, poultry, fisheries, tailoring, agriculture, electrical & electronics, refrigeration, nursery, handicrafts etc. A concluding meeting of the Joint Working Group of Department of Higher Secondary Education (DSHE) - BRAC on co-operation for Quality Improvement in Secondary Education was held, two of which were held in 2003 and another two on March 2004 and in June 2004. Meeting with Project Director of FSESP (Female Secondary Education Stipend Project) was also held in June 2004. Two 3 days workshops with DEOs (District Education Officers) were held in December 2004. A meeting with Secondary Education Sector Improvement Project (SESIP) and ADB was held with BRAC education field staff last year on secondary education quality. With attendance from members of several government secondary education projects and concerned donors a workshop was also held on the same topic.



BRAC

**SUPPORT
PROGRAMMES**

BRAC Training Division

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.

The broad objective of BRAC training is the enhancement of knowledge, skills and attitudes of the programme participants and staff as well as other external development practitioners working inside and outside Bangladesh. A well-known feature of BRAC training is its participatory nature, which is learner centered, problem focused and need oriented. It promotes individual involvement in the training process and group interaction. The training courses are designed and delivered from the perspective of the participants' needs. The courses are continuously upgraded to meet the changing and emerging needs of the BRAC programmes.

A team of experienced facilitators of the BRAC Training Division has wide range of experience in facilitating participatory training using adult learning methods. They also have experience in a related sector and a good understanding of management and leadership issues in the local development context. At present there are 14 Training and Resource Centers (TARCs), three rented training centers and two Brac Centre for Development Management (BCDMs) that operate year-round training courses, facilitated by 175 experienced trainers. Of the total trainers team 131 are male while 44 are female.

In 2004 BTD played a significant role in developing some new need-based training courses for BRAC programmes. A wide range of internal and external training initiatives were adapted such as adolescent skills development, professional skills development of the head teachers and subject-based teachers of private secondary schools, reproductive health and gender, promotion of sales skills, supportive supervisory competency, micro finance management, and also small and medium enterprise development.

Improving quality of its training programmes was also an important part of its agenda in 2004. In its efforts to improve quality, BTD reorganised its internal management system and the service sector of BTD was separated from its academic area. Apart from the Global Partnership Programme, ten units were formed with specific terms of reference. All the units took a special initiative to upgrade the existing modules and materials and developed a plan for their own capacity enhancement. The units include:

1. Management Training
2. Human Rights and Social Development
3. Gender Quality and Action Learning
4. Health
5. Education (BRAC Education and Post Primary Basic and Continuing Education)
6. Microfinance
7. Materials Development
8. Enterprise Management
9. MIS and Marketing
10. Internship and Exposure



Some major achievements of BRAC Training Division in the year 2004 are as follows:

Education Training

In 2004, the BTD focused on meeting the growing needs of the PACE and NFPE Programme and enhancing the management skills of its staff. The PACE Programme emphasised effective management of field operations and extensive subject-based training for secondary school teachers.

Gender Quality Action Learning (GQAL) Programme

The Training Division has developed the Gender Quality Action Learning (GQAL) Programme for improving gender relations within BRAC by raising gender awareness and fostering a positive working environment for both male and female staff. To sensitise and bring changes, GQAL follows the methodology of Action Learning Approach. Presently GQAL is implementing two programmes: GQAL with BRAC Staff and GQAL with BRAC Village Organisation Members. 62247 staff members of 438 BRAC field offices have been covered till November 2004 in its first phase of operations. On December 2004, the second phase was started in 576 field offices to include all BRAC staff.

With a new dimension, GQAL has been extended to work with the members of the Village Organisations (VO). During November 2001 - December 2003 "GQAL with VO members" pilot project had been implemented jointly by BRAC Training Division and Research & Evaluation Division in three Area Offices of three districts (Kurigram, Pabna and Noakhali). The evaluation study of

this pilot project was done both by RED and by external researchers. It was decided that the GQAL programme with VO members would be piloted again in eight area offices across the country. GQAL is also organising different training courses and consultancies on gender issues to other organisations.

Management Training for National Nutrition Programme (NNP)

Under an agreement signed between BRAC and NNP of Ministry of Health and Family Welfare in 2004, BTD imparted management training for 585 nutrition managers at upazilla level, team building training for programme management unit of NNP and training management course to trainers of IPHN.

Human Rights and Social Development Training

The unit has provided training to 958 staff members of BRAC, 2657 shebok/shebika, 1001 Union Parishad members and 6508 Panchajomaj leaders on social and legal issues to bring justice in the society. The unit has revised "Dainandan Gebone Ain", a reference book on some basic laws of daily life for the shebok/shebika.

Capacity Building of Afghan Government Officials

BRAC-Bangladesh organised two batches of five month long Certificate Programmes on Managing Rural Development for the senior government officials of the Islamic Transitional State of Afghanistan. They were representatives from Ministry of Rehabilitation and Rural Development (MRRD) and Ministry of Agriculture, Animal Husbandry and Water, Irrigation and Environment of Afghanistan. In first batch 43 managers

from MRRD attended the programme while second batch had 25 participants from agriculture, water resources and animal husbandry ministries. The certificate awarding ceremony was held in October and December for the first and second batch respectively.

Global Partnership Programme

The Global Partnership (GP) is a collaboration between BRAC in Bangladesh, Escuela para el Desarrollo in Peru, the International Institute of Rural Reconstruction (IIRRI) in the Philippines, the School for International Training (SIT) in the United States and the Organisation of Rural Association for Progress (ORAP), Zimbabwe. GP offers a Postgraduate Diploma in NGO Leadership and Management and a corresponding Master's degree, which has provided rigorous and relevant coursework in NGO leadership and management since 1997. A total of 161 students from 26 countries have so far attended the programme. Among the 161 participants 121 were male and 40 were female. A total of 93 (73 male and 20 female) managers participated from different national and NGOs in Bangladesh including 1 participant from NGO Affairs Bureau, an important Government wing of Bangladesh. Of the total Bangladeshi participants, BRAC alone has nominated 40 participants to the programme over the years. It may be mentioned here that the 42 postgraduate diploma holders also completed their Masters programme in International and Intercultural Management from SIT. Among them 20 were from Bangladesh and 8 were from BRAC.

In NLM-8, 2004, a total of 15 students completed the course successfully, out of which 8 were from Bangladesh and the remaining 7 were from Afghanistan, Pakistan, Senegal and the USA. Three of the participants were female and the remaining fifteen were male. The eighth Global Partnership Postgraduate Diploma award ceremony was held on August 12, 2004.

The Salma Sobhan Fellowship in Journalism for Women
BRAC and Pratiche Trust jointly sponsored the Salma Sobhan Fellowship Programme in Journalism for Women in memory of late Barrister Salma Sobhan, a professional jurist and human rights campaigner. Under this programme 32 women journalists from different districts participated in a 15 days long Development Journalism Course.

Human Communication: Course on People Skills

A special needs based course on Human Communication Skills Development was organised for the regional

managers of BRAC programmes to improve their interpersonal communication and presentation skills. A total of six batches of 12 days long training were organised in 2004.

BRAC Local Representatives' Workshops

BITD continues to facilitate BRAC Local Representatives workshops that ensure all field administrators remain up-to-date on BRAC activities and policies.

Exposure-cum-Internship Programme

An Exposure-cum-Internship Programme was designed to provide exposure to foreign development practitioners, national political leaders, government officials and young professionals and students from home and abroad through short term exposure and long term internship programmes. As of 2004, a total of 62 participants of Australia, Bangladesh, Brazil, Canada, France, Italy, Japan and Nepal were placed with internship programme. In addition, some 77 from eight different countries were exposed to BRAC programmes.

Research and Evaluation Division

The Research and Evaluation Division (RED) was established in 1975 to provide research support to BRAC programmes. RED conducts multidisciplinary studies on various development issues and subjects of national and global importance. These include poverty alleviation, socioeconomic development, agriculture, nutrition, health, population, education, environment, gender, and related fields. Although RED concentrates its activities on BRAC programmes, it also maintains strong linkages with government organisations, UN bodies, and a number of academic and research institutions at home and abroad. In 2004, RED undertook 38 collaborative research projects with organisations like Aga Khan Foundation Canada, ANTRIEP, Bangladesh Bureau of Statistics (GoB), British Council (Bangladesh), Campaign for Popular Education (Bangladesh), Columbia University (USA), Emergence Energy Inc. (USA), European Commission (UK), Directorate of Primary Education (GoB), National Academy for Educational Management (GoB), The Hospital for Sick Children (Canada), ICDDR,B: Centre for Health and Population Research (Bangladesh), INDEPTH Network (Ghana), Institute of Development Studies (UK), International Rice Research Institute (Philippines),

Karolinska Institute (Sweden), Maxwell Stamp, Micronutrient Initiative (Canada), Population Council (USA), Proctor and Gamble (USA), The Rockefeller Foundation (USA), Save the Children (USA), UNDP, UNFPA, UNICEF, World Bank, and the World Health Organisation.

A major focus in socioeconomic research during 2004 was on the BRAC programme for the ultra poor called CFPR/TUP. This included detailed baseline surveys, research, and process documentation of different programme activities. Research on food consumption, microfinance, social capital, gender relations, char livelihood programme, indigenous people, and urban slum dwellers were some of the other areas of socioeconomic research in 2004. Nationwide survey is being conducted every year since 1998 to examine the state of primary education in Bangladesh and to bring qualitative improvement in primary education. The theme of the last survey was quality with equity in primary education. Several other studies were also conducted on various aspects of BRAC Education Programme. RED's major work on health concentrated on early childhood development, deworming, national low birth weight and anaemia survey, formative research and flexible administration of micronutrient sprinkles, home fortification of weaning foods with micronutrient sprinkles, and primary health care for the ultra poor and elderly people. The major environmental studies include evaluation of BRAC's forestry programme, cultivation of medicinal plants, pilot research on medical waste management and rural energy, and assessment of rural pipe water system to provide safe drinking water at village level. RED emphasises the importance of effectively sharing research findings with its stakeholders, such as BRAC management, donors, field managers, and also policy makers and researchers at home and abroad. Research findings are disseminated through reports, monographs, annual reports, books and book chapters, journal articles, vernacular research compendium, and short articles in newspapers and newsletters. The research findings are also disseminated through presentations in national and international conferences, seminars, and workshops. Summaries of major findings and important activities are also posted on display boards placed at all the training venues of BRAC. As of December 2004, RED has produced 970 research reports and papers that are available in bound volumes in Ayesha Abed Library at BRAC University. Thirty studies were completed in 2004. The abstracts of completed studies

are available in the RED annual report and at the BRAC website. Eleven original research papers were published in national and international journals during the year. Some of the international journals that published the research findings of BRAC are Indian Journal of Paediatrics, Public Health Nutrition, Public Health, Journal of International Development, International Journal of Health Promotion and Education, and the Journal of Transcultural Nursing. BRAC researchers also contributed 17 book chapters and have produced some formal publications during the year, like CFPR/TUP baseline survey and five working papers on CFPR/TUP research, and 'School management: learning from successful schools in Bangladesh'. As of December 2004, RED has 40 researchers, 7 support staff, and 52 project staff, 34% being female. Besides, 9 researchers were on study and long leave. In 2004, RED spent Taka 20.77 million (US\$ 0.35 million), 68% of which came from BRAC's core funds and the remaining raised from external collaborative research, consultancy, and commissioned research projects.

Human Rights and Advocacy Unit

BRAC Human Rights and Advocacy Unit (HRAU) seeks to promote behaviour change among individuals, groups, communities, organisations, and Government officials. The Human Rights and Advocacy Unit's most substantial project involves the scientific development of communication materials for BRAC's Challenging the Frontiers of Poverty Reduction/Targeting the Ultra Poor (CFPR-TUP) initiative. Through workshops, lobbying, and media exposure, the HRAU seeks to change perceptions and policies that affect the ultra poor in Bangladesh. The HRAU also cooperates with BRAC Research and Evaluation Division to conduct research on ultra poor behavior and poverty alleviation in cooperation with local level players. HRAU has been supported by DFID, EC, CIDA, NOVIB, WFP and BRAC.

The Human Rights and Advocacy Unit's CFPR/TUP related communication work involves social communication initiatives geared towards mobilising society at all levels to create a pro-poor environment. To ensure that inter-action, the Human Rights and Advocacy Unit executes field visits by social leaders and process-based communication activities. The HRAU's most effective work has been in developing a three-stage

theatre based community action initiative, supported by audio, video, and other communication material based activities. HRAU has also developed a two-tiered workshop model designed to generate support and link access managers with civil society. National and local publications, meetings with relevant stakeholders, fact sheet publications, and organisation of media events are also included. Human Rights and Advocacy Unit created an awareness video that is being broad cast at the field level, and an audiocassette that serves as a link between the ultra poor and local elites. Human Rights and Advocacy Unit is also conducting workshops, popular theatre, and follow-up community meetings to create a network between the primary and secondary stakeholders of the CFPR-TUP project. To increase its audience and impact, HRAU is also implementing an outreach programme involving local NGOs in the programme area.

Another major focus of the Unit is its involvement with the national TB control programme. The objective is to increase detection rates and higher cure rates apart from creating national level awareness and mobilisation. To support this programme achievement, the Unit is working on development of communication materials, organise advocacy workshops and meetings, message delivery through mass media as well as social communication activities at the field level involving key population segments including patients groups.

In addition to work on CFPR-TUP, BRAC Human Rights and Advocacy Unit is pushing social communication for Rights. These include urban rights in general, rights of slum dwellers, and rights of distressed women in adverse health conditions. It has also initiated a process of interaction to empower the urban poor, the most neglected population segment. Human Rights and Advocacy Unit also conducts workshops to promote gender awareness among all levels of BRAC personnel. It develops strategies to end discriminatory attitudes towards women, and is creating a BRAC-wide policy on sexual harassment. A Sexual Harassment Elimination Unit (SHarE) was established in 2004 to preserve the rights of staff and to ensure a work environment free from any sort of sexual harassment and abuse.

Public Affairs and Communications

The department of Public Affairs and Communications engages itself in multiple activities like identity building

and public relations exercises, internal communications, media relations, publicity materials and advertisement development, event management, exposure programmes, website/electronic communication towards ensuring a proper understanding of BRAC and BRAC activities by external and internal audiences. The department of Public Affairs and Communications has been involved with the Salma Sobhan Fellowship in Journalism for Women programme, launched in 2004, funded by BRAC and Praticl Trust, and has been engaged in bringing the concept of developing women journalists in Bangladesh into a reality.

Publications and Audio-Visual

BRAC Publications offers a range of support to the core programmes by shaping manuscripts and materials into illustrated books and printed modules, capturing sights and sounds from events and activities and thus contributing towards building an organisational memory.

Special Projects

BRAC Community Road Safety Programme

Road safety public awareness campaign has been launched on the Dhaka Sylhet highway following the MoU signing between Director in charge of BRAC Road Safety Programme and Project Director, Road Rehabilitation and Maintenance Project of Roads and Highways Department, Ministry of Communications of the Government of Bangladesh. Project activities included formation of Community Road Safety Groups (CRSG), deployment of 117 Student Traffic Cadets (STC), providing road safety training to the students and teachers of 238 educational institutions, 24 local NGO executives, heavy vehicle drivers and rickshaw pullers. Two well researched training films and theatres were developed and used for the training of local road users. The campaign is continuing.

Creation of animated film and broadcasting on Bangladesh Television is an ongoing project. Animated film series of 4 episodes is being produced for road safety education. While Globekids Inc. is extending the technical expertise, fund has come from the World Bank under Road Rehabilitation and Maintenance Project of RHD, Ministry of Communications.

Action research project on community road safety education has been undertaken jointly with Transport Research Laboratory, UK. International Guidelines for Community Road Safety Education has been produced and launched in 2004 by TRU/DFID on the findings of the research project for implementation by the developing countries to improve road safety.

Road safety training for BRAC staff and network NGOs are continuing.

Vocational Training

BRAC Special Projects carried out a community-based skill training at Haragachha, Rangpur to generate alternative and health harmony employment of child labourers working in bidi making factories - a health hazardous occupation. Courses included tailoring, embroidery, stitching, etc. 287 boys and 816 girls aged between thirteen to seventeen years registered under various partner NGOs of the ILO's under USDOL Worst Forms of Child Labour Project underwent the training courses.

To meet the problem of retrenched garment workers in readymade garment sector in Bangladesh caused by global economic recession, BRAC piloted a project titled, Skill Training for Employment of Retrenched Garment Workers. Considering the experiences of BRAC, the Ministry of Commerce had approved another project in September 2004 to provide skill training to 24,150 retrenched garment workers in courses such as Jute and Paper Bag making, Embroidery etc.

Related Institutions

BRAC has been involved in a number of commercial ventures that provide socially useful services and are consistent with BRAC's twin goals of poverty alleviation and empowerment of the poor. Many of these organisations began as BRAC projects and ideas, and later evolved into independent companies with BRAC as a shareholder. Associate organisations include BRAC Industries Ltd. (Cold Storage), BRAC BID Mail Network Ltd., BRAC Services Ltd. (Hospitality), BRAC Concord Lands Ltd., Delta BRAC Housing Finance Corp., BRAC Tea Companies and Documenta TM Ltd. etc.

