

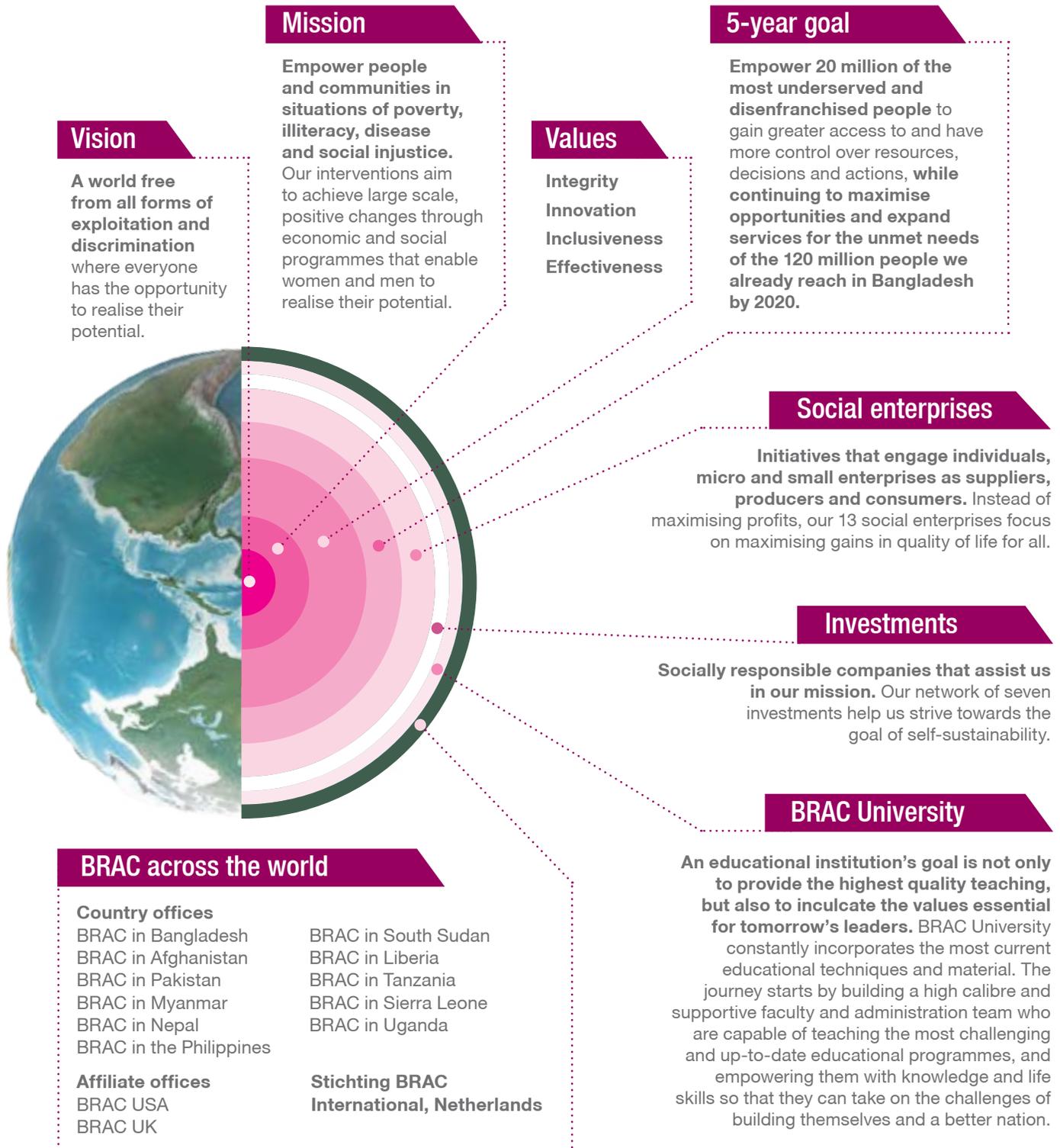


2016  
ANNUAL  
REPORT

SAMIYA

# BUILDING A WORLD THAT WORKS FOR ALL OF US

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



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

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

### **Our world is our playground, a platform for the creativity of all seven billion of us.**

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

While we all hope for a better future for our world, many of us are building it.

If you are a builder, we are betting on you.

### **The changemaker. The activist. The hero. The mentor.**

45 years ago, we started building a world we all want to live in.

### **We started in Bangladesh.**

We listened and learnt, failed and got up again.

### **We never stopped trying. And we never will.**

We trust in people, and we take on the impossible, every day. Fighting poverty, building platforms for tolerance, equality and inclusion, saying no to violence against women and children.

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

As the sun rose this morning, hundreds of thousands of builders rose with it. **Teachers across eight countries** opened the colourful doors of the world's biggest secular private education system. **65,000 artisans** picked up their needles and started weaving traditional art into beautiful clothing. Credit officers in one of the world's largest microfinance institutions sat down with women in the **remotest corners of seven countries**.

## Whoever you are, wherever you are,

doing good is everyone's business.

We have never faced bigger challenges but we have never been more ready.

## Here at BRAC, we are many things:



social enterprise



non-government organisation



public forum



knowledge hub



social investors



policy advocates



university

## and we bring together many different people:



changemakers



activists



heroes



mentors

## inspired by a single vision.

**Building a world that works for all of us takes all of us.**

**Get onboard:**

share the ideas

follow the best minds

take action

support us

we are a team of the world's most dedicated staff, a dynamic board and passionate partners, standing together at the frontline of the world's biggest challenges.

**Join the world's biggest family.**

# CONTENTS

05	Chairperson's foreword	38	Social enterprises
06	Letter from the Executive Director	42	Investments
08	I am BRAC	44	BRAC across the world
10	Scorecard	46	Research
12	Visibility	48	Development partners
14	Headlines	50	BRAC management
16	5-year strategy	52	BRAC organogram
20	Eliminating extreme poverty	53	BRAC governing body
22	Expanding the financial choices of people living in poverty	55	Stichting BRAC International governing body
24	Employable skills for decent work	58	Financials
26	Climate change and emergency response		
28	Gender equality		
30	Universal access to healthcare, nutrition, water and sanitation		
32	Pro-poor urban development		
34	Investing in the next generation		

## CHAIRPERSON'S FOREWORD



We entered 2016 with 17 Sustainable Development Goals, the first of which was to end all forms of poverty by 2030. This is one of the most pressing yet exciting challenges we face today. For the first time in history we have the means to achieve this goal in the not-too-distant future.

BRAC is increasingly at the forefront of this movement. A provider and global advocate of holistic solutions to reduce poverty over the last 45 years, our ultra poor graduation model in particular is being championed as a solution to help reach the millions of households around the world that still live in extreme poverty.

Established in 2002, the ultra poor graduation approach targets households left behind by economic growth or mainstream development interventions. Our model supports them towards building sustainable livelihoods through a powerful combination of asset transfer, enterprise training, financial services, healthcare, mentoring and social integration. In Bangladesh alone our programme has put 1.77 million households on to sustained pathways out of poverty. With impacts confirmed by rigorous research both in Bangladesh and internationally, the ultra poor graduation approach has now been adapted in 59 programmes across 37 countries by other NGOs, governments and multilateral institutions.

Our work on extreme poverty also extends beyond our own programming. Our ultra poor graduation initiative comprises advocacy efforts and technical assistance on how to adapt and implement the approach effectively in different environments. With staff working across the US, UK, Bangladesh and BRAC country offices around the world, we are spearheading the movement to proliferate graduation and reach as many extreme poor households globally as possible. This year, for example, we started working with the Governments of Kenya and the Philippines to integrate the model into their poverty alleviation strategies.

Our development programmes are funded from internally-generated revenue and grants received from external sources. Our internal revenue totalled BDT 4,997 crore (USD 646 million) this year, making up 82% of our total annual revenue.

We continue to invest in a range of socially-responsible companies. This year we consolidated BRAC Bank, an institution that was founded at a time when it was almost impossible for small and medium enterprise entrepreneurs to obtain financing from the banking sector in Bangladesh. We took banking solutions to entrepreneurs, and have disbursed over USD 4.37 billion since inception. More than half of our lending today is still to small and medium enterprises.