Aarong

Aarong was established in 1978 as a marketing arm of BRAC with the aim of providing a stable and gainful

source of employment for underprivileged rural artisans. Aarong means a village fair, and symbolises Aarong's commitment to promoting fairness in the global village. Aarong connects rural artisans to the end user through services such as design, quality control, warehousing, marketing and retailing. In order to encourage craftsmanship and empower the poor, Aarong offers artisans spot payment, skill development training, fair trade, working capital loans and various other benefits. Currently, Aarong provides services to more than 35,000 artisans, 85% of whom are women. Traditional and non-traditional crafts are made by rural women in Ayesha Abed Foundation training and production centres in Manikganj, Jamalpur, Sherpur, Jessore, Kushtia, Baniachang and Pabna areas, and then sold in Aarong outlets. Many independent cooperative groups or traditional family based artisans such as potters, brass workers, jewelers, jute workers, basket weavers, handloom weavers, and silk weavers also market their crafts through Aarong. Over the last 26 years, Aarong has become a brand that signifies quality, excellence and fair value. Aarong has strong export ties with the United Kingdom, France, Italy, Switzerland, Netherlands, Germany, Australia, New Zealand, Canada, United States, Japan and Malaysia. In the year 2004, the sales growth of Aarong is 16.91%, profit growth 19.54% and export sales growth 23.25%. The increasing funding through Aarong is helping to accelerate activities of BRAC's core development programmes.



BRAC Dairy and Food Project

Bangladesh produces milk for only 40% of the total demand. The country has to import milk, which involves substantial costs each year. To meet the increasing demand, BRAC's Rural Development Programme started a livestock programme in 1984. This programme soon observed that even though the programme increased milk production, the livestock rearers were not getting a fair price. Therefore, to ensure a fair price of milk for rural producers, BRAC established a dairy plant in 1998. Under this project 29 chilling plants were set up in different milk pockets of the country. 40,000 litres of milk are produced and distributed through the milk plant every day.

BRAC Bank

BRAC Bank, inaugurated on July 4, 2001, functions as a full-fledged commercial bank. It strives to promote broad-based participation in the Bangladesh economy by increasing access to economic opportunities for all individuals and businesses. There is a special focus on providing financial services to Small and Medium Enterprises (SME) who otherwise have no access to institutional credit. BRAC Bank works under the assumption that the pursuit of profit and development can be mutually reinforcing goals. Up to December 2004, BRAC Bank has been operating through 12 branches and around 250 unit offices all over Bangladesh.

BRAC University

BRAC University (BU) is another addition (April 2001) to the family of BRAC initiatives. Its mission is not only to impart knowledge, but also to act as a center of excellence in knowledge creation through research that connects with practice. This 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 BU is to provide high quality broad-based education for students to equip them with the skills and knowledge necessary for taking on the challenges of development, both in Bangladesh and beyond. At present more than 1,500 students are studying at BU to receive a Bachelor of Business Administration (BBA), Bachelor of Science (BS) in Computer Science, Bachelor of Social Science (BSS) in Economics, Bachelor of Arts (BA) in English, Bachelor of Architecture (B. Arch), Bachelor of

Law, and Bachelor of Development Studies. Under Postgraduate Programs, BU is offering three courses: Master of Business Administration (MBA), Master of Development Studies (MDS) and Diploma in Computer Science. Thirteen student clubs and forums are on offer, including Adolescent Empowerment Forum, Cultural Club, Drama & Theatre forum, Debating Club, Enterprise Development Forum, and Global Studies Forum. In 2004, BRAC University launched the Institute of Education and Development, and initiated the James P. Grant School of Public Health.



AFGHANISTAN

In May 2002, BRAC was registered as a Foreign NGO in Afghanistan, where it started working with support from concerned Ministries and a number of donor organisations. After more than two decades of war, political instability and periodic droughts, Afghanistan has suffered severe damages to its economic and social infrastructure. Its natural resources have been degraded and public institutions weakened. Out of solidarity towards the people of Afghanistan and as an organisation committed to fighting poverty, BRAC decided to take the learning it has acquired over three decades in poverty alleviation and come to the aid of the Afghan people. Based on its previous experience in Bangladesh after the Liberation War of 1971 BRAC believes that with its history in rebuilding a war-ravaged country, it can contribute significantly in assisting the Afghan people rebuild their country and subsequently improve their economic condition and quality of life. This programme has been supported by OXFAM America, Hong Kong, SIDA, NOVIB, World Bank, UNICEF, WFP, USAID (REACH), DFID and BRAC. With programmes in Education, Health, Micro finance, Enterprise Development, Capacity Development, and the National Solidarity Programme, BRAC operates to varying degrees of scope and intensity in 94 districts in 17 out of 34 provinces in Afghanistan.

Education Programme

Social unrest and conflict in Afghanistan has had a long-term impact on the education system. The present literacy rate in Afghanistan is low, and the country falls short of a large number of teachers, since many were misplaced during the war and many more migrated to neighboring countries. The objective of BRAC Afghanistan education programme is to increase enrollment of girls and to promote the retention of female teachers in the primary education sector. BRAC aims to strengthen linkages with the Ministry of Education (MoE) in Afghanistan, to increase collaboration in education related to teacher training, schools for female children, social mobilisation, the exchange of ideas and experiences in primary education, and to enhance the pedagogic efficiency of teachers.

BRAC Afghanistan Education programme has found that (1) a good number of small children cannot attend formal schools since they are situated too far away from their residence or cannot be reached easily due to topography, and (2) a significant number of young girls between the age of 11 – 15 years are out of reach of the formal education system because parents are frequently unwilling to send their daughters to distantly located schools alone. Therefore, it is important to give both children and young adults an opportunity to complete their basic education through an equivalency programme or a transitional programme, to catch up with their age group, and be mainstreamed into formal schools as much as possible. To fulfill this objective, the education programme is operating three types of one teacher, one-room schools in the communities.

The three-year course of NFPE (Non Formal Primary Education) schools is targeted to children 10-14 years old who have never been enrolled in any school or have dropped out of formal school. The Feeder Schools target young children between



5-6 years old to prepare them for entrance into the formal school system following completion of their BRAC course. Feeder schools cover a one-year primary education curriculum in one year. The BEOC (Basic Education for Older Children) schools are for young adults of 11-16 years. The students are expected to enroll in grade IV of formal school after completing 3 years of primary curriculum in 2 years at BEOC schools. The education programme is currently operating 83 schools, 24 of which are non-formal primary schools, 16 are BEOC schools, and 43 are feeder schools. The total enrollment in these schools is 2,753 students (94% girls). The Afghanistan national school curriculum is being taught in all BRAC operated schools in Afghanistan. BRAC has a plan for an expansion of its Community Based Schools to 5000 schools in next three years.

BRAC is participating in the Accelerated Learning Programme (ALP) in association with UNICEF Afghanistan. So far, BRAC has operated 1,311 classes with 45,885 students (37,174 female, and 8,711 male) in five provinces under the winter school programme and then operated another 765 classes with 26,061 students (20,987 girls) in three provinces under the summer school programme.

BRAC Afghanistan has been implementing Emergency Education Rehabilitation and Development Project (EERDP) in twenty districts under three provinces. The objective of the project is to encourage and facilitate

initiatives of communities and schools to increase the capacity of schools and to improve the quality of education, especially in under-served areas. A total of 452 schools (120 girls) were surveyed, of which 253 primary schools (93 girls), 120 secondary schools (21 girls), and 79 high schools (6 girls). A total number of 402 School Management Committees, 20 District Coordination Committees, and 30 Provincial Coordination Committees were formed through successful community mobilisation. To increase the enrollment of students especially girls, a total of 28 school buildings with 248 class rooms and 79 office rooms including toilet facilities have been constructed within this period. All classes and office rooms have been provided with required furniture. Besides, for safe water for the children 13 water points have been set up. 75 headmasters of different Primary schools have received training on School Management and Pedagogy, 20 head masters as Master Trainer received training on PRA course and 10 Head masters received training on Monitoring and Evaluation.

Health Programme

In Afghanistan people have very limited access to health care facilities. The rural Afghans have little knowledge of basic health issues, use of safe water for domestic sanitation and personal hygiene, and use of medicine. In an effort to improve the health, nutrition and reproductive health condition of the rural Afghan, the health programme provides an essential package of health services through (1) community based care, and (2) facility based care in collaboration with the public sector and other agencies in Afghanistan.

The community based Health Care project provides services to people's doorsteps through health volunteers in Parwan and Nangarhar province. The static/mobile clinics provide facility based care to the patients referred by the community health volunteers, local field workers and staff of other agencies. Female community health volunteers (CHV) implement health programme activities at the grassroots level. Each CHV is responsible for 150 to 200 households in her catchment area. A CHV visits 15-20 households daily. During these visits she provides basic curative care for common diseases, promotes and provides contraceptives, identifies pregnant women and provides support for pregnancy related care, mobilises children for immunisation and ensures Directly Observed Therapy (DOTS) for tuberculosis patients in TB affected

areas, provide health education, compile records on births, deaths and migration. Community health workers (CHW) are developed to support and supervise the health volunteers. Each CHW supervises the work of 10 health volunteers and visits 15 households a day. Under Community Based Health Care, BRAC is currently running 9 fixed clinics, 98 mobile clinics in 8 districts. Community based Health Project is integrated with Microfinance programme and beneficiaries can also take advantage of other BRAC development programmes.

BRAC Afghanistan has been operating Performance based Partnership Agreement (PPA) Projects in Balkh and Badghis province and USAID-REACH Project in Paghman district of Kabul province and providing health services through the Basic Package of Health Services (BPHS) guideline of the government. Thus, BRAC provides health services in five provinces covering 25 districts with 23 comprehensive health centres, 40 basic health centres and 4 districts hospitals. At the community level, a total of 1767 health posts are in operation through 2334 community health workers and 258 community health volunteers. In addition, 533 mobile clinics are held in a month.

A total of 631,490 patients were treated in 2004 and 20,654 children and 13583 women were immunised. Antenatal and postnatal services were made available through 31,473 visits. 24,636 couples received family planning methods. In addition to these services, behaviour change communication (BCC) forums were conducted at the village level with 19,377 participants. Flip charts and posters are used in the forums to identify community problems, explain the importance of health services, promote immunisation and family planning, and teach prevention of water-borne diseases.

A series of training programmes were conducted on HMIS, basic curative diseases, development management for health managers, technical training on EPI, technical training for Lab Technician and integrated management of childhood illness for capacity building of health professionals.

Moreover, BRAC Afghanistan signed a MoU with NIP/WHO for expansion of TB control programme in Balkh, Kabul and Badghis province. Accordingly BRAC will implement Directly Observed Therapy Short course (DOTS) in 11 districts from January 2005.



Micro-finance Programme

In Afghanistan, there are many women-headed families because a large number of men were killed during the wars or are working away from home. An opportunity to start an income generating activity or a chance to get a job gives these women the strength to survive and helps them maintain their families. They are able to buy food, clothing, send their children to school, and even save some amount for emergency purposes. The micro-finance programme offered by BRAC is an option to Afghan women who have the desire and ambition to start their own income-generating activities. Micro-finance serves as seed capital, allowing the poor Afghan women to begin and expand businesses. The programme also offers a saving facility as part of the micro-finance programme. The goal of BRAC micro-finance programme in Afghanistan is to extend support to alleviate poverty in the underdeveloped areas of Afghanistan that have no access to micro-finance services. These small loans have a remarkable impact on the lives of individual Afghan women at the grassroots level since their resultant income-generating capacity offers hope and opportunity for a better future. The programme follows the same criteria as BRAC Development Programme, but has been adapted to the Afghan context. With support from Micro-finance Investment & Support Facility, Afghanistan (MISFA), Ministry of Rural Rehabilitation and Development (MRRD), and World Bank, BRAC is implementing its micro-finance programme through 75 branch offices (48 districts) in 12 provinces, and has plans to extend its services to 150 branches (80 districts) in 20 provinces by March 2006. The micro-finance programme

has organised 72,583 VO members in 3,689 VOs. It has disbursed US\$ 7.2 million to 55,351 borrowers. The VO members have deposited US\$ 891,195 in savings. The average savings per member is US\$ 0.20 a week, and per member net savings is about US\$ 12.24.

Small Enterprise Programme (SEP)

The SEP loan aims to provide financial support to the 'missing middles' which belong neither to the target group of the standard micro finance programme, nor meet the necessary criteria to access support through formal financial institutions. The SEP loans support small businesses like bakeries, grocery stores, weaving businesses, stationary stores, cloth/clothing businesses, pharmacies, home appliance delivery stores and shoe-making factories. BRAC started providing small enterprise loans in July 2002. The loans vary from US\$ 300 to US\$ 750, but may go as high as US\$ 1,000. The loan procedures remain the same as those of the micro finance programme. As of December 2004, there are 221 SEP borrowers to whom US\$ 263,263 has been disbursed.

Agriculture Programme

The Afghan economy remains overwhelmingly rural and agricultural. 80-85% of the people depend upon natural resources for their livelihood. Recognising this dependence, BRAC started an agriculture programme in October 2003 in an effort to ensure the existence of economically viable activities from the agriculture sector and sustainable use of natural resources.

At present the agriculture programme is covering 19 districts of six provinces. Economically viable activities and sustainable use of natural resources has been considered during programme implementation. The programme includes the intervention of integrated pest management (IPM), wheat and maize demonstration plots for IPM, maize & wheat cultivation, Karez cleaning for irrigation, para-veterinarian development, layer and broiler chicken farming, horticulture nursery, kitchen gardening and livestock clinic. Six hundred and eighty four farmers have been trained on IPM, 624 farmers on maize cultivation, 200 farmers were demonstrated on wheat and maize cultivation and how to use IPM, 250 women on rearing, 249 women were trained on broiler farming, 200 women on kitchen gardening, 50 women on horticulture nursery, 53 para-veterinarian trained and 6 livestock clinics established.

National Solidarity Programme

BRAC has been working with the Ministry of Rural Rehabilitation and Development (MRRD) since August 2003 as one of the facilitating partners to run the National Solidarity Programme (NSP) in 20 districts of five provinces. The overall goal of the NSP is to reduce poverty through the empowerment of communities with regard to improved governance and social, human and economical capital.

NSP assists Afghan communities to identify, plan, manage and monitor their own reconstruction and community development projects. Strategies include the establishment of Community Development Councils (CDC) through secret ballot election, instituting a system of direct block grant transfers to support the rehabilitation/ development activities of CDCs, capacity building activities to enhance the competence of communities for financial assistance, and evaluating the programme outputs by them.

In 2004, BRAC established 941 CDCs through community participatory elections and plans to establish another 326 CDCs in 2005. BRAC has implemented 757 projects in the categories of reconstruction, rehabilitation and development intervention. These development projects basically include Karez cleaning, boring well, tube-well, road construction, bridge and culvert, canal for irrigation, protection and retaining wall, power supply, public bath, schools, income generation, etc. A total of \$32 million were allocated for the development of 1267 communities and of which BRAC spent \$10 million in its 941 communities for community development in 2004 and the remaining allocation will be spent by September 2005.

Demobilisation and Reintegration Project

One of the most common practices in the 23-year Afghanistan armed conflict is the participation of child soldiers. To facilitate the transition back to civilian life of 1500 child soldiers and war-affected youth boys and girls, BRAC follows a process of identification, community sensitisation, documentation, medical screening, training, and job placement. The project, supported by UNICEF, operates in 4 districts in Bamyan province.

Women Training and Production Centre

The Women's Training and Production Centre (WTPC) project is supported by the Ministry of Women's Affairs, UNICEF, and the World Food Programme (WFP). It aims to increase Afghan women's involvement in livelihood projects through the provision of capacity building initiatives and direct access to income generating activities. BRAC established 3 centres in Kabul City and selected 220 women based on the criteria of vulnerability, aged 25-45, widowed, and without a family income source. The women were trained on sewing and tailoring for three months, and produced 57,000 multipurpose bags in three centres. Of the total production, some were sold to UNICEF for the school projects and the remaining was sold to available markets. WFP is providing assistance to the project and supplying food (wheat, pulse and vegetable oil) to the women.

Capacity Building

In June 2003 BRAC established a residential training centre with 50 residential facilities in Kabul City and it has extended its residential capacity to 150 in 2004. Another 25 seated residential training centres have been established in Mazar-e-Sharif. The goal is to improve management competencies and fulfill the capacity development needs of BRAC programme professionals and other development practitioners, and to enhance the human and operational skills of the Afghan programme participants. BRAC Afghanistan's training courses are of the highest quality. They integrate concept and practice, ensure a participatory approach to learning, and adapt new training technology. The centre conducts both residential and field based trainings.

There are four faculties, namely development management, finance and accounts, education and gender and health and development. There are a total of 43 faculty members (8 females), of which 19 are Bangladeshi and 24 are Afghans. BRAC offered a total of 181 training courses in 48 categories of training with 3,581 participants (33% females), of which BRAC participants were 1,901 and 1,680 participants were from different NGOs and government personnel. The course mainly includes NGO management, development management, gender awareness and analysis, workshop on training needs assessment of Afghan NGOs, communication and community mobilisation, micro



finance management, basic accounting, effective office management, training of trainers, basic curative health services, financial resource management, approach to rural development, monitoring and evaluation, supportive school supervision and other different workshops of NGOs and different ministries. Moreover, two 5-month long certificate programmes on Managing Rural Development were offered in Bangladesh to 43 provincial directors and head of departments of the Ministry of Rural Rehabilitation and Development and 25 personnel of the Ministry of Agriculture and Livestock and Ministry of Irrigation of Islamic Republic of Afghanistan.