Our home-grown solutions in education, health, microfinance and other development areas now reach 10 countries outside of Bangladesh. This year we continued our expansion in Nepal, moving from the relief we provided after the 2015 earthquake into education and health. We have also launched a five-year strategy for Africa which will take us into five new countries by 2020.

We have never faced bigger challenges but I truly believe that, as a global community, we have never been more equipped, more connected or more ready to face them. I am filled with a genuine feeling of hope as we look ahead into 2017. I look forward to sharing the journey with you.

**Sir Fazle Hasan Abed, KCMG**  
Founder and Chairperson



## LETTER FROM THE EXECUTIVE DIRECTOR

This year was an exciting one for us. We embarked on a new strategy that draws on the Sustainable Development Goals and supports the priorities of the Government of Bangladesh. It calls for critically evaluating and redesigning several dimensions of how we work, from the content and delivery approaches of our programmes to identifying where we need organisational change.

While we have initiated internal changes, we continue to achieve large-scale impact through our programmes, though with some shifts in scope and focus.

Some highlights from 2016 include:

### Accelerating the eradication of extreme poverty

- 86,975 households were lifted out of ultra poverty through our programme. We made significant design changes to our ultra poor graduation approach to increase its relevance, effectiveness, and cost efficiency.

- 5.4 million households accessed financial services through our programme. We are also the first financial institution in Bangladesh to receive the globally-recognised SMART certification for demonstrated commitment to client protection in microfinance activities.

### Creating access to critical, quality services

- 15 million women, adolescent girls and their families received counselling on and services relating to reproductive health and rights. We opened new maternity clinics in rural areas and launched a new adolescent-focused health package in our community-based operations to ensure women and mothers of all ages have access to convenient, comprehensive reproductive services.
- 3.5 million children and youth attended our schools and engaged in our educational support activities. Compared to previous years, we placed greater emphasis on early childhood development and pre-primary schools to address the significant unmet need in these areas.
- Our social enterprise Aarong scaled a health security scheme and piloted new financial services designed specifically for artisans and their families.

### Advancing women's empowerment

- We began intensifying the focus on gender transformation in how we deliver services like health, education and microfinance. The first phase of this initiative enabled us to engage over 150,000 people on critical issues like violence against women, early marriage, and sexual harassment.
- Our empowerment activities included a focus on increasing women's voices and participation in the political space. 986 members of our village groups (*polli somaj*) received the Joyeeta award at the sub-district level for their extraordinary achievements in local development.
- We are addressing structural barriers to empowerment by increasing access to the justice system. Through a consolidated network of legal aid clinics, we were able to maintain service to 24,281 clients while increasing our internal inefficiencies.

### Responding to emerging challenges

- Over 17,000 youth received training in employable skills, with 95% finding employment after completion. We also established the BRAC Institute of Skills Development to enhance our ability to provide quality training in high-demand areas.

The steady trend of economic growth in Bangladesh has also required us to examine our assumptions about people living in poverty. We increasingly see that low-income households are concerned first and foremost with the quality of services, even if it comes at a cost. To serve these demands, we are converting its predominantly free service models into low cost, high quality options, which we hope will ultimately enhance our impact at scale and provide us with a financial base for further innovation and expansion.

We did extensive planning for our health and education programmes while introducing some small-scale cost recovery mechanisms. To avoid excluding those who cannot pay, we are proactively monitoring our activities and building in special provisions for marginalised groups.

Keeping track of changes on the ground is aided by our transition to digital, real-time data systems. Many programmes, including the Skills Development Programme and the Targeting Ultra-Poor Programme, are now equipping frontline staff and managers with technology so that they can use the real-time data for faster and better decision making.

Overall, I'm very proud of our achievements this year, and particularly appreciate the hard work of my dedicated colleagues and partners, including our many extension workers and volunteers, in tirelessly pushing towards our vision of a world that works for all of us.