G O V E R N A N C E

Governing Body

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

- Chairperson

Fazla Hasan Abed, Chief Executive Officer

- Members

Syed Humayun Kabir, Chairman, Renata Limited

Taherunessa Abdullah, Social Scientist, Gender Specialist

Kazi Aminul Huque, Partner, Rahman Rahman Huq & Co., Chartered Accountant

Debapriya Bhattacharyya, Executive Director, Centre for Policy Dialogue

Rokia Afzal Rahman, Industrialist

Latifur Rahman, Industrialist

Ainun Nishat, Country Representative, IUCN, Bangladesh

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

Four meetings of the Governing Body and an Annual General Meeting of the General Body were held in 2004.

Audit Committee

- Chair

S. K. Sarkar, Director, Monitoring and Internal Audit

- Members

Dr. Md Golam Samdani Fakir, Director, Training Division

Ahmed Nazmul Hussain, Director, Administration & Special Projects

Meeting and Attendance

Four meetings of the Audit Committee were held in 2004. All members attended.

Ombudsperson

With Mr. Manzoorul Karim as the first Ombudsperson appointed on September 1, 2004, BRAC has established the office of the Ombudsperson with a comprehensive mandate to investigate any incident of maladministration and misuse of power within BRAC. This will include grievances, such as corruption, abuse of power or discretion, negligence, oppression, nepotism, rudeness, arbitrariness, unfairness and discrimination especially in the context of gender. To read the policy statement and terms of reference in relation to the functions of the Ombudsperson please visit www.brac.net/ombudsperson

Delegation of Authority

Clear-cut policy regarding authority of each level of staff has been laid down. The staff are empowered to take decisions 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, Inventory Monitoring and Financial Monitoring Section are working in this regard.

Internal Audit Department consists of 117 Audit Staff. 100% audits are conducted where irregularities are detected in course of normal internal audit, which is on a sample basis. The frequency of audit in each of the Area Offices, Head Office and Commercial Projects is at least once a year but two or more audits are conducted in a year at locations and programmes that warrant a close watch. In 2004, a system of continuous audit, whereby all financial transactions at BRAC Head Office are checked within a week, and risk based auditing has been introduced. Internal audit, during 2004, was conducted in 2,915 locations and 26 reviews undertaken. These reviews were discussed in review meetings and corrective measures were taken. Quarterly reports are prepared on unsettled irregularities of the review meeting decisions and submitted to the audit committee.

Inventory & Internal Financial Monitoring Section consists of 14 staff, periodically monitoring on inventory and internal financial control at BRAC Head Office and projects. The total number of inventory monitoring spots/areas was 68 and the figure for financial control was 13 in 2004.

Accountability and Transparency

Audit reports for all projects, along with FD-4 certified by the Auditors, were submitted to the NGO Affairs Bureau, Prime Minister's Office. A total of 31 external auditing missions, from 6 audit firms, reported on different BRAC programmes in 2004.

External Audit Groups

| | |
|-------------------------|-----------------------|
| Ernst & Young, Malaysia | Aziz Halim Anwar & Co |
| SF Ahmed & Co | Ahmed Ahmed & Co |
| JR Chowdhury & Co | SK Barua & Co |

BRAC has two Donors Consortia for the BRAC Education Programme and for the Challenging the Frontiers of Poverty Reduction programme. These two programmes account for a large part of total donor finance to BRAC. The consortia conducted their own audits and external reviews and met twice in 2004 to discuss findings. The Consortia donors are the European Commission, Department for International Development (UK), DGIS (the Netherlands), CIDA (Canada), NOVIB (the Netherlands), NORAD (Norway) and World Food Programme (WFP).

BRAC Finance & Accounts Division has won the World Bank 2004 *CGAP Financial Transparency Award*.

Contribution of BRAC to Government Exchequer

| Income Year | 2004 Taka | 2003 Taka |
|--|--------------------|-------------------|
| Income Tax deduction at source by third parties | 14,581,993 | 10,091,431 |
| Tax deduction at source from third parties | 27,408,997 | 15,556,321 |
| Income Tax deduction at source from staff salary | 3,200,000 | 3,199,118 |
| VAT collection from customers | 38,391,301 | 29,570,835 |
| Import Duty paid | 55,050,257 | 16,025,053 |
| Total | 138,632,548 | 74,453,758 |

MANAGEMENT

Fazle Hasan Abed, *Chief Executive Officer*

Faruq A. Choudhury, *Adviser*

Abdul-Muyeed Chowdhury, *Executive Director*

Aminul Alam, *Deputy Executive Director*

Dr. AMR Chowdhury, *Deputy Executive Director*

Manzoor Hasan, *Deputy Executive Director*

Muazzem Hasan, *Director BRAC Printers*

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

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

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

Ahmed Najmul Hussain, *Director Administration & Special Projects*

Faruque Ahmed, *Director Health & Nutrition Programme*

Syeda Sarwal Abed, *Director Aarong*

Dr. Manzoor Ahmed, *Project Director, Institute of Education & Development*

Afsan Chowdhury, *Director Human Rights & Advocacy*

Saieed Bakht Mozumder, *Director Tea Estate*

Dr. Imran Mallin, *Director Research & Evaluation Division*

Sheepa Hafiza, *Director Human Resource Division*

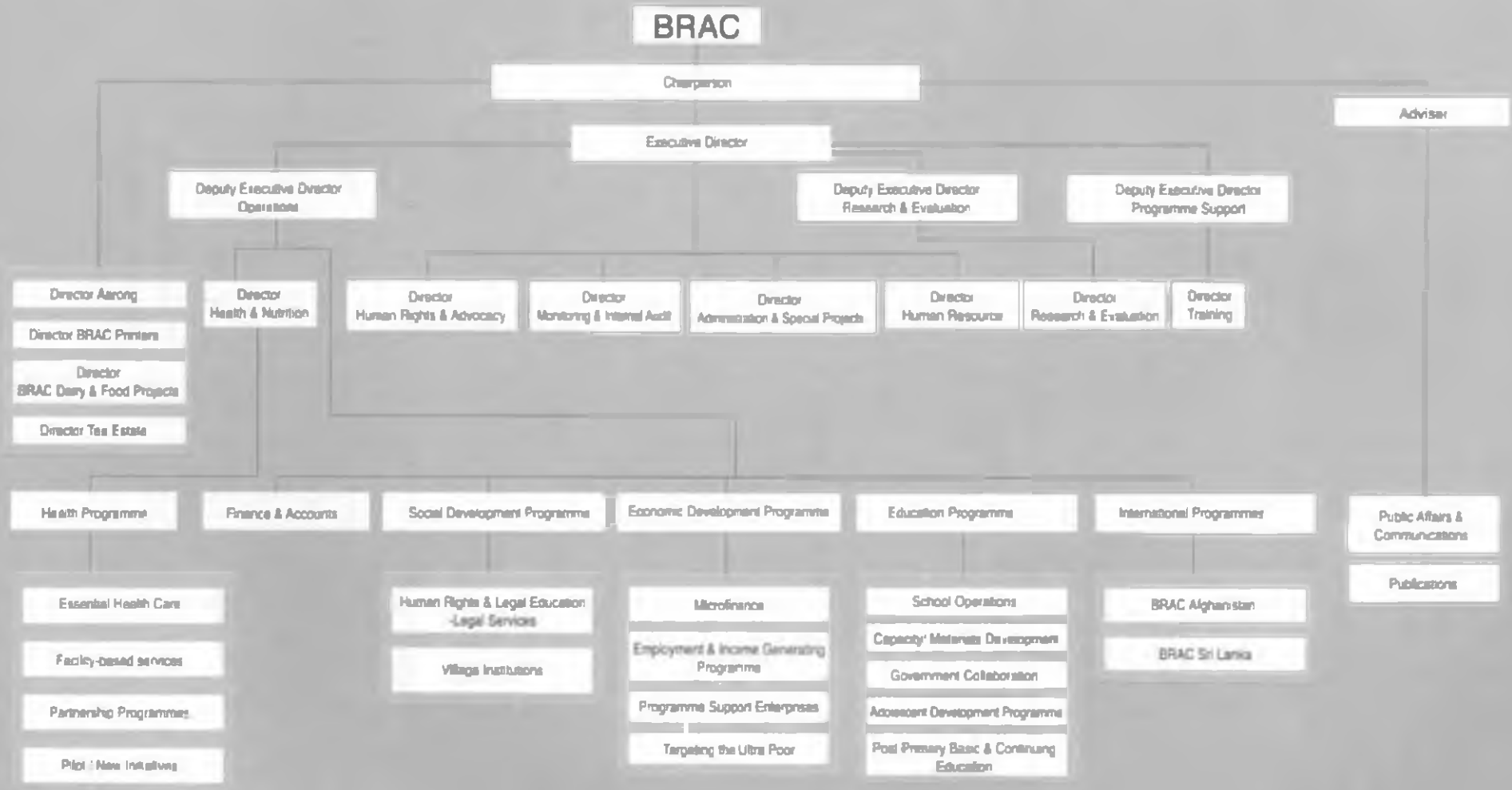
Mehtabuddin Ahmed, *Head of Security, Estates & Maintenance*

Shabbir Ahmed Chowdhury, *Programme Head, Micro finance*

Dr. Safiqul Islam, *Programme Head, BRAC Education*

S. N. Kairy, *Head of Finance*

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



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INDEPENDENT AUDITORS' REPORT


To The Governing Body of BRAC

We have audited the accompanying Balance Sheet of BRAC (registered in Bangladesh as a society under the Societies Registration Act 1860 and operating as a non-government development organisation) as of December 31, 2004 and the related Statements of Income and Expenditure and Cash Flows for the year then ended. These financial statements, which are set out on pages 1 to 37, are the responsibility of BRAC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

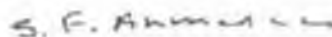
We conducted our audit in accordance with auditing standards adopted in Bangladesh. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence 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.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Clause 37 of the Rules and Regulations of BRAC and for no other purpose. We do not assume responsibility to any other person for the content of this report

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRAC as of December 31, 2004 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
31 March, 2005

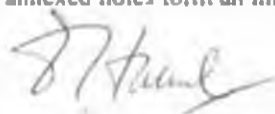


S. F. AHMED & CO
Chartered Accountants
Dhaka, Bangladesh

BRAC
 (Registered in Bangladesh under the Societies Registration Act, 1860)
Balance Sheet
 as at December 31, 2004

| | Notes | 2004 Taka | 2003 Taka |
|---|-------|-----------------------|-----------------------|
| ASSETS | | | |
| Property, plant and equipment | 3 | 4,077,284,843 | 3,715,718,935 |
| Investment in related undertakings | 4 | 991,808,643 | 887,104,181 |
| Investment in securities and others | 5 | 210,593,765 | 430,906,861 |
| Loans to Village Organisation members | 6 | 13,374,678,938 | 10,855,808,970 |
| Motor cycle loans | | 316,313,194 | 245,084,529 |
| Inventories | 7 | 1,053,995,636 | 968,960,304 |
| Grants and accounts receivable | 8 | 1,068,207,404 | 686,777,380 |
| Advances, deposits and prepayments | 9 | 682,426,064 | 582,859,158 |
| Fixed deposits | 10 | 3,560,872,504 | 1,964,259,588 |
| Cash in hand and at banks | 11 | 626,009,950 | 457,267,909 |
| TOTAL ASSETS | | 25,962,190,941 | 20,794,747,815 |
| LIABILITIES AND NET ASSETS | | | |
| Liabilities: | | | |
| Deferred income | 12 | 433,928,776 | 431,315,162 |
| Term loans | 13 | 5,914,074,360 | 4,149,157,346 |
| VO members' savings deposits | 14 | 7,657,087,732 | 6,285,938,837 |
| Other long term liabilities | 15 | 1,692,213,337 | 1,410,411,324 |
| VO members' project and current account | | 32,088,660 | 31,551,382 |
| Grants received in advance account | 16 | 939,856,649 | 350,232,107 |
| Other current liabilities | 17 | 698,946,885 | 689,335,936 |
| Provision for taxation | | 31,741,030 | 31,741,030 |
| Bank overdraft | 18 | 713,349,797 | 506,164,508 |
| Total liabilities | | 18,113,287,226 | 13,885,847,632 |
| Net Assets: | | | |
| Capital fund | | | |
| - unrestricted | | 7,692,206,910 | 6,775,001,652 |
| - temporarily restricted | | 156,696,805 | 133,898,531 |
| | | 7,848,903,715 | 6,908,900,183 |
| TOTAL LIABILITIES AND NET ASSETS | | 25,962,190,941 | 20,794,747,815 |

The annexed notes form an integral part of these statements



Chairperson, Governing Body
 BRAC
 Dhaka, March 31, 2005

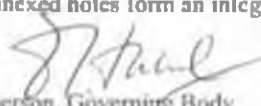


Executive Director
 BRAC

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

| | Notes | Unrestricted Taka | Temporarily Restricted Taka | Total 2004 Taka |
|--|-------|----------------------|-----------------------------------|-----------------------|
| Income | | | | |
| Donor grants | 19 | 46,077,062 | 3,392,191,154 | 3,438,268,216 |
| Revenue from: | | | | |
| - Commercial projects | | 1,585,219,547 | - | 1,585,219,547 |
| - Programme support enterprises | | 2,336,960,301 | - | 2,336,960,301 |
| Service charge on loans to VO members | | 3,610,151,992 | - | 3,610,151,992 |
| Investment income | 20 | 366,018,502 | 4,682,559 | 370,701,061 |
| Other income | 21 | 87,049,546 | 5,687,343 | 92,736,889 |
| Rental income from House property | | 87,978,674 | - | 87,978,674 |
| Total income | | 8,119,455,624 | 3,402,561,056 | 11,522,016,680 |
| Expenditure | | | | |
| Commercial Projects | | 1,429,166,640 | - | 1,429,166,640 |
| Program Support Enterprises | | 2,343,264,970 | - | 2,343,264,970 |
| House property related expenses | | 58,978,742 | - | 58,978,742 |
| Education Programme | | 27,223,673 | 1,881,208,298 | 1,908,431,971 |
| Challenging the Frontiers of Poverty Reduction Programme | | 60,000,000 | 517,756,135 | 577,756,135 |
| Nutrition Programme | | 1,317,340 | 486,394,379 | 487,711,719 |
| Health and Population Programme | | 3,350,896 | 162,122,936 | 165,473,832 |
| Micro Finance Programme | | 3,181,541,076 | 277,325 | 3,181,818,401 |
| Relief and Rehabilitation | | 31,672,779 | 153,974,020 | 185,646,799 |
| Poultry Extension Programme | | 2,315,430 | 76,479,204 | 78,794,634 |
| Fisheries Extension Programme | | 2,980,369 | 28,583,082 | 31,563,451 |
| Agriculture Extension Programme | | 2,595,971 | 48,083,867 | 50,679,838 |
| Sericulture and Silk Development Programme | | 2,970,314 | - | 2,970,314 |
| Training, Workshops and Seminars | | 54,872,166 | - | 54,872,166 |
| Research, Monitoring and Evaluation | | - | 24,883,536 | 24,883,536 |
| Total expenses | | 7,202,250,366 | 3,379,762,782 | 10,582,013,148 |
| Surplus of income over expenditure before taxation | | 917,205,258 | 22,798,274 | 940,003,532 |
| Taxation | 22 | - | - | - |
| Net surplus for the year | | 917,205,258 | 22,798,274 | 940,003,532 |

The annexed notes form an integral part of these statements.


Chairperson, Governing Body
BRAC
Dhaka, March 31, 2005


Executive Director
BRAC

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
for the year ended December 31, 2003

| | Notes | Unrestricted Taka | Temporarily Restricted Taka | Total 2003 Taka |
|--|-------|----------------------|-----------------------------------|-----------------------|
| Income | | | | |
| Donor grants | 19 | 48,359,951 | 2,244,965,879 | 2,293,325,830 |
| Revenue from: | | | | |
| - Commercial projects | | 1,505,708,077 | - | 1,505,708,077 |
| - Programme support enterprises | | 2,251,326,409 | - | 2,251,326,409 |
| Service charge on loans to VC members | | 2,882,472,913 | - | 2,882,472,913 |
| Investment income | 20 | 211,644,576 | 4,868,164 | 216,512,740 |
| Other income | 21 | 75,396,123 | 33,803,054 | 109,199,177 |
| Rental income from House property | | 88,472,321 | - | 88,472,321 |
| Total income | | 7,063,380,370 | 2,283,637,097 | 9,347,017,467 |
| Expenditure | | | | |
| Commercial Projects | | 1,340,268,713 | - | 1,340,268,713 |
| Program Support Enterprises | | 2,205,080,068 | - | 2,205,080,068 |
| House property related expenses | | 72,459,403 | - | 72,459,403 |
| Education Programme | | 24,401,465 | 1,599,983,844 | 1,624,385,309 |
| Challenging the Frontiers of Poverty Reduction Programme | | 45,000,000 | 390,481,618 | 435,481,618 |
| Nutrition Programme | | - | 113,470,763 | 113,470,763 |
| Health and Population Programme | | 69,819,009 | 64,475,897 | 134,294,906 |
| Micro Finance Programme | | 2,371,523,988 | 346,000 | 2,371,869,988 |
| Poultry Extension Programme | | 64,370,687 | 43,402,494 | 107,773,181 |
| Fisheries Extension Programme | | 24,898,805 | 20,771,436 | 45,670,241 |
| Agriculture Extension Programme | | 41,449,633 | 13,554,964 | 55,004,597 |
| Sericulture and Silk Development Programme | | 24,802,092 | - | 24,802,092 |
| Rural Enterprise Development Programme | | 23,027,654 | - | 23,027,654 |
| Training, Workshops and Seminars | | 37,869,218 | 4,287,290 | 42,156,508 |
| Grant to BRAC Afghanistan | | 5,508,710 | - | 5,508,710 |
| Research, Monitoring and Evaluation | | - | 21,294,118 | 21,294,118 |
| Total expenses | | 6,350,479,445 | 2,272,068,424 | 8,622,547,869 |
| Surplus of income over expenditure before taxation | | 712,900,925 | 11,568,673 | 724,469,598 |
| Taxation | 22 | - | - | - |
| Net surplus for the year | | 712,900,925 | 11,568,673 | 724,469,598 |

The annexed notes form an integral part of these statements.

BRAC
 (Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Changes in Net Assets
 for the year ended December 31, 2004

| Note | Capital Fund | | Total Net assets Taka |
|---|----------------------|--------------------------------|--------------------------|
| | Unrestricted Taka | Temporarily restricted Taka | |
| At 1 January 2003 | 6,060,360,457 | 124,070,128 | 6,184,430,585 |
| Transfer following expiry of programmes | 1,740,270 | (1,740,270) | - |
| Net surplus for the year | 712,900,925 | 11,568,673 | 724,469,598 |
| At 31 December 2003 | 6,775,001,652 | 133,898,531 | 6,908,900,183 |
| At 1 January 2004 | 6,775,001,652 | 133,898,531 | 6,908,900,183 |
| Net surplus for the year | 917,205,258 | 22,798,274 | 940,003,532 |
| At 31 December 2004 | 7,692,206,910 | 156,696,805 | 7,848,903,715 |

The annexed notes form an integral part of these statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Cash Flows
for the year ended December 31, 2004

| | Note | 2004 Taka | 2003 Taka |
|--|------|-----------------|-----------------|
| Cash flows from operating activities: | | | |
| Surplus of income over expenditure before taxation | | 940,003,532 | 724,469,598 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | | |
| Loan loss provision | | 718,246,273 | 367,823,502 |
| Depreciation | | 237,561,677 | 232,856,489 |
| Gain on disposal of property, plant and equipment | | (28,200,866) | (7,333,872) |
| Loss on dilution/(gain) on disposal of related undertakings | | 6,531,087 | (7,735,190) |
| Share of results in related undertakings during the year | | (78,290,542) | (23,137,202) |
| Provision for doubtful debts | | 2,571,724 | - |
| Provision for impairment in value of investment in related undertakings | | (1,094,250) | 6,055,995 |
| Donor grants - amortisation of investment in property, plant and equipment | | (49,468,172) | (48,459,166) |
| Donor grants - amortisation of motorcycle replacement funds | | (9,240,432) | (4,271,864) |
| Service charge on loans to VO members | | (3,610,151,992) | (2,838,603,785) |
| Interest on fixed deposits and bank accounts | | (252,369,021) | (123,142,133) |
| Interest on VO members saving deposits | | 356,527,402 | 280,368,425 |
| Interest on long term loans and overdraft facilities | | 438,318,703 | 303,080,320 |
| Adjustments for other accounts: | | | |
| Increase in service charge outstanding on loans to VO members | | (26,187,045) | (35,079,722) |
| Increase in inventories | | (85,035,332) | (177,785,470) |
| (Increase)/decrease in advances, deposits and prepayments | | (99,566,906) | 17,146,466 |
| (Increase)/decrease in accounts receivable, net | | (66,963,850) | 107,185,069 |
| Increase in other current liabilities | | 9,610,945 | 81,949,556 |
| Increase in other long term liabilities | | 281,802,013 | 178,710,508 |
| Increase in deferred income | | 61,322,218 | 6,866,441 |
| Increase in motorcycle loans | | (71,228,668) | (30,478,196) |
| Net cash used in operating activities | | (1,325,301,502) | (989,514,231) |
| Cash flows from investing activities: | | | |
| Increase in loans to VO members | | (3,210,929,196) | (2,589,520,280) |
| Service charge received on loans to VO members | | 3,610,151,992 | 2,838,603,785 |
| Interest received on fixed deposits and bank accounts | | 252,369,021 | 123,142,133 |
| Interest paid on VO members saving deposits | | (356,527,402) | (280,368,425) |
| Interest paid on long term loans and overdraft facilities | | (438,318,703) | (303,080,320) |
| Purchase of property, plant and equipment | | (622,450,181) | (253,314,660) |
| Proceeds from disposal of property, plant and equipment | | 51,523,462 | 61,632,814 |
| Proceeds from disposal of related undertakings | | - | 40,000,000 |
| (Increase)/decrease in fixed deposits pledged with financial institutions | | (1,944,769,859) | 37,582,899 |
| Increase in investments in related undertakings | | (45,419,958) | (449,777,016) |
| Dividends received from related undertakings | | 13,569,204 | 14,999,941 |
| Realisation of/(increase in) investment in securities and others | | 220,313,096 | (16,432,008) |
| Net cash used in investing activities | | (2,470,488,524) | (876,531,137) |

BRAC
 (Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Cash Flows
 for the year ended December 31, 2004

| Note | 2004 Taka | 2003 Taka |
|--|-----------------|-----------------|
| Cash flows from operating activities: | | |
| Surplus of income over expenditure before taxation | 940,903,532 | 724,469,598 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Loan loss provision | 718,246,273 | 367,823,502 |
| Depreciation | 237,561,677 | 232,856,489 |
| Gain on disposal of property, plant and equipment | (28,200,866) | (7,333,872) |
| Loss on dilution/(gain) on disposal of related undertakings | 6,531,087 | (7,735,190) |
| Share of results in related undertakings during the year | (78,290,542) | (23,137,202) |
| Provision for doubtful debts | 2,571,724 | - |
| Provision for impairment in value of investment in related undertakings | (1,394,250) | 6,055,995 |
| Donor grants - amortisation of investment in property, plant and equipment | (49,468,172) | (48,459,166) |
| Donor grants - amortisation of motorcycle replacement funds | (9,240,432) | (4,271,864) |
| Service charge on loans to VO members | (3,610,151,992) | (2,838,603,785) |
| Interest on fixed deposits and bank accounts | (252,369,021) | (123,142,133) |
| Interest on VO members saving deposits | 356,527,402 | 280,368,425 |
| Interest on long term loans and overdraft facilities | 438,318,703 | 303,080,320 |
| Adjustments for other accounts | | |
| Increase in service charge outstanding on loans to VO members | (26,187,045) | (35,079,722) |
| Increase in inventories | (85,035,332) | (177,785,470) |
| (Increase)/decrease in advances, deposits and prepayments | (99,566,906) | 17,146,466 |
| (Increase)/decrease in accounts receivable, net | (66,963,850) | 107,185,069 |
| Increase in other current liabilities | 9,510,945 | 81,949,556 |
| Increase in other long term liabilities | 281,802,013 | 178,710,508 |
| Increase in deferred income | 61,322,218 | 6,866,441 |
| Increase in motorcycle loans | (71,228,668) | (30,478,196) |
| Net cash used in operating activities | (1,325,301,502) | (989,514,231) |
| Cash flows from investing activities: | | |
| Increase in loans to VO members | (3,210,329,196) | (2,589,520,280) |
| Service charge received on loans to VO members | 3,610,151,992 | 2,838,603,785 |
| Interest received on fixed deposits and bank accounts | 252,369,021 | 123,142,133 |
| Interest paid on VO members saving deposits | (356,527,402) | (280,368,425) |
| Interest paid on long term loans and overdraft facilities | (438,318,703) | (303,080,320) |
| Purchase of property, plant and equipment | (622,450,181) | (253,314,660) |
| Proceeds from disposal of property, plant and equipment | 51,523,462 | 61,632,814 |
| Proceeds from disposal of related undertakings | - | 40,000,000 |
| (Increase)/decrease in fixed deposits pledged with financial institutions | (1,944,769,859) | 37,582,899 |
| Increase in investments in related undertakings | (45,419,958) | (449,777,016) |
| Dividends received from related undertakings | 13,569,204 | 14,999,941 |
| Realisation of/(increase in) investment in securities and others | 220,313,096 | 116,432,008 |
| Net cash used in investing activities | (2,470,488,524) | (876,531,137) |

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Cash Flows
for the year ended December 31, 2004

| | Note | 2004 Taka | 2003 Taka |
|--|-----------|----------------------|----------------------|
| Cash flows from financing activities: | | | |
| Grants received during the year | | 3,713,468,474 | 2,682,663,640 |
| Grants utilised during the year for: | | | |
| - operational expenditure & micro-finance | | (3,379,559,608) | (2,240,594,800) |
| - investment in property, plant and equipment | | (29,161,061) | (2,925,941) |
| - motorcycle replacement funds | | (32,161,157) | (3,940,500) |
| Increase in term loans | | 1,764,917,014 | 423,409,986 |
| Increase in VO members savings deposits | | 1,371,148,895 | 1,301,981,869 |
| Increase/(decrease) in VO members project and current accounts | | 537,278 | (9,337,142) |
| Net cash provided by financing activities | | 3,409,189,835 | 2,151,257,112 |
| Net (decrease)/increase in cash and cash equivalents | | (386,600,191) | 285,211,744 |
| Cash and cash equivalents, beginning of the year | | 688,968,928 | 403,757,184 |
| Cash and cash equivalents, end of the year | 11 | 302,368,737 | 688,968,928 |

The annexed notes form an integral part of these statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Notes to Financial Statements
December 31, 2004

1. Introduction:

BRAC, a national private development organisation, was formed in 1972 under the Societies Registration Act 1860. Although it was first set up to resettle refugees in post-war Bangladesh, BRAC later redesigned its strategies in accordance with its philosophy of poverty alleviation and empowerment of the poor. At present, BRAC has a large number of development programs that cover the areas of health, education, credit, employment and training for the poor people of Bangladesh. BRAC carries out licensed banking activities through the BRAC Bank Ltd and also earns from various income generating projects such as Aarong Rural Craft Centre, BRAC Printers and BRAC Dairy and Food project, BRAC Tea Estates, and various programme support enterprises such as poultry farms, feedmills, seedmills and prawn hatcheries.

2. Summary of Significant Accounting Policies:

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

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

2.1 Basis of preparation of financial statements

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

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

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

BRAC's accounting records and financial statements are maintained and presented in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and internal reporting into funds established according to their nature and purposes based on the existence or absence of donor-imposed restrictions.

2. Summary of Significant Accounting Policies (contd.)

2.1 Basis of preparation of financial statements (contd.)

In the combined financial statements, funds have been classified within either of two net asset categories - temporarily restricted and unrestricted. Accordingly, the net assets of BRAC and changes therein are classified and reported as follows:

- **Temporarily restricted net assets** - Net assets subject to donor-imposed restrictions that permit BRAC to use or expend the assets as specified. The restrictions are satisfied either by the passage of time and/or by actions of BRAC. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, any balances of temporarily restricted net assets are either returned to donors in accordance with donor agreements or utilized consequent to donor and management agreements on a temporarily restricted or unrestricted basis.

In cases where restrictions expire, it is BRAC's policy to effect the reclassification of assets from temporarily restricted net assets to unrestricted net assets via transfers within the balance sheet.

- **Unrestricted net assets** - Net assets that are not subject to any donor-imposed restrictions or which arise from internally funded activities. This category of net assets includes amongst others, amounts designated by BRAC for commercial activities, programme support enterprises and micro-financing activities.

2.2 Non-consolidation

BRAC, being a society registered under the Societies Registration Act, 1860 is not subject to any requirement on the preparation of consolidated financial statements. Accordingly, BRAC's investments in related undertakings wherein the effective equity interests are more than 50% are accounted for by the equity method as explained in Note 2.11, together with related undertakings in which the effective equity interests are between 20% and 50%.

2.3 Donor Grants

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

All donor grants received are initially recorded at fair value as liabilities in Grants Received in Advance Account. For grants utilized to purchase fixed assets and motorcycles, the donor grants are transferred to deferred income accounts whilst for grants utilized to reimburse programme-related expenditure, the amounts are recognized as income. Donor grants received in-kind, through the provision of gifts and/or services, are recorded at fair value (excluding situations when BRAC may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants). Income recognition of such grants follows that of cash-based donor grants and would thus depend on whether the grants are to be utilized for the purchase of fixed assets or expended as programme-related expenditure.

2. Summary of Significant Accounting Policies (contd.)

2.3 Donor Grants (contd.)

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

For ongoing projects and programmes, any expenditure yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as grant receivable.

2.4 Revenue Recognition

Commercial projects - Aarong Rural Craft Centre, BRAC Printers and BRAC Dairy and Food Project.
Programme Support Enterprises - mainly comprising poultry farms, feedmills, seedmills, prawn hatcheries

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

Service charge on loans to VO members

Service charges on loans to VO members are recognized on an accrual basis as income. The recognition of service charge ceases when a loan is transferred to non-interest bearing loan as described in Note 2.9. Service charge is included in income thereafter only when its receipt becomes probable, generally when it is realized. Loans are returned to the accrual basis only when the full amounts of the outstanding arrears of loans are received and future collectibility is reasonably assured.

Interest on bank accounts, fixed deposits, PSPs and debentures

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

Other income

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

2.5 Expenses

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

2. Summary of Significant Accounting Policies (contd.)

2.6 Property, plant and equipment

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

| <u>Item</u> | <u>Annual Depreciation Rate (%)</u> |
|------------------------------|-------------------------------------|
| Buildings | 2.5 - 4 |
| Furniture & Fixtures | 10-20 |
| Equipment | 15-33.3 |
| Vehicles | 20 |
| Bicycles | 20 |
| Machinery | 20 |
| Deep tube wells and tanks | 20 |
| Hatcheries | 20 |
| Motorcycles | 20 |
| Camp/Poultry/Livestock sheds | 20 |
| Crates/Mannequins/Samples | 33.33 |

No depreciation is charged on freehold land and construction work-in-progress

2.7 Loans to VO Members

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

2.8 Provision for Loan Losses

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

| Loan Classification | Days in Arrears | Provision required |
|---------------------|----------------------|--------------------|
| Standard | Current (no arrears) | 2% |
| Watchlist | 1 - 30 | 5% |
| Substandard | 31 - 180 | 20% |
| Doubtful | 181 - 350 | 75% |
| Loss | Over 350 | 100% |

2. Summary of Significant Accounting Policies (contd.)

2.8 Provision for Loan Losses (cont'd)

The following additional provisions have been made in 2004 to take account of the possible effects of widespread devastating floods during the year:

- Additional 1% in respect of loans classified as "Standard"
- A general provision of 1% of loan amounts disbursed during the year.

2.9 Loans written off

Loans within their maturity period are classified as "Current loans". Loans which remain outstanding after one month of their maturity period are considered as "Late loans". Late loans which remain unpaid after one year is classified as "Non- Interest Bearing Loan"(NIBL). The total amount of NIBL, which are considered bad and have no possibility of recovery, is referred to the Governing Body of BRAC for approval of write off, generally within one year from the date when a loan is transferred to NIBL. Generally loans are written off twice a year i.e. July and December. Any collections realised from loans previously written off are credited to the statement of income and expenditure.

2.10 Provision for Liabilities

Provisions for liabilities are recognised when BRAC has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2.11 Investments in Related Undertakings

Related undertakings refer to separately-established undertakings in which BRAC has effective equity interests of more than 20%. Details of these undertakings are disclosed in Note 4.

BRAC's investments in these undertakings are accounted for by the equity method whereby the investments are initially recorded at cost and subsequently adjusted to reflect BRAC's share of results for each period added to or deducted from the respective investment costs, from the dates of their acquisition and to the dates of their disposal. Provision is also made for any impairment if the carrying amount of an investment exceeds its recoverable amount.

2. Summary of Significant Accounting Policies (contd.)

2.12 Investment in Securities and Others

All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments in shares of listed companies are subsequently measured at fair value, with unrealized gains or losses recognized in the statement of income and expenditure. Fair value is generally determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date, adjusted for transaction costs necessary to realize the asset.

Other long-term investments which are intended to be held to maturity, such as debentures and private debt securities, are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortized cost apart from the amortization process which is dealt with through the statement of income and expenditure, any gain or loss is recognized in the statement of income and expenditure when the investment is disposed of or suffers a permanent diminution in value.

2.13 Accounts Receivable

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

2.14 Inventories

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

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

2.15 Motorcycle Replacement Fund

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

2.16 Foreign Currency Translations

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

2. Summary of Significant Accounting Policies (contd.)

2.16 Foreign Currency Translations (contd.)

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

| | 2004 Taka | 2003 Taka |
|----------------------|--------------|--------------|
| United States Dollar | 59.10 | 58.90 |
| Euro | 79.68 | 71.66 |
| Great Britain Pound | 112.73 | 101.16 |
| Pakistani Rupees | 1.02 | 1.03 |
| Indian Rupees | 1.26 | 1.29 |

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2.17 Self - Insurance Funds

BRAC has created a self-insurance fund to cover the risks of cyclone and fire on its properties and motorcycles. This self-insurance fund is based on estimates by the Governing Body, and as from 2001 by reference to external actuarial valuations. It is held as a provision within 'Other long term liabilities' (Note 15) and is not externally funded.