I hope we can continue to build on the momentum for change and push ourselves to learn more, innovate, and enhance our impact even further in 2017.

**Dr Muhammad Musa**  
Executive Director

The changemaker. The activist. The hero. The mentor.



### The changemaker

**Sayeeda Yasmin's day starts and ends with little people. She has been part of our family for 16 years and has taught at many of our schools.** Her room comes to life every morning with songs, drama performances and chants of times tables. Many of her students now attend reputed universities, and have admirable careers both in Bangladesh and abroad. They often come to visit her and inspire her latest students. Big changes in many lives have come out of her small rooms, and she has inspired many to embark on teaching careers. Our schools are full of changemakers like Sayeeda - people making small differences every day with great love.



### The activist

**Subal Kumar Banik has been fighting for literature, language and poetry his whole life.** He has been part of our family for more than 30 years, and has abridged some of the greatest Bangla literary works so that younger generations continue to read and appreciate them. He has also penned almost all of Sir Fazle Hasan Abed's speeches. His weapons in fighting injustice wherever he sees it are books and pens, and the strong, powerful words that have emerged out of his quiet corner continue to inspire millions of readers.

### The hero

**Md Shahid Ullah has spent half his life bringing financial services to people living in some of the most hard-to-reach places in the world.** He has been part of our family for the last 25 years and has led the revolutionising of many financial products for people in poverty. He was even shot while travelling across villages in remote Afghanistan to improve financial services, but that did not deter him from continuing his work to build a more equal world. His biggest inspiration comes from when he sees his work visibly changing lives in communities in Asia and Africa.



### The mentor

**Nabisubi Berna joined our family eight years ago as a credit officer. She wanted to do two things with her career as a young graduate - join a big organisation and use her skills to work for good.** Working directly with people living in poverty gave her a sense of belonging, and she is still in touch with the first village groups she formed. Her personal life has progressed in parallel with her professional career. Nabisubi has been promoted from credit officer to branch manager and then to area manager, and has also held multiple posts in village organisations, from a financial adviser in a woman's trust group to a treasurer in a Bakyala twekembe group.



# SCORECARD

5.4 M

TOTAL BORROWERS REACHED  
(INCREASE OF 10% FROM 2015)

86,975

HOUSEHOLDS GRADUATED FROM  
EXTREME POVERTY IN  
BANGLADESH

90%

OF HOUSEHOLDS RECEIVED  
HEALTHCARE ACROSS  
HARD-TO-REACH REGIONS

USD 3.17 B

TOTAL DISBURSEMENT  
(INCREASE OF 26% FROM 2015)

11,689

PEOPLE WERE EQUIPPED WITH  
SKILLS

600,000

POTENTIAL LABOUR MIGRANTS  
EQUIPPED WITH INFORMATION ON  
SAFE MIGRATION

158,587

PEOPLE SUPPORTED BEFORE, DURING  
AND AFTER NATURAL AND MANMADE  
DISASTERS

1,600

FEMALE VILLAGE GROUP  
MEMBERS PARTICIPATED IN  
UNION COUNCIL ELECTIONS AND  
580 WON SEATS

444,000

PEOPLE ACCESSED AGRICULTURAL  
SERVICES

18,900

MALARIA CASES TREATED

120 M

PEOPLE REACHED THROUGH OUR  
SERVICE DELIVERY PROGRAMMES

USD 3.7 M

RECOVERED ON BEHALF OF  
FEMALE CLIENTS

200,134

PEOPLE, INCLUDING MEN AND BOYS,  
REACHED THROUGH GENDER INTEGRATION  
EFFORTS

21,700

PEOPLE ACCESSING SAFE WATER

1.3 M

PEOPLE SCREENED FOR TB SYMPTOMS

3.5 M

CHILDREN, OVER HALF OF THEM GIRLS,  
ENROLLED IN 48,000 SCHOOLS AND  
CENTRES

649

HOUSES BUILT BACK BETTER AFTER  
FIRES IN URBAN SLUMS

400,000

CHILDREN BETWEEN THE AGES OF  
3-5 ACCESSED EARLY CHILDHOOD  
DEVELOPMENT AND PRE-PRIMARY  
PROGRAMMES

# VISIBILITY



**159K**  
New Followers

## theguardian

Has a way to banish extreme poverty been found?