BRAC also sets aside monthly amounts equivalent to 3% of the basic salary of employees, to constitute the group self-insurance fund. This fund is to cover liabilities arising out of death and other permanent injuries suffered by the employees. The terms of employment provide for payment in the event of death or permanent injury, of amounts ranging from 12 months' equivalent of basic salary in the first year of employment, to 50 months' equivalent of basic salary in the 10th year of employment onwards. The self-insurance fund for employees is held as a provision within 'Other long term liabilities' (Note 15) and is not externally funded. It is based on estimates by the Governing Body, and as from 2001 by reference to external actuarial valuations.

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediately following financial periods have been determined based on actuarial valuations carried out in 2003 in respect of the funds, and are disclosed in Note 15 to the financial statements. It is BRAC's policy to carry out actuarial reviews at least every three years to assess the adequacy of the provisions in respect of these funds.

2.18 Employee Gratuity and Redundancy Fund

BRAC makes provisions for an Employee Gratuity and Redundancy fund, on the basis of two months' basic salary for each completed year's service for each permanent employee (based on basic salary of the last month). The fund is held as a provision within 'Other long term liabilities' (Note 15), and is not externally funded. Gratuity is to be disbursed upon retirement of employees whilst redundancy disbursements are to be made as a one-time termination benefit in the event of cessation of service from BRAC on grounds of redundancy.

2. Summary of Significant Accounting Policies (contd.)

2.19 Employee Gratuity and Redundancy Fund (contd)

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediately following financial periods have been determined based on actuarial valuation carried out in 2003, and are disclosed in Note 15 to the financial statements. It is BRAC's policy to carry out actuarial reviews at least every three years to assess the adequacy of the provision in respect of the fund.

2.20 Deferred Taxation

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

2.21 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case these costs are capitalised as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

2.22 Impairment of Assets

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

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

2.23 Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

a) Investments in Related Undertakings

Investments in related undertakings are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.22.

b) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified and an estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

2. Summary of Significant Accounting Policies (contd.)

2.23 Financial Instruments (cont'd)

c) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

d) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transactions costs.

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

2.24 Cash and Cash Equivalents

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

3. **Property, plant and equipment:**

| Group of fixed assets | Cost | | | | | Depreciation | | | | Net book value 31-12-2004 Taka | Net book value 31-12-2003 Taka |
|-------------------------------|-------------------------|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------|-------------------------|---------------------------------|--|-------------------------|-----------------------------------|-----------------------------------|
| | Opening balance Taka | Additions during the year Taka | Transferred during the year Taka | Disposals during the year Taka | Closing balance Taka | Opening balance Taka | Charged during the year Taka | Adjustment for disposals/transfers during the year Taka | Closing balance Taka | | |
| | | | | | | | | | | | |
| Freehold land | 1,423,017,998 | 299,937,623 | - | (2,316,415) | 1,719,659,206 | - | - | - | - | 1,719,659,206 | 1,422,017,998 |
| Buildings | 1,839,473,818 | 106,181,172 | 33,902,005 | (20,593,234) | 1,978,973,777 | 386,164,242 | 69,329,079 | (1,621,744) | 453,871,377 | 1,525,102,200 | 1,473,309,616 |
| Furniture and fixtures | 336,006,681 | 33,346,916 | - | - | 369,393,597 | 218,491,293 | 34,442,926 | - | 252,974,319 | 116,419,378 | 117,515,388 |
| Equipment | 854,182,973 | 100,116,862 | - | - | 954,299,835 | 501,316,782 | 77,449,158 | - | 578,765,940 | 373,533,895 | 352,866,191 |
| Vehicles | 219,641,281 | 22,524,743 | - | (2,966,000) | 239,200,006 | 184,819,239 | 14,068,879 | (931,333) | 187,152,785 | 42,047,221 | 35,626,023 |
| Bicycles | 15,482,077 | 7,116,299 | - | - | 22,598,376 | 11,827,252 | 609,566 | - | 12,436,818 | 10,561,538 | 4,054,833 |
| Machinery | 300,648,310 | 4,900,594 | - | - | 305,548,904 | 177,234,113 | 26,813,127 | - | 203,246,469 | 102,302,444 | 123,414,177 |
| Deep tubewell and tank | 8,489,118 | 790,321 | - | - | 9,279,439 | 4,820,311 | 779,769 | - | 5,600,310 | 3,649,159 | 1,638,607 |
| Hatchery | 6,614,892 | 1,628,181 | - | - | 7,647,073 | 2,028,403 | 1,186,310 | - | 3,224,803 | 4,422,270 | 4,590,199 |
| Camp poultry/livestock sheds | 150,228,469 | - | - | - | 150,228,469 | 21,652,540 | 10,515,993 | - | 32,168,533 | 118,059,936 | 128,575,929 |
| Motorcycles | 2,259,695 | 291,620 | - | - | 2,551,315 | 1,255,524 | - | - | 1,255,324 | 1,289,791 | 1,004,171 |
| Construction work in progress | 33,902,005 | 40,790,921 | (33,902,005) | - | 40,790,921 | - | - | - | - | 40,790,921 | 33,902,005 |
| Patents/trademarks/brands | 53,989,085 | 5,350,723 | - | - | 59,339,810 | 38,785,478 | 3,117,650 | - | 41,903,128 | 17,436,682 | 15,203,607 |
| Total 2004 | 5,263,310,427 | 621,450,681 | - | (25,175,673) | 5,659,584,930 | 1,547,591,497 | 237,561,677 | (2,553,077) | 1,782,600,087 | 4,077,284,843 | 3,715,718,933 |
| Total 2003 | 5,071,394,292 | 251,314,640 | - | (61,398,530) | 5,261,310,423 | 1,321,934,586 | 232,856,469 | (7,099,588) | 1,547,591,497 | 3,715,718,935 | |

| Allocation of depreciation: | | 2004 Taka | 2003 Taka |
|---|---------|--------------------|--------------------|
| i) included in cost of sales of commercial projects | Note 26 | 4,933,385 | 7,220,227 |
| ii) reflected in programme related expenses | Note 27 | 232,628,293 | 225,636,242 |
| | | <u>237,561,677</u> | <u>232,856,469</u> |

An amount of Tk 19,468,171 (2003: Tk 48,459,166) has been transferred to the statement of income and expenditure from Deferred Income - investment in fixed assets to cover the depreciation charge for donor-funded fixed assets as disclosed in Notes 12 & 19

Landed properties with an aggregate net book value of Tk 673,350,055 (2003: Tk 381,545,017) have been pledged to secure term loans and overdraft facilities as disclosed in Notes 13 and 18 to the financial statements.

4. Investment in related undertakings

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

| Related undertakings – unquoted | 2003 | | | | |
|---------------------------------------|--------------------|------------------------------|-------------------|---|--------------------|
| | Shares Taka | Share of Reserves Taka | Loans Taka | Provision for impairment in value Taka | Total Taka |
| BRAC Bank Ltd | 317,390,000 | (9,093,757) | - | - | 308,296,243 |
| BRAC Industries Ltd. | 24,999,900 | 3,527,411 | - | - | 28,527,311 |
| BRAC BD Mail Network | 9,250,000 | 1,611,636 | - | - | 10,861,636 |
| Documents TM Ltd | 2,400,000 | 74,790 | 1,760,180 | - | 4,234,970 |
| BRAC Services Ltd | 10,000,000 | (28,853,003) | 24,908,998 | (6,055,995) | - |
| BRAC Concord Lands Ltd | 60,000,000 | (9,781,395) | - | - | 50,218,605 |
| Delta BRAC Housing Finance Corp. Ltd. | 50,000,000 | 18,897,411 | - | - | 68,897,411 |
| A.Q.Choudhury & Sons Tea Estate Ltd | 243,908,025 | 2,241,543 | 20,499,607 | - | 266,649,175 |
| Purbachal Tea Company Ltd | 63,300,695 | (1,528,392) | 15,049,777 | - | 76,822,080 |
| Banshkhali Tea Company Ltd | 27,719,870 | (2,217,665) | 8,608,729 | - | 34,110,934 |
| Bangladesh Netting Factory | 17,071,429 | (5,130,796) | 26,545,183 | - | 38,485,816 |
| | 826,039,919 | (30,252,217) | 97,372,474 | (6,055,995) | 887,104,181 |

| | 2004 | 2003 |
|------------------------------|--------------------|--------------------|
| Represented by | | |
| Share of net tangible assets | 808,151,489 | 748,866,985 |
| Goodwill on acquisition | 40,864,722 | 40,864,722 |
| Loans | 142,792,432 | 97,372,474 |
| | 991,808,643 | 887,104,181 |

4. Investments in related undertakings (contd)

| Related undertakings | 2004 % | 2003 % | Principal activities |
|---|-----------|-----------|---------------------------|
| BRAC Bank Ltd. (Incorporated in Bangladesh) | 63.48 | 99.9 | Banking business |
| BRAC Industries Ltd. (Incorporated in Bangladesh) | 99.9 | 99.9 | Cold storage |
| BRAC BD Mail Network Ltd. (Incorporated in Bangladesh) | 95.2 | 95.2 | Internet service provider |
| BRAC Services Ltd. (Incorporated in Bangladesh) | 100 | 100 | Hospitality |
| BRAC Concord Lands Ltd. (Incorporated in Bangladesh) | 50.0 | 50.0 | Land and housing |
| Delta BRAC Housing Finance Corp. Ltd. (Incorporated in Bangladesh) | 25.0 | 25.0 | Housing finance |
| Documenta TM Ltd (Incorporated in Bangladesh) | 80.0 | 80.0 | Software Development |
| A.Q.Choudhury & Sons Tea Estate Ltd (Incorporated in Bangladesh) | 99.9 | 99.9 | Tea Plantation |
| Purbachal Tea Company Ltd (Incorporated in Bangladesh) | 99.9 | 99.9 | Tea Plantation |
| Hanukhali Tea Company Ltd (Incorporated in Bangladesh) | 99.9 | 99.9 | Tea Plantation |
| Bangladesh Netting Factory (Incorporated in Bangladesh) | 94.0 | 94.0 | Poultry Processing |

BRAC's investments in the related undertakings are represented by its share in the respective net tangible assets, goodwill and loans extended.

Loans represent finance provided for working capital and earn 12% (2003: 12%) interest per annum. These loans have no fixed repayment terms.

Included in share of reserves in 2004 is a non-distributable portion amounting to Tk 31,369,972 (2003: Tk 13,251,492)

5. Investment in securities and others

| | 2004 Taka | 2003 Taka |
|---|--------------------|--------------------|
| Original cost of shares in companies listed in Bangladesh | 6,851,195 | 9,784,906 |
| Write-up/(provision for permanent diminution) in value | 4,549,716 | (2,356,613) |
| | 11,400,911 | 7,428,293 |
| Debentures and Bonds | 199,192,854 | 423,478,568 |
| | <u>210,593,765</u> | <u>430,906,861</u> |
| Market value of shares in companies listed in Bangladesh | 11,400,911 | 7,428,293 |

Debentures and Bonds amounting to Tk 172,050,000 have been pledged as securities for borrowing facilities from banks (Note 13). The debentures and bonds earned interest at 12.0% - 13.50% and 8.5% (2003: 12% - 13.50% and 8.5%) per annum respectively during the year.

6. Loans to Village Organisation members

| | Principal outstanding Taka | Service charge receivable Taka | Loan loss provision Taka | Total Taka |
|----------------------|-------------------------------|--------------------------------------|-----------------------------|-----------------------|
| At January 1, 2004 | 11,493,192,015 | 112,392,646 | (749,775,691) | 10,855,808,970 |
| Additions | 25,901,515,000 | 3,610,151,992 | (718,246,273) | 28,793,420,719 |
| Realisation | (22,690,585,804) | (3,546,333,355) | - | (26,237,419,159) |
| Write-off | (212,582,282) | (37,131,592) | 212,582,282 | (37,131,592) |
| At December 31, 2004 | <u>14,491,538,929</u> | <u>138,579,691</u> | <u>(1,255,439,682)</u> | <u>13,374,678,938</u> |

Loans to VO members bear annual service charges as follows:

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

Repayments are made in weekly/monthly instalments

6. Loans to Village Organisation members (contd.)

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

| Loan Classification | Days in Arrears | Loan Principal 2004 Taka | Loan loss Provision 2004 Taka | Loan Principal 2003 Taka | Loan loss Provision 2003 Taka |
|-----------------------------|----------------------|--------------------------------|--|-----------------------------------|--|
| Standard | Current (no arrears) | 12,834,557,198 | 385,036,716 | 10,088,877,280 | 201,777,546 |
| Watchlist | 1 - 30 | 460,139,095 | 23,006,955 | 300,507,620 | 15,025,381 |
| Substandard | 31 - 180 | 713,859,083 | 142,771,817 | 643,461,080 | 128,692,216 |
| Doubtful | 181 - 350 | 149,498,035 | 112,123,526 | 224,261,948 | 168,196,461 |
| Loss | Over 350 | 333,485,518 | 333,485,518 | 236,084,087 | 236,084,087 |
| General loan loss provision | | | 259,015,150 | | - |
| | | 14,491,538,929 | 1,255,439,682 | 11,493,192,015 | 749,775,691 |

The following additional provisions have been made in 2004 to take account of the possible effects of widespread devastating floods during the year:

- Additional 1% in respect of loans classified as "Standard"
- A general provision of 1% of loan amounts disbursed during the year

7. Inventories

| | 2004 Taka | 2003 Taka |
|----------------------------------|---------------|--------------|
| Seeds and feeds | 390,731,753 | 388,231,753 |
| Medical supplies and consumables | 91,726,547 | 91,726,547 |
| Printing and stationery | 91,104,178 | 91,104,178 |
| Handicraft goods | 280,621,127 | 328,232,146 |
| Dairy products | 43,456,975 | 34,254,841 |
| Programme materials | 156,355,056 | 35,410,839 |
| | 1,053,995,636 | 968,960,304 |

8. Grants and accounts receivable

| | | |
|---|---------------|-------------|
| Grants receivable (Note 16) | 440,815,851 | 123,777,953 |
| Interest receivable on fixed deposits and bank accounts | 252,693,472 | 100,522,750 |
| Other accounts receivable | 382,775,864 | 465,967,819 |
| | 1,076,285,187 | 690,268,522 |
| Provision for doubtful debts | (8,077,783) | (3,491,142) |
| | 1,068,207,404 | 686,777,380 |

Included in interest receivable on fixed deposits is Tk. 98,097,820 (2003: Tk. 66,795,723) receivable after 12 months.

| | 2004 Taka | 2003 Taka |
|--|---------------|---------------|
| 9. Advances, deposits and prepayments | | |
| Advances | | |
| Employees | 66,071,237 | 85,570,802 |
| Suppliers | 454,806,834 | 362,421,461 |
| Advance for tax | 79,858,292 | 86,790,045 |
| | 600,736,363 | 534,782,308 |
| Deposits for facilities and utilities | 10,554,874 | 9,539,826 |
| Prepayments | 71,134,827 | 38,537,024 |
| | 682,426,064 | 582,859,158 |
| 10. Fixed deposits | | |
| Fixed deposits pledged with financial institutions (Notes 13 and 18) | 3,171,163,920 | 1,226,394,061 |
| Fixed deposits unpledged | 389,708,584 | 737,865,527 |
| | 3,560,872,504 | 1,964,259,588 |
| 11. Cash in hand and at banks | | |
| Cash in hand | 24,781,223 | 24,532,009 |
| Cash at banks | 601,228,727 | 432,735,900 |
| | 626,009,950 | 457,267,909 |

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

| | | |
|------------------------------------|---------------|---------------|
| Cash in hand and at banks | 626,009,950 | 457,267,909 |
| Fixed deposits unpledged (Note 10) | 389,708,584 | 737,865,527 |
| Bank overdrafts (Note 18) | (713,349,797) | (506,164,508) |
| | 302,368,737 | 688,968,928 |

12. Deferred income

| | Note | Investment in Fixed Assets Taka | Motorcycle Replacement Fund Taka | Total Taka |
|--|------|---------------------------------------|--|---------------|
| At 1 January 2004 | | 424,342,493 | 6,972,669 | 431,315,162 |
| Transferred from | | | | |
| Grants received in advance | 16 | 29,161,061 | 32,161,157 | 61,322,218 |
| Amortisation to Statement of Income and Expenditure | 19 | (49,468,172) | (9,240,432) | (58,708,604) |
| At 31 December 2004 | | 404,035,382 | 29,893,394 | 433,928,776 |

13. Term loans

| | Note | 2004 Taka | 2003 Taka |
|--|------|----------------------|----------------------|
| Government of Bangladesh (GOB) | (a) | 164,471,781 | 54,772,033 |
| Palli Karma Shahayak Foundation (PKSF) | (b) | 2,298,266,626 | 2,768,233,313 |
| * Bangladesh Krishi Bank (BKB) | (c) | 363,762,953 | 81,152,000 |
| * Standard Chartered Bank (SCB) | (d) | 800,000,000 | 800,000,000 |
| * Agrani Bank | (e) | 740,000,000 | 300,000,000 |
| Sonali Bank | | - | 25,000,000 |
| * Pubali Bank Ltd (PBL) | (f) | 870,000,000 | 120,000,000 |
| Rajshahi Krishi Unnyon Bank (RAKUB) | (g) | 77,573,000 | - |
| * HSBC | (h) | 600,000,000 | - |
| | | <u>5,914,074,360</u> | <u>4,149,157,346</u> |

Term Loans are analysed as follows

| | | |
|-----------------------------------|----------------------|----------------------|
| Amount repayable within 12 months | 3,367,745,287 | 1,767,284,259 |
| Amount repayable after 12 months | 2,546,329,073 | 2,381,873,087 |
| | <u>5,914,074,360</u> | <u>4,149,157,346</u> |

All repayment obligations in respect of the term loan have been met and no amounts were in arrears as at 31 December 2004.

* Secured by fixed deposits and debentures amounting to Tk 2,720,834,692 (2003: Tk. 1,070,220,061) and properties amounting in aggregate to Tk 390,330,849 (2003: Tk. 98,525,881)

- (a) (i) A loan from the Government of Bangladesh of Tk. 82,700,200 was obtained for construction of Garments workers hostel, and bears interest at 1% per annum. The loan will be repayable in equal half early instalments over twenty years, starting from September 2005.
- (a) (ii) A loan from the Government of Bangladesh of Tk. 48,000,000 was obtained to disburse among VO members as housing loans, and bears interest at 1% per annum. The loan is repayable in equal half yearly instalment over five years, starting from August 2000.
- (a) (iii) A loan from the Government of Bangladesh of Tk. 40,740,000 was obtained to disburse among VO members as loans under the Poultry for Nutrition programme. The loan will be repayable after realisation from beneficiaries and is interest free.
- (a) (iv) A loan from the Government of Bangladesh of Tk. 16,613,032 was obtained to disburse among VO members as loans for the Household Food Security through Nutrition Gardening programme. The loan bears interest at 10% per annum and will be repayable after realisation from beneficiaries.
- (b) (i) A loan from PKSF of Tk 3,401,000,000 was obtained to support the credit program and bears service charge at 5% - 7% (2003: 5% - 7%) per annum. Each drawdown is repayable in ten equal half-yearly instalments. The amount repayable within the next 12 months is Tk 683,333,338 (2003: Tk 629,166,687).
- (b) (ii) A loan from PKSF of Tk 292,000,000 was obtained to support the Participatory Livestock Development Program and bears service charge at 6.25% (2003: 6.25%) per annum. Each drawdown is repayable in ten equal quarterly instalments. The amount repayable within the next 12 months is Tk 26,600,000 (2003: Tk 40,800,000).

13. Term loans (contd)

- (c) (i) A loan from BKB of Tk. 120,572,400 was obtained to support the credit program and bears interest at 8% (2003: 8%) per annum. It is repayable in twenty equal half-yearly instalments, starting from January 01, 1998 and ending on July 01, 2007.
- (c) (ii) A loan from BKB of Tk. 312,000,000 was obtained to support rural helpless women for employment and income generation through cow rearing, and bears interest at 9% (2003: 8%) per annum. It is repayable in eight equal half yearly instalments, starting from February 2005.
- (c) (iii) A loan from BKB of Tk. 20,000,000 was obtained to support the broiler processing plant and bears interest at 11.5% (2003: 11.5%) per annum. It is repayable in twelve equal quarterly installments, starting from March 31, 2004.
- (d) A loan from Standard Chartered Bank of Tk. 800,000,000 was obtained for working capital purposes and bears interest at 8.5% (2003: 9.5%) per annum and is to be fully repaid within 180 days from drawdown on December 14, 2004.
- (e) (i) A loan from Agrani Bank of Tk. 300,000,000 was obtained to support credit programme and bears interest at 9.5% (2002: 9.5%) per annum. It is repayable in 5 equal half yearly instalments, starting from September 2004.
- (e) (ii) A loan from Agrani Bank of Tk. 500,000,000 was obtained to support credit programme and bears interest at 9.5% per annum. It is repayable in five equal installments, starting from July 2005, within 3 years thereafter.
- (f) (i) A loan from Pubali bank Ltd of Tk. 120,000,000 was obtained for working capital purposes and bears interest at 11% per annum and is repayable on October 31, 2005.
- (f) (ii) A loan from Pubali Bank Ltd of Tk. 750,000,000 was obtained to finance working capital requirements and bears interest at 9.25% per annum. It is repayable by May 2005.
- (g) A loan from RAKUB of Tk. 77,573,000 was obtained for operation of credit activity among small farmers, and bears interest at 6%-7% per annum. It is repayable within 23 months from the date of disbursement in March 2006.
- (h) A loan from HSBC of Tk. 600,000,000 was obtained to finance working capital requirement and bears interest at 8.5% per annum. It is repayable by September 2005.

14. VO members' savings deposits

| | 2004 Taka | 2003 Taka |
|-----------------------------|-----------------|-----------------|
| Opening balance | 6,285,938,837 | 4,983,956,968 |
| Deposits during the year | 3,996,762,314 | 3,926,726,213 |
| Withdrawals during the year | (2,625,613,419) | (2,624,744,344) |
| Closing balance | 7,657,087,732 | 6,285,938,837 |

VO members' savings deposits are analysed as follows:

| | | |
|--------------------|---------------|---------------|
| Compulsory savings | 2,405,321,238 | 1,952,155,059 |
| Own savings | 5,251,766,494 | 4,333,783,778 |
| Total | 7,657,087,732 | 6,285,938,837 |

The average rate of interest paid in respect of savings deposits by VO members was 6% (2003: 6%) per annum.

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

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

Rules for Savings withdrawals:

- (a) The entire amount of savings deposits of a VO member will be refunded when the member retires or becomes terminated from membership.
- (b) After one year of becoming a VO member 50% of savings deposits may be withdrawn to meet special requirement (such as marriage of offspring, illness, etc)
- (c) Loan outstanding balance including service charge on loan is to be fully repaid by a VO member before withdrawal of entire amount deposited to savings deposits inclusive of interest earned.
- (d) If the savings deposit balance of a VO member is less than Tk 2,000 after part withdrawals, no interest will be paid on remaining balance. Moreover, if a VO member withdraws more than two times in a year from savings deposits, no interest will be paid for that financial year.

| 2004 Taka | 2003 Taka |
|--------------|--------------|
|--------------|--------------|

15. Other long term liabilities

| | | |
|---------------------------------------|---------------|---------------|
| Employee gratuity and redundancy fund | 1,233,301,673 | 1,059,938,049 |
| Self-insurance fund | | |
| - Employees | 115,603,965 | 87,933,950 |
| - BRAC properties and motorcycles | 171,053,434 | 118,738,287 |
| | 286,657,399 | 206,672,237 |
| Other funds | | |
| - Special fund for scholarship | 3,457,175 | 3,326,253 |
| - Flood rehabilitation fund | 16,101,262 | 47,774,041 |
| - Emergency fund | 152,695,828 | 92,700,744 |
| | 1,692,213,337 | 1,410,411,324 |

An actuarial valuation of the self-insurance fund for employees as at 31 December 2003 was performed by an independent professional actuary. Based on the valuation, there was an excess provision of Tk 33,174,000. The principal assumptions applied in the actuarial valuation, which were consistent with a similar valuation carried out in 2001, included official mortality rates in Bangladesh and an interest rate of 8%, which is the average long-term rate of interest expected to be applicable.

An actuarial valuation of the employee gratuity and redundancy fund as at 31 December 2003 was performed by an independent professional actuary. Based on the valuation, there was an excess provision of Tk 18,865,000. The principal assumptions applied in the actuarial valuation were similar to those applied for the self-insurance fund for employees, and additionally a rate of salary increase of 7% per annum. The principal assumptions used were consistent with a similar valuation carried out in 2001.

The indicative excess provisions in respect of the self-insurance fund for employees and the employee gratuity and redundancy fund, amounting to an aggregate of Tk 52,039,000 have not been written back, but will be considered in determining future provisions.

BRAC also commissioned an investigation report by an independent professional actuary on the properties and motorcycles self-insurance fund as at 31 December 2003. Similar to the valuation carried out in 2001, the investigation report addressed BRAC's properties and motor cycles within and outside the Dhaka City Corporation areas. The investigation report set out a recommendation that to attain a satisfactory financial position required for the self-insurance fund, an additional provision of Tk 150,000,000 would be required. BRAC intends to accrete its properties and motorcycle self-insurance fund provision to attain the recommended additional Tk 150,000,000 over a period of four years commencing 2004. Accordingly, Tk 37,500,000 has been accreted in the financial year 2004.

The Special fund for scholarship represents the Catherine H. Lovel memorial fund which will subsequently be utilized for a scholarship programme for poor girls. It is represented by specific fixed deposits, from which interest is added to the fund.

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

The Emergency fund represents receipts from service charges from prior disbursements of grants under the donor funded Micro-credit Rehabilitation Project to assist micro-credit borrowers in the event of natural disasters such as floods, typhoons and cyclones. The fund is represented by a specific bank balance from which interest is added to the fund.

16. Grants received in advance account

| | Note | 2004 Taka | 2003 Taka |
|--|------|-----------------|-----------------|
| At 1 January | | 350,232,107 | 218,631,804 |
| Receivables as at 1 January | | (123,777,953) | (427,380,049) |
| | | 226,454,154 | (208,748,245) |
| Donations received during the year | 25 | 3,713,468,474 | 2,682,663,640 |
| Transferred to deferred income: | | | |
| - Investment in fixed assets | 12 | (29,161,061) | (2,925,941) |
| - Motorcycle replacement fund | 12 | (32,161,157) | (3,940,500) |
| Transfer to Statement of Income and Expenditure for expenditure during the year | 19 | (3,379,559,612) | (2,240,594,800) |
| | | 499,040,798 | 226,454,154 |
| Receivables as at 31 December | 8 | 440,815,851 | 123,777,953 |
| At 31 December | | 939,856,649 | 350,232,107 |

17. Other current liabilities

| | | | |
|---|--|-------------|-------------|
| Liabilities for expenses | | 162,471,794 | 152,151,429 |
| Liabilities for goods | | 196,653,936 | 197,904,386 |
| Advances received for training, publications, supplies etc. | | 339,821,155 | 339,280,121 |
| | | 698,946,885 | 689,335,936 |

18. Bank overdraft

| | | | |
|------------------------------|-----|-------------|-------------|
| Pubali Bank Ltd | (a) | 371,714,122 | 506,164,508 |
| Bangladesh Krishi Bank (BKB) | (b) | 341,635,675 | - |
| | | 713,349,797 | 506,164,508 |

The overdrafts are secured by fixed deposits amounting to Tk.622,379,228 (2003: Tk. 278,224,000) and properties amounting in aggregate to Tk.283,019,206 (2003: Tk.283,019,206)

(a) The bank overdraft from Pubali Bank Ltd was obtained for BRAC's micro-finance programme, bears interest at 9.25% - 10% (2003: 10%) per annum, and is repayable on or before May 31, 2005.

(b) The bank overdraft from Bangladesh Krishi Bank was obtained to finance working capital requirements of Agro-based program support enterprises, bears interest at 10% per annum, and is repayable on or before March 2006.

19. Donor grants

| Note | 2004 Taka | 2003 Taka | |
|---|--------------|----------------------|----------------------|
| Donor grants recognised in the Statement of Income and Expenditure: | | | |
| Transferred from grants received in advance | 16 | 3,379,559,612 | 2,240,594,800 |
| Transferred from deferred income: | | | |
| (a) amortisation of investment in fixed assets | | | |
| - unrestricted | | 45,008,743 | 45,858,318 |
| - temporarily restricted | | 4,459,429 | 2,600,848 |
| | 12 | 49,468,172 | 48,459,166 |
| (b) amortisation of motorcycle replacement fund | | | |
| - unrestricted | | 1,068,319 | 2,501,633 |
| - temporarily restricted | | 8,172,113 | 1,770,231 |
| | 12 | 9,240,432 | 4,271,864 |
| | | <u>3,438,268,216</u> | <u>2,293,325,830</u> |

20. Investment Income

| | | | |
|---|--|--------------------|--------------------|
| Interest on bank accounts and fixed deposits | | 252,369,021 | 123,142,133 |
| Debenture interest | | 37,516,653 | 69,086,739 |
| In respect of investments in related undertakings: | | | |
| - Share of profits less losses | | 78,290,542 | 23,137,202 |
| - Write back of/(provision for) impairment in value | | 1,094,250 | (6,055,995) |
| - (Loss on dilution)/gain on disposal | | (6,531,087) | 7,735,190 |
| | | 72,853,705 | 24,816,397 |
| Write up/(down) in value of investment in securities and others | | 4,549,716 | (2,356,613) |
| Others | | 3,411,966 | 1,824,084 |
| | | <u>370,701,061</u> | <u>216,512,740</u> |

21. Other Income

| | | | |
|--|--|-------------------|--------------------|
| Gain on disposal of property, plant and equipment | | 28,200,866 | 7,333,872 |
| Partial reimbursements on cost of program supplies | | 5,687,343 | 32,954,445 |
| Training income | | 35,008,235 | 40,864,287 |
| Sales revenue from Gonokendra Journal | | - | 3,470,405 |
| Sales revenue from Printing and Publication | | - | 9,538,833 |
| Interest received on loans and advances | | 21,205,047 | 13,321,180 |
| Foreign exchange gain - unrealised | | 2,635,398 | - |
| Others | | - | 1,716,155 |
| | | <u>92,736,889</u> | <u>109,199,177</u> |

22. Taxation

| 2004 Taka | 2003 Taka |
|--------------|--------------|
|--------------|--------------|

Income taxation charge for the year

| | |
|---|---|
| - | - |
|---|---|

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

There is no taxable income in respect of BRAC's taxable activities in 2004. BRAC has approximately Tk142 million (2003: Tk256 million) tax losses arising from these activities, subject to the agreement of the tax authorities.

On 28 November 2004, The Office of the Deputy Commissioner of Tax had issued BRAC a directive requesting for payment of taxes in respect of the financial years 2000 to 2003, amounting to Tk200,113,000. BRAC has successfully obtained a stay of execution and this matter has been referred to the High Court Division of the Supreme Court of Bangladesh.

The Management of BRAC is of the view that the basis for taxation in the above-mentioned directive is inappropriate, and therefore, that BRAC will not finally be liable for this taxation. Accordingly, the amount has not been provided for in the financial statements as at 31 December 2004.

23. Foreign currency denominated monetary assets and liabilities

| | | |
|--|-----------|-------------|
| Resident Foreign Currency Deposits (in US\$) | 1,125,156 | 386,202,192 |
| Resident Foreign Currency Deposits (Euro) | 1,620,879 | 1,328,689 |
| Resident Foreign Currency Deposits (in GBP) | 119,138 | 7,243,367 |
| Cash at bank (in US\$) | 1,345,321 | 1,935,096 |
| Cash at bank (in Euro) | - | 37,985 |
| Cash at bank (in Pakistani Rupees) | 2,785 | 37,985 |
| Cash at bank (in Indian Rupees) | 2,636 | 37,985 |
| Cash at bank (in GBP) | 33,552 | 137,767 |

24. Financial Instruments

a) Financial Risk Management Objectives and Policies

BRAC's financial risk management policy seeks to identify, appraise and monitor the risks facing BRAC whilst taking specific measures to manage its interest rate, foreign exchange, liquidity and credit risks. BRAC does not, however, engage in speculative transactions or take speculative positions, and where affected by adverse movements, BRAC has sought the assistance of donors.

b) Interest Rate Risk

BRAC's exposure to interest rate fluctuations is mitigated by fixed interest rate borrowings as well as fixed interest rates applicable to loans extended to VO members. BRAC does not engage in speculative transactions or take speculative positions on its interest exposure.

24. Financial Instruments (cont'd)

c) Foreign Exchange Risk

BRAC's foreign exchange risks comprise transaction risk which arises from donor grants received in currencies other than the local currency and minimal foreign currency deposits and cash at bank placed with licensed financial institutions. BRAC is exposed to foreign currency fluctuations, mainly in respect of donor grants denominated in United States Dollars, British Sterling Pound and the Euro.

Foreign exchange exposures in transactional currencies other than the local currency are monitored via periodic project cash flow and budget forecasts and are kept to an acceptable level.

d) Liquidity Risk

BRAC manages its debt maturity profile, operating cash flows and the availability of funding so as to meet all refinancing, repayment and funding needs. As part of its overall liquidity management, BRAC maintains sufficient levels of cash or fixed deposits to meet its working capital requirements. In addition, BRAC maintains banking facilities of a reasonable level.

e) Credit Risk

The credit policy of BRAC requires all credit exposures to be measured, monitored and managed proactively. Exposure to credit risk is monitored on an ongoing basis by the commercial ventures' respective management teams.

BRAC does not have any significant exposure to any individual customer or counterparty.