**3,231** shares



## REUTERS

An International Women's Day feature:

**The skilled girl effect: worth more than the US and Chinese economies put together**

## Stanford SOCIAL INNOVATION REVIEW

Scaling Social Innovation in South Asia

A special supplement examining how we and other organisations scale up social innovations in South Asia.

## FORTUNE

**3 Keys to Starting a Successful NGO From the World's Most Effective Poverty Fighter**

Fortune spoke to **Sir Abed** at the 2016 Fortune–Time Global Forum.

## BRACATHEN II

A competition for coding enthusiasts to create mobile applications for solving real problems

**160** teams

Overall print media coverage in Bangladesh

**1587** published news pieces



BRAC Manthan Digital Innovation Award  
Celebrating home-grown innovators in the IT sector

**1,442** attendees

## Not another mannequin challenge



Using a viral trend to highlight a strong social message

Video stats:

people reached **724,438**

views **157,134**

reactions comments and shares **15,262**

## Sir Fazle Hasan Abed: Up close and personal



The man behind the movement

Video stats:

people reached **527,655**

views **80,934**

reactions comments and shares **9,416**

We funded the Grameenphone 21 February in Sierra Leone video for International Mother Language Day

views **15,508**

BDT **2.9** million (USD **37,270**)

**crowdfunded**

to rebuild houses destroyed in fires in Korail and Saat Tola slums

## brac blog

We were selected in **Feedspot's Top 50 Poverty Blogs**, and placed among the **Top 20**.

Selection is done by search rankings, quality and consistency of posts, and influence and popularity on social media sites.



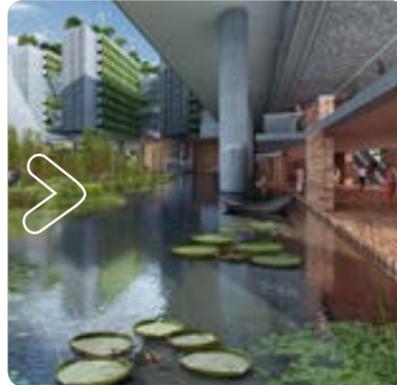
**221K**  
in April 2016

highest tweet impressions in a month

# Headlines from the year

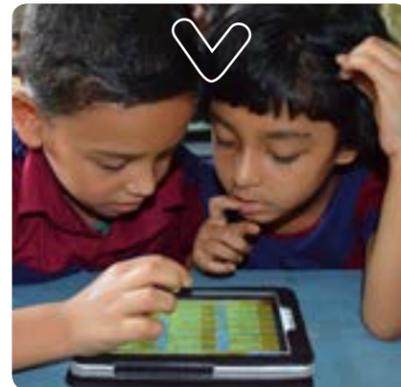
## JANUARY

Commenced construction of BRAC University's new campus. The state-of-the-art facility will accommodate 15,000 students. It will be a green conceptual building with 50% of the land being used for water bodies and vegetation to promote biodiversity.



## FEBRUARY

Launched interactive digital multimedia content to cover the primary school curriculum, as part of a joint initiative by the Government of Bangladesh and Save the Children. A total of 21 primary textbooks on five subjects were digitised.



## MARCH

Published our annual Violence against Women and Children report. The report is a compilation of reported incidents of human rights violations across Bangladesh, through our network of 12,350 ward-level and women-led institutions.



## APRIL

Sir Fazle Hasan Abed receives the third Thomas Francis Jr Medal in Global Public Health from the University of Michigan. The medal recognises the greatest achievements of those who have advanced human health and welfare around the globe.



## MAY

Supported the relocation, relief and rehabilitation of 500,000 people during Cyclone Roanu through a coordinated effort with the government and other organisations.



## JUNE

Ranked as the world's #1 NGO once again, as part of the 2016 Top 500 NGOs World rankings by the Geneva-based NGO Advisor. The awards are based on commitment to impact, innovation and sustainability.