25. Schedule of donations received

| Name of the projects | Donor | 2004 Take | 2003 Take |
|---|---------------------------------------|---------------|---------------|
| BRAC Education Program (NFPE Phase III and REP Phase IV) | UNICEF | 24,067,955 | - |
| | DGIS | 217,650,000 | 120,833,539 |
| | NOVIB | 50,365,000 | 23,687,327 |
| | DFID | 633,452,847 | 194,775,700 |
| | AKF/CIDA | 252,252,240 | 292,209,185 |
| | NORAD | 170,939,631 | - |
| | EC | 410,497,971 | 1,083,798,563 |
| | Others | - | 311,931 |
| | Sub total | 1,759,225,644 | 1,715,616,245 |
| Challenging the Frontiers of Poverty Reduction Programme | NOVIB | 26,063,400 | 23,682,120 |
| | EC | 277,443,506 | 227,853,247 |
| | DFID | 229,600,000 | 97,200,000 |
| | CIDA | 96,228,756 | 38,455,711 |
| | Sub total | 629,335,662 | 387,191,078 |
| Nutrition Facilitation Program (NNP & HNP) | GOB | 427,934,708 | 183,671,086 |
| | ICDDR | 1,835,433 | 1,481,370 |
| | Sub total | 429,770,141 | 185,152,456 |
| Flood Relief and Rehabilitation Programme | NOVIB | 96,880,000 | 3,674,692 |
| | UNDP | 76,938,388 | - |
| | OXFAM America | 2,364,000 | - |
| | DANIDA | 2,700,000 | - |
| | CIDA | 2,237,136 | - |
| | AusAID | 2,027,055 | - |
| | Mercy Corps | 5,681,682 | - |
| | Local Contribution | 9,608,929 | - |
| | 198,437,190 | 3,674,692 | |
| Arsenic Mitigation | UNICEF | 9,340,528 | 7,896,334 |
| | Rotary International | 1,304,850 | 2,309,200 |
| | Sub total | 10,645,378 | 10,205,534 |
| Early Childhood Development Project | UNICEF | 7,582,794 | 9,487,107 |
| | Plan International | 780,526 | 210,000 |
| | Sub total | 8,363,320 | 9,697,107 |
| BRAC Limb Centre | Jagur Limb Centre | 2,466,051 | 2,071,042 |
| | International Red Crescent Society | 220,357 | 1,291,421 |
| | Sub total | 2,686,408 | 3,362,463 |
| Reproductive Health and Disease Control | GOB | - | 23,828,693 |
| Income Generating Vulnerable Group Development | GOB | 2,807,457 | 34,666,920 |
| Forth Fisheries Program | ULG Northumbrian | 13,830,867 | 7,480,812 |
| Education for Under Aged Garment Workers | UNICEF | - | 225,345 |
| International Conference on Exploration on Human Res | Rockefeller Foundation | - | 3,022,672 |
| Char Development and Settlement Program | DGIS | 13,168,188 | 3,776,637 |
| Strategies to Improve the Proportion of Deliveries with Skill Attendants | University Aberdeen | - | 46,902 |
| Micronutrient Beverage Supplementation for Adolescent Girls | Micronutrient Initiatives | 3,245,537 | 7,392,143 |
| Alternative Livelihood Program | ULG Northumbrian | 12,034,260 | - |
| BRAC AKF Learning Partnership Project | AKF/CIDA | 416,098 | - |
| Adolescent Development Program (AFON) | UNICEF | 28,995,106 | 12,565,000 |

| Name of the projects | Donor | 2004 Taka | 2003 Taka |
|--|--|----------------------|----------------------|
| Community Based Fisheries Management Project | ICLARM/World Fish Centre | 7,410,396 | 3,644,329 |
| Community Health Programme Under PPP | The British Council/ Nicare Bangladesh | 5,071,366 | 2,762,353 |
| Community Traffic Policing Scoping | TRI Ltd | 1,290,683 | 201,751 |
| Atta Fortification Program | WFP | 12,378,702 | 1,767,572 |
| Education Support Program | NORAD | 37,564,650 | 73,753,684 |
| Institute of Education and Development | Plan International | 866,573 | 870,000 |
| Micro Health Insurance for Rural Women in Bangladesh | ILO | 2,048,326 | 2,541,142 |
| National Survey for Birth weight and Anaemia Survey | UNICEF | 2,271,184 | 4,542,368 |
| Newborn Lives Initiative Program | Save the Children | 9,650,000 | 2,500,000 |
| Northwest Crop Diversification Project | GOB | 5,076,712 | 3,691,875 |
| Exploring Emerging Areas of Microfinance Impact | Institute of Development Agencies | 1,360,018 | 672,408 |
| Community based HIV/AIDS Education | SHIA | 30,542,415 | - |
| HIV/AIDS Prevention Project | UNICEF | 3,750,000 | - |
| Primary Healthcare for Later life | EC | 2,317,205 | - |
| Patients and Friends in food consumption in poor Rural Urban Household | Imperial College | - | 3,591,781 |
| Poultry for Nutrition | ICD | 6,688,048 | 7,597,825 |
| BRAC Pre-primary School Program | DCIS | 10,473,944 | 151,841,061 |
| Womens Domestic Violence Health Policy | University of Calgray | 478,936 | - |
| Sundarban Biodiversity Conservation project | GOB | 1,961,028 | 597,568 |
| Task Force on Maternal Health and Child Health | Columbia University | - | 473,873 |
| Training of Adolescent Girls | UNICEF | 1,705,400 | 1,952,300 |
| Routine Maintenance Program | GOB | 2,032,562 | 491,725 |
| School Feeding Program | Land O Lakes | 859,603 | 4,858,308 |
| Northwest Microfinance Expansion Program | AusAID | 30,066,687 | - |
| WHCL program in Haragacha | ILO | - | 5,514,290 |
| Implement of Resettlement Action Plan | GOB | - | - |
| Kangaroo Mother care | Population Council | 729,671 | - |
| Sprinkles Study in Bangladesh | Hospital for Sick Children | 1,154,027 | 888,728 |
| Sprinkles Study in Bangladesh | Hospital for Sick Children | 2,766,930 | - |
| TB Control Program | The Global Fund | 268,182,391 | - |
| Community based TB Control Program in Rural | Fidehs, France | 8,910,064 | - |
| Education for Indigenous Children | NORAD | 104,334,401 | - |
| IT in Rural Area through Existing Gonokendra | Unicol BD Ltd | 1,751,693 | - |
| Management Training in NNP Managers | GOB | 2,284,433 | - |
| Nutrition Gardening Project | GOB | 26,638,023 | - |
| Road Safty Awareness Campaign | Irona International Ltd | 2,000,000 | - |
| VGD - NNP Implementation Collaborative Project | GOB | 6,091,147 | - |
| TOTAL | | 3,713,468,474 | 2,682,663,640 |

26. Segmental financial information

| Accounting Centre | Unrestricted | | | | | | | | Temporarily restricted | Total 2004 | |
|--|--------------------|-----------------------------|---|---|--------------------------|--|--------------------------|--------------------|------------------------|----------------------|-----------------------|
| | BRAC Prisons | BRAC Dairy and Food Project | Agricultural Programmes Support Extension | Non-agro based Programmes Support Katsyrase | Micro Finance Programmes | Self-financing Social Development Projects | Home Property (Building) | Total Unrestricted | Development Projects | | |
| Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | |
| Balance Sheet as at December 31, 2004 | | | | | | | | | | | |
| Assets | | | | | | | | | | | |
| Property, plant and equipment | 40,590,781 | 9,816,534 | 158,350,152 | 652,818,664 | 114,916,876 | 1,448,101,770 | 1,285,219,429 | 218,295,720 | 3,927,133,816 | 150,150,927 | 4,077,284,843 |
| Investment in related undertakings | - | - | - | - | - | - | 991,808,641 | - | 991,808,641 | - | 991,808,641 |
| Investment in securities and others | - | - | - | - | - | - | 210,593,765 | - | 210,593,765 | - | 210,593,765 |
| Loans to Village Organisation members | - | - | - | - | - | 13,290,390,313 | - | - | 13,290,390,313 | 94,282,435 | 13,374,672,938 |
| Motor cycle loans | - | - | 870,136 | 13,135,858 | 1,805,611 | 162,915,887 | 29,179,041 | - | 208,006,533 | 108,306,061 | 316,312,594 |
| Inventory | 280,821,127 | 26,468,820 | 43,456,975 | 395,378,625 | 89,533,979 | 40,149,289 | 166,811,154 | - | 1,022,219,769 | 31,775,887 | 1,053,995,656 |
| Grants and accounts receivable | 33,670,733 | 65,129,805 | 13,642,413 | 183,498,175 | 15,968,187 | 89,664,934 | 224,174,664 | 2,772,408 | 828,521,324 | 439,686,060 | 1,068,207,404 |
| Advances, deposits and prepayments | 10,712,563 | 4,449,413 | 30,869,641 | 120,327,572 | 15,745,456 | 110,933,953 | 338,416,675 | 10,231,701 | 641,486,974 | 63,939,090 | 882,426,064 |
| Term loans - internal | 109,317,392 | 171,008,784 | - | - | - | - | 136,508,008 | - | - | - | - |
| Fixed deposits | - | - | - | - | - | 1,051,657,673 | 2,509,214,829 | - | 3,560,872,504 | - | 3,560,872,504 |
| Cash on hand and at banks | 27,391,184 | 4,694,409 | 11,003,187 | 518,019,841 | 5,819,355 | 868,207,765 | 580,962,158 | 343,707,389 | 132,196,027 | 493,811,923 | 626,009,950 |
| Total assets | 502,503,764 | 37,551,966 | 233,985,930 | 647,139,033 | 216,298,774 | 17,051,023,786 | 5,137,767,456 | 575,007,319 | 24,803,229,964 | 1,158,960,973 | 25,962,190,941 |
| Liabilities and Net Assets | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | |
| Deferred income | - | - | - | - | - | 160,358 | 370,311,790 | - | 170,472,148 | 61,456,628 | 433,928,776 |
| Term loans | 120,000,000 | - | 40,000,000 | 243,339,313 | 120,301,000 | 3,790,687,795 | 1,420,000,000 | - | 5,774,021,128 | 140,053,232 | 5,914,074,360 |
| VO members' savings deposits | - | - | - | - | - | 7,657,087,732 | - | - | 1,607,087,732 | - | 7,657,087,732 |
| Other long term liabilities | 49,138,462 | 19,247,624 | - | - | - | 152,694,828 | 1,471,131,423 | - | 1,692,213,317 | - | 1,692,213,317 |
| VO members' present and current accounts | - | - | - | - | - | 32,088,660 | - | - | 32,088,660 | - | 32,088,660 |
| Grants received in advance account | - | - | - | - | - | - | - | - | - | 939,856,649 | 939,856,649 |
| Other current liabilities | 61,051,096 | 6,189,138 | 13,970,084 | 54,177,049 | 16,460,158 | 298,802,386 | 183,797,899 | 6,801,416 | 640,040,226 | 58,997,659 | 699,046,885 |
| Provision for taxation | - | - | - | - | - | - | 31,741,030 | - | 31,741,030 | - | 31,741,030 |
| Bank overdrafts | - | - | - | - | - | - | 713,349,797 | - | 713,349,797 | - | 713,349,797 |
| Total liabilities | 230,189,558 | 25,436,762 | 92,970,084 | 297,516,362 | 136,460,158 | 11,931,522,759 | 4,180,331,919 | 6,801,416 | 18,911,023,058 | 1,282,264,166 | 18,313,287,226 |
| Net assets - Capital fund | 272,314,226 | 12,115,224 | 141,015,846 | 349,622,671 | 79,798,616 | 5,121,501,027 | 947,435,517 | 568,405,803 | 7,892,206,910 | 156,696,805 | 7,448,903,715 |
| Total liabilities and Net assets | 502,503,764 | 37,551,966 | 233,985,930 | 647,139,033 | 216,298,774 | 17,051,023,786 | 5,137,767,456 | 575,007,319 | 24,803,229,964 | 1,158,960,973 | 25,962,190,941 |

| | Unrestricted | | | | | | | | | | Temporarily restricted | | Total 2007 |
|---|--------------------------|---------------|-----------------------------|--|------------------------|--|---------------------------|-----------------|-------------|-------|------------------------|----------------|------------|
| | | | | | | | | | | | Development Projects | | |
| | Alumni Fund/Club/Courses | BRAC Prizes | BRAC Dairy and Food Project | Agri based Programs Support/Incentives | Micro Finance Programs | Self-financing Social Development Projects | House Property (Building) | Tuition/Lessons | | | | | |
| | Table | Table | Table | Table | Table | Table | Table | Table | Table | Table | Table | Table | Table |
| Property, plant and equipment | 32,812,945 | 10,351,156 | 179,263,637 | 868,856,509 | 1,435,510,771 | 1,040,170,172 | 217,448,070 | 8,642,453,201 | 71,265,734 | | | 3,715,216,835 | |
| Investment in related undertakings | - | - | - | - | - | 807,164,181 | - | 687,104,181 | - | - | - | 807,104,181 | |
| Investment in securities and others | - | - | - | - | - | 450,908,861 | - | 450,908,861 | - | - | - | 450,908,861 | |
| Loans to Village Organisations members | - | - | - | - | - | - | - | 16,321,674,669 | - | - | - | 16,321,674,669 | |
| Motor cycle loan | - | - | 904,710 | 9,745,829 | 14,412,048 | 11,962,338 | - | 169,342,553 | - | - | - | 245,614,529 | |
| Inventory | 208,232,146 | 25,209,940 | 34,254,241 | 298,646,266 | 32,350,428 | 179,183,137 | - | 963,189,429 | - | - | - | 968,660,304 | |
| Grants and accounts receivable | - | 86,506,286 | 12,291,511 | 246,530,645 | 78,184,850 | 107,066,845 | 6,106,618 | 562,509,181 | - | - | - | 129,264,269 | |
| Advances, deposits and prepayments | 63,117,959 | 4,132,199 | 34,370,130 | 72,540,201 | 78,788,147 | 204,292,168 | 7,841,312 | 267,819,301 | - | - | - | 606,777,380 | |
| Term loan - external | (80,524,601) | (113,328,445) | - | - | - | 173,831,046 | - | - | - | - | - | 14,036,855 | |
| Fixed deposits | - | - | - | (492,201,000) | (318,785,809) | 645,473,780 | - | 1,964,259,588 | - | - | - | 1,964,259,588 | |
| Cash on hand and at banks | 23,203,623 | 30,978,841 | 1,107,513,853 | 1,65,668,054 | 4,56,439,543 | 163,587,280 | 116,324,370 | 894,651,818 | 26,816,099 | - | - | 457,287,209 | |
| Total Assets | 146,287,072 | 64,898,824 | 153,442,076 | 814,17,866 | 14,46,117,470 | 3,063,110,766 | 348,122,077 | 26,207,709,771 | 387,034,202 | - | - | 29,794,747,811 | |
| Liabilities and Net Assets | | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | | |
| Deferred income | - | - | - | - | 1,281,680 | 615,020,881 | - | 416,218,583 | 15,644,399 | - | - | 431,335,163 | |
| Term loans | 10,000,000 | - | - | 310,000,000 | 1,166,437,146 | 500,000,000 | - | 4,116,497,146 | 32,110,200 | - | - | 4,199,137,246 | |
| 50 members' savings deposits | - | - | - | - | 8,285,931,837 | - | - | 6,285,931,837 | - | - | - | 6,285,931,837 | |
| Other long term liabilities | 69,182,182 | 86,497,927 | - | - | 92,200,744 | 1,252,78,551 | - | 1,418,411,324 | - | - | - | 1,418,411,324 | |
| VO members project and current account | - | - | - | - | 31,531,382 | - | - | 31,531,382 | - | - | - | 31,531,382 | |
| Grants received in advance account | - | - | - | - | - | 216,991,957 | - | - | 216,232,007 | - | - | 216,232,007 | |
| Other current liabilities | 46,495,405 | 18,416,377 | 23,034,871 | 63,78,289 | 234,407,853 | 8,776,733 | - | 834,173,281 | 51,182,658 | - | - | 689,215,936 | |
| Provision for taxation | - | - | - | - | - | 31,248,030 | - | 31,248,030 | - | - | - | 31,248,030 | |
| Bank overdrafts | - | - | - | - | - | 66,164,308 | - | 66,164,308 | - | - | - | 66,164,308 | |
| Total Liabilities | 115,837,587 | 11,954,304 | 25,834,978 | 395,887,289 | 6,999,776 | 9,834,299,642 | 8,776,733 | 31,422,704,071 | 457,130,261 | - | - | 15,885,847,832 | |
| Net assets - capital fund | 170,804,565 | 12,315,224 | 129,418,098 | 422,710,651 | 6,573,837,828 | 1,268,811,267 | 319,345,244 | 6,784,605,642 | 151,896,531 | - | - | 6,908,600,144 | |
| Total Liabilities and Net assets | 146,287,072 | 64,898,824 | 153,442,076 | 814,17,866 | 14,46,117,470 | 3,063,110,766 | 348,122,077 | 26,207,709,771 | 387,034,202 | - | - | 29,794,747,811 | |

Balance Sheet as at December 31, 2007

Amount

Property, plant and equipment
Investment in related undertakings
Investment in securities and others
Loans to Village Organisations members
Motor cycle loan
Inventory
Grants and accounts receivable
Advances, deposits and prepayments
Term loan - external
Fixed deposits
Cash on hand and at banks

Total Assets

Liabilities and Net Assets

Liabilities
Deferred income
Term loans
50 members' savings deposits
Other long term liabilities
VO members project and current account
Grants received in advance account
Other current liabilities
Provision for taxation
Bank overdrafts

Total Liabilities

Net assets - capital fund

Total Liabilities and Net assets

16 Segmental Financial Information (Contd.)

Statement of Income and Expenditure for the year ended December 31, 2004

Income

| | Unrestricted | | | | | | | | | Total 2004 | |
|---------------------------------------|---------------------------|--------------------|-----------------------------|---|---|-------------------------|--|---------------------------|----------------------|----------------------|-----------------------|
| | Aarog Rural Credit Centre | BRAC Prisons | BRAC Dairy and Food Project | Agri based Programme Support Enterprise | Non-agri based Programme Support Enterprise | Micro Finance Programme | Self-financing Social Development Projects | Human Property (Herdling) | Total Unrestricted | | Development Projects |
| | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka |
| Donor grants | - | - | - | - | - | - | 46,077,062 | - | 46,077,062 | 1,992,191,154 | 1,438,268,216 |
| Revenue from | | | | | | | | | | | |
| Commercial projects | 138,348,675 | 248,217,408 | 398,653,246 | - | - | - | - | - | 1,585,219,547 | - | 1,585,219,547 |
| Program support enterprises | - | - | - | 2,110,842,409 | 226,117,892 | - | - | - | 2,336,960,301 | - | 2,336,960,301 |
| Service charge on loans to VO members | - | - | - | - | - | 3,610,151,992 | - | - | 3,610,151,992 | - | 3,610,151,992 |
| Investment income | - | - | - | - | - | 104,155,367 | - | - | 104,155,367 | 4,682,554 | 170,701,061 |
| Other income - interest | (25,529,748) | (4,692,139) | (999,944) | (5,437,700) | (1,227,019) | - | 17,886,590 | - | - | - | - |
| Other income | 8,279,484 | 189,073 | 560,004 | 9,982,486 | 1,227,019 | - | 40,347,526 | 15,404,954 | 87,049,546 | 5,647,343 | 92,736,899 |
| Income from finance property | - | - | - | - | - | - | - | 87,978,674 | 87,978,674 | - | 87,978,674 |
| Total Income | 921,097,611 | 242,714,150 | 398,233,276 | 2,116,387,195 | 226,117,892 | 3,714,307,399 | 386,214,313 | 113,381,628 | 8,119,455,624 | 3,402,561,058 | 11,522,016,680 |

Expenditure

| | | | | | | | | | | | |
|--|--------------------|--------------------|--------------------|----------------------|--------------------|----------------------|--------------------|-------------------|----------------------|----------------------|-----------------------|
| Commercial Projects | 822,134,397 | 221,396,808 | 343,615,433 | - | - | - | - | - | 1,429,166,640 | - | 1,429,166,640 |
| Programme Support Enterprise | - | - | - | 2,115,914,251 | 227,150,718 | - | - | - | 2,343,064,970 | - | 2,343,064,970 |
| Human property related expenses | - | - | - | - | - | - | - | 58,978,742 | 58,978,742 | - | 58,978,742 |
| Education Programme | - | - | - | - | - | - | 27,223,673 | - | 27,223,673 | 1,881,208,298 | 1,908,431,971 |
| Challenging the Frontiers of Poverty Reduction | - | - | - | - | - | - | 60,000,000 | - | 60,000,000 | 517,756,135 | 577,756,135 |
| Nutrition Programme | - | - | - | - | - | - | 1,311,340 | - | 1,311,340 | 486,194,379 | 487,505,719 |
| Health and Population Programme | - | - | - | - | - | - | 1,350,896 | - | 1,350,896 | 162,122,936 | 163,473,832 |
| Micro Finance Programme | - | - | - | - | - | 1,181,541,076 | - | - | 1,181,541,076 | 277,329 | 1,181,818,401 |
| Raised and Rehabilitation | - | - | - | - | - | - | 11,672,778 | - | 11,672,778 | 153,914,620 | 165,587,400 |
| Poultry Extension Programme | - | - | - | - | - | - | 2,315,430 | - | 2,315,430 | 76,479,204 | 78,794,634 |
| Fisheries Extension Programme | - | - | - | - | - | - | 2,980,369 | - | 2,980,369 | 25,513,082 | 28,493,451 |
| Agriculture Extension Programme | - | - | - | - | - | - | 2,595,971 | - | 2,595,971 | 48,083,867 | 50,679,838 |
| Sericulture and Silk Development Programme | - | - | - | - | - | - | 2,970,314 | - | 2,970,314 | - | 2,970,314 |
| Training, workshops and seminars | - | - | - | - | - | - | 54,872,166 | - | 54,872,166 | - | 54,872,166 |
| Research, Monitoring and Evaluation | - | - | - | - | - | - | - | - | - | 24,881,536 | 24,881,536 |
| Total Expenditure | 822,134,397 | 221,396,808 | 343,633,433 | 2,115,914,252 | 227,150,718 | 1,181,541,076 | 199,298,937 | 58,978,742 | 7,202,150,163 | 1,179,762,782 | 10,582,013,148 |
| Surplus/deficit of income over expenditure before taxation | 98,963,214 | 22,317,342 | 12,597,841 | 472,941 | 1,312,826 | 132,766,323 | 196,915,376 | 54,404,886 | 917,205,259 | 22,798,274 | 940,003,532 |
| Taxation | - | - | - | - | - | - | - | - | - | - | - |
| Net surplus/deficit for the year | 98,963,214 | 22,317,342 | 12,597,841 | 472,941 | 1,312,826 | 132,766,323 | 196,915,376 | 54,404,886 | 917,205,259 | 22,798,274 | 940,003,532 |

| Account Final Child Carey Total 2003 | Total Development Programs restricted | By program | | | | | | | | | |
|---|--|---------------------------------|------------------|----------------------------------|------------------------------|-----------------------------|-----------------|-----------------------------------|---|----------------------------------|-------|
| | | RRAC Day and Food Program | RRAC Programs | 4 pr based Program support | 5 spot Program support | Home care based Programs | Home Program | Social Development Programs | Home Program (Building) Programs | Total Development Programs | Total |

Statement of Income and Expenses

for the year ended December 31, 2003

| | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Foreign | | | | | | | | | | | | | | | | | | | |
| Donor grants | | | | | | | | | | | | | | | | | | | |
| Rent from Pubs | | | | | | | | | | | | | | | | | | | |
| Commercial proceeds | | | | | | | | | | | | | | | | | | | |
| Program support from VED members | | | | | | | | | | | | | | | | | | | |
| Service charge on loans to VED members | | | | | | | | | | | | | | | | | | | |
| Interest income - internal | | | | | | | | | | | | | | | | | | | |
| Other income - internal | | | | | | | | | | | | | | | | | | | |
| Other income | | | | | | | | | | | | | | | | | | | |
| Income from House Property | | | | | | | | | | | | | | | | | | | |
| Total Income | | | | | | | | | | | | | | | | | | | |
| Expenditures | | | | | | | | | | | | | | | | | | | |
| Commercial Projects | | | | | | | | | | | | | | | | | | | |
| Program support (related expenses) | | | | | | | | | | | | | | | | | | | |
| Education Programs | | | | | | | | | | | | | | | | | | | |
| Challenging the Frontiers of Poverty Reduction | | | | | | | | | | | | | | | | | | | |
| Nutrition Programs | | | | | | | | | | | | | | | | | | | |
| Health and Population Programs | | | | | | | | | | | | | | | | | | | |
| Micro Finance Programs | | | | | | | | | | | | | | | | | | | |
| Policy Evaluation Programs | | | | | | | | | | | | | | | | | | | |
| Fisheries Extension Programs | | | | | | | | | | | | | | | | | | | |
| Agribusiness Extension Programs | | | | | | | | | | | | | | | | | | | |
| Sustainable and Skills Development Programs | | | | | | | | | | | | | | | | | | | |
| Rural Enterprise Development Programs | | | | | | | | | | | | | | | | | | | |
| Training, workshops and seminars | | | | | | | | | | | | | | | | | | | |
| Centre for BRAC Affiliates | | | | | | | | | | | | | | | | | | | |
| Research Monitoring and Evaluation | | | | | | | | | | | | | | | | | | | |
| Total Expenses | | | | | | | | | | | | | | | | | | | |
| Surplus (deficit) of income over expenditure | | | | | | | | | | | | | | | | | | | |
| Transfer to | | | | | | | | | | | | | | | | | | | |
| Surplus (deficit) for the year | | | | | | | | | | | | | | | | | | | |

27. Statement of Functional Expenses

| | Unrestricted | | | | | | | | | | Total 2004 | | |
|--|---------------------------|--------------|-------------|-------------|------------------------------|-------------|---------------------|-------------|-------------------------|---------------|---------------|------------------------|---------------|
| | Aging Rural Credit Counts | | BEAC Loans | | BEAC Dairy and Food Projects | | Agri based Programs | | Non-agri based Programs | | | Miscellaneous Programs | |
| | Totals | Projects | Totals | Projects | Totals | Projects | Totals | Projects | Totals | Projects | | Totals | Projects |
| Salaries and benefits | 65,029,686 | 5,140,087 | 19,817,250 | 19,817,250 | 44,775,886 | 9,478,104 | 1,645,717,099 | 83,691,257 | - | - | 1,553,842,365 | 949,634,485 | 2,503,276,810 |
| Traveling and transportation | 8,494,136 | 1,402,557 | 12,211,140 | 12,211,140 | 10,339,273 | 2,039,741 | 112,569,460 | 2,233,258 | - | - | 148,982,814 | 121,138,499 | 270,131,322 |
| Teachers' salaries | - | - | - | - | - | - | - | - | - | - | - | - | 423,638,840 |
| Teachers' training | - | - | - | - | - | - | - | - | - | - | - | - | 139,478,178 |
| School rent and maintenance | - | - | - | - | - | - | - | - | - | - | - | - | 112,702,066 |
| Stationery, rent and utilities | 63,271,555 | 3,103,312 | 4,735,147 | 4,735,147 | 9,869,507 | 1,076,487 | 86,981,326 | 7,652,892 | 1,485,866 | 172,296,170 | 65,204,160 | 237,500,170 | |
| Maintenance and general expenses | 16,723,796 | 278,252 | 3,079,791 | 3,079,791 | 10,391,115 | 958,586 | 62,314,358 | 6,358,796 | 1,490,051 | 102,292,821 | 79,208,313 | 141,499,132 | |
| VO members' training | - | - | - | - | - | - | - | - | - | - | - | - | 256,951,886 |
| Staff training and recruitment | 1,096,250 | - | 8,273 | 8,273 | - | - | 20,158,125 | 5,920,083 | - | 16,181,133 | 16,181,133 | 89,565,815 | 131,746,944 |
| Programme supplies | - | - | - | - | - | - | 65,569,560 | 24,382,252 | - | 89,951,812 | 89,951,812 | 1,091,681,258 | 1,180,633,070 |
| Interest on VO members' savings deposits | - | - | - | - | - | - | 156,327,403 | - | - | 156,327,403 | 156,327,403 | 156,327,402 | 340,243,641 |
| Interest on long term loans | 18,785,148 | - | 6,500,000 | 6,500,000 | 67,835,294 | 3,723,120 | 241,847,310 | 1,583,878 | - | 316,472,541 | 3,771,100 | 96,975,062 | 1,383,937,583 |
| Bank overdraft interest and charges | - | - | - | - | - | - | 11,430,497 | 31,457,085 | - | - | 12,887,582 | 65,207,481 | 2,112,085,529 |
| Cost of goods sold of commercial projects | 460,620,743 | 2,01,006,676 | 603,118,086 | 603,118,086 | - | - | - | - | - | 1,165,937,585 | - | - | 2,112,085,529 |
| Cost of goods sold of programme support entities | 8,365,083 | - | 2,342,396 | 2,342,396 | 1,604,105,595 | 207,960,024 | - | - | - | 2,112,085,529 | 15,623,902 | - | 15,623,902 |
| Publicity, advertisement and sales commissions | - | - | - | - | 1,373,189 | 1,290,454 | - | - | - | 1,651,780 | - | - | 718,246,273 |
| Loan loss provision for loans to VO members | - | - | - | - | 3,731,189 | 3,731,189 | - | - | - | 718,246,273 | - | - | 222,628,292 |
| Depreciation of property, plant and equipment | 10,746,108 | 134,301 | 29,186,518 | 29,186,518 | 44,955,209 | 782,703 | 81,314,206 | 45,109,664 | 1,906,458 | 224,043,587 | 8,592,725 | 21,982,466 | |
| Provision for bad and doubtful debts | 1,073,312 | 884,646 | 191,345 | 191,345 | 18,349,274 | 71,399 | - | - | - | 21,980,466 | - | - | 52,315,147 |
| Allocation to self insurance fund | - | - | - | - | - | - | - | - | - | - | - | - | 2,816,243 |
| Value Added Tax | 22,687 | 226,671 | 2,356,979 | 2,356,979 | - | - | - | - | - | 0,278,780 | - | - | 35,995,084 |
| Provision for Emergency fund | - | - | - | - | - | - | 99,995,084 | - | - | - | - | - | - |
| | 822,134,977 | 221,298,808 | 383,633,433 | 383,633,433 | 2,115,914,352 | 227,656,718 | 3,181,543,076 | 189,288,977 | 58,979,742 | 7,282,250,366 | 3,378,782,782 | 10,587,613,148 | |

Included in cost of goods sold of commercial projects is depreciation of property, plant and equipment amounting to Tk. 4,803,385.

Expenses Summary

for the year ended December 31, 2003

| | Unrestricted | | | | | | | | | Total 2001 | |
|---|--------------------------|--------------|-----------------------------|--|--|-------------------------|--|---------------------------|--------------------|---------------|----------------------|
| | Among Rural Craft Center | BRAC Finance | BRAC Farm, and Food Project | Agricultural Programs Support Enterprise | Non-agricultural Programs Support Enterprise | Micro Finance Programme | Self-financing Social Development Projects | Human Property (Building) | Total Unrestricted | | Development Projects |
| | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | |
| Salaries and benefits | 65,635,948 | 4,690,625 | 16,435,789 | 33,898,102 | 7,690,735 | 1,016,324,467 | 178,399,430 | - | 1,331,242,094 | 722,071,974 | 2,053,317,067 |
| Travelling and transportation | 7,631,412 | 1,360,674 | 13,643,633 | 7,806,680 | 1,322,866 | 111,861,148 | 25,582,076 | - | 172,021,441 | 161,043,951 | 333,075,242 |
| Teachers' salaries | - | - | - | - | - | - | - | - | - | 397,959,256 | 397,959,256 |
| Teachers' training | - | - | - | - | - | - | - | - | - | 93,874,075 | 93,874,075 |
| School rent and maintenance | - | - | - | - | - | - | - | - | - | 115,666,873 | 115,666,873 |
| Stationery, rent and utilities | 46,860,351 | 3,384,221 | 4,576,287 | 8,811,298 | 1,181,280 | 112,456,361 | 7,736,346 | 7,892,194 | 197,944,558 | 31,545,291 | 229,089,849 |
| Maintenance and general expenses | 14,639,290 | 665,794 | 2,617,145 | 7,379,790 | 2,047,325 | 31,955,583 | 8,733,984 | 4,648,161 | 152,311,708 | 32,620,587 | 184,932,295 |
| VI members training | - | - | - | - | - | - | 7,835,914 | - | 7,835,914 | 90,656,183 | 98,492,098 |
| Staff training and development | - | - | 150,434 | - | 1,783 | 23,966,777 | 1,936,187 | - | 26,077,181 | 79,320,512 | 105,397,693 |
| Programme supplies | - | - | - | - | - | 83,320,199 | 20,497,675 | - | 103,818,074 | 598,461,706 | 702,279,780 |
| Interest on VI members savings deposits | - | - | - | - | - | 296,366,425 | - | - | 296,366,425 | - | 296,366,425 |
| Interest on long term loans | 14,943,829 | - | - | 32,151,390 | 1,379,710 | 182,121,794 | 14,942,090 | - | 348,415,813 | 11,944,328 | 360,360,141 |
| Bank overdraft interest and charges | 44,584 | - | - | - | - | - | 23,231,366 | - | 23,275,950 | - | 23,275,950 |
| Cost of goods sold of commercial projects | 535,138,591 | 223,310,967 | 320,161,896 | - | - | - | - | - | 1,078,651,454 | - | 1,078,651,454 |
| Cost of goods sold of commercial projects | - | - | - | 1,765,304,968 | 254,023,979 | - | - | - | 2,019,328,947 | - | 2,019,328,947 |
| Publicity, advertisement and sales commission | 10,463,184 | - | 2,824,735 | 4,259,064 | 1,508,621 | - | 2,241,504 | - | 21,301,910 | - | 21,301,910 |
| Loan loss provision for loans to VI members | - | - | - | - | - | 367,823,500 | - | - | 367,823,500 | - | 367,823,500 |
| Depreciation of property, plant and equipment | 8,516,488 | 1,777,316 | 29,866,994 | 46,827,551 | 553,324 | 72,914,240 | 42,131,261 | 17,722,681 | 219,757,973 | 5,498,289 | 225,256,262 |
| Provision for bad and doubtful debts | 6,227,222 | 498,797 | - | 20,349,461 | 108,362 | - | - | - | 27,183,752 | - | 27,183,752 |
| Foreign exchange loss-unrealized | - | - | - | - | - | - | 568,733 | - | 568,733 | - | 568,733 |
| Allocation to self insurance fund | - | - | - | - | - | - | - | 43,036,367 | 43,036,367 | - | 43,036,367 |
| Value Added Tax | - | 144,221 | 2,288,697 | - | - | - | - | - | 2,432,928 | - | 2,432,928 |
| Cost of BRAC Afghanistan | - | - | - | - | - | - | 5,508,710 | - | 5,508,710 | - | 5,508,710 |
| Provision for Emergency fund | - | - | - | - | - | 26,361,460 | - | - | 26,361,460 | - | 26,361,460 |
| | 711,523,716 | 233,962,525 | 194,782,472 | 1,932,610,514 | 272,389,554 | 2,171,523,164 | 361,147,271 | 72,439,403 | 6,380,479,445 | 2,272,888,424 | 8,653,547,064 |

Included in cost of goods sold of commercial projects is depreciation of property, plant and equipment amounting to Tk. 7,220,227.

2b. Comparative figures

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

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

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