# 2016

## JULY

Signed an agreement with Orbis International with support from Qatar Development Fund to provide modern eye care treatment for people living in poverty. We will conduct 1 million tests, treat 100,000 children with uncorrected refractive eye errors and perform over 10,000 eye surgeries.



## AUGUST

Signed an MoU with UNICEF and Vision Apparels Private Limited to improve breastfeeding conditions in the workplace and strengthen workplace support for breastfeeding.



## SEPTEMBER

Received the International Charity of the Year Award by UK-based Charity Times for clear evidence of impact, scalability and commitment to working through others.



## OCTOBER

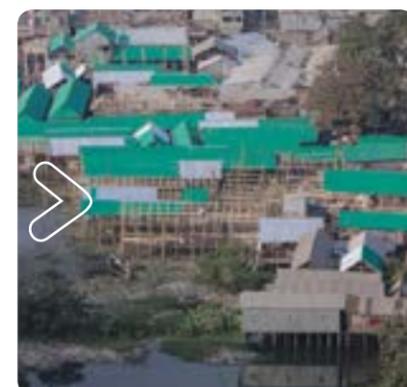
Became the first microfinance institution in Bangladesh, and the largest in the world, to achieve Smart Certification - signifying our commitment to client welfare by meeting a set of rigorous, internationally agreed standards on client protection.

## NOVEMBER

Reached an important milestone in our 10-year partnership with VisionSpring: One million eyeglasses have now been distributed to clients with presbyopia (shortsightedness) across Bangladesh.

## DECEMBER

Provided relief coordination, post fire support, and led the rebuilding of 649 houses in Korail and Saat Tola slums after consecutive devastating fires. The new homes have better ventilation and bigger windows, and wider roads between them to allow fire trucks.



# FIVE – YEAR STRATEGIC PLAN

(2016-2020)



Bangladesh stands at interesting crossroads. In the 45 years since it gained independence, the country has not only emerged from war, but has made significant strides in both social and economic fields - poverty reduction, per capita income and gender parity in education and health. Bangladesh's development trajectory is considered as a unique success story globally. Rising inequality is the most pressing social challenge for the country now, and it is an obstacle that could halt, if not derail, any ambitions of an inclusive society. Against this backdrop, we have set the following overarching goal:

In the next five years, we will empower 20 million of the most underserved and disenfranchised women and men to gain greater access to and have more control over resources, decisions and actions, while continuing to maximise opportunities and expand services for the unmet needs of the 120 million people we already reach in Bangladesh.

## To achieve this goal, we will make the following changes:

### Programming:

- 1 Eliminate extreme poverty:** Reduce the cost of our targeting ultra poor programme and scale it up to graduate over half a million households out of extreme poverty.
- 2 Financially empower people living in poverty:** Strengthen client protection mechanisms and expand financial education services to all clients.
- 3 Skills and decent work for underprivileged women and men:** Equip 500,000 young people (50% women,

10% person with disabilities and minority groups) with skills training and link them to decent jobs or entrepreneurship.

- 4 Resilience to climate change and emergency response capacity:** Establish ourselves as a leading humanitarian response entity, helping people adapt to (and mitigate, when applicable) climate change. Integrate climate change adaptability in all programmes.

- 5 Gender equality:** Reduce violence, increase men's engagement and increase gender parity within BRAC through integrated actions for women's empowerment across programmes. Create a gender resource centre to provide technical support to programmes.
  - 6 Pro-poor urban development:** Deliver customised, affordable and quality basic services for people living in urban poverty. Mobilise communities to be more aware of their rights. Advocate for safe, affordable and quality transportation and pro-poor urban governance.
  - 7 Universal healthcare access and improved nutrition:** Address emerging health problems, like non-communicable diseases, increase the professionalism of frontline services and introduce a wide range of for-profit products and services.
  - 8 Invest in the next generation through early childhood and improved education quality:** Enhance quality of and access to education at all levels and advocate for quality education nationally. Free schools will become fee-based, with vouchers for those living in extreme poverty.
3. Our social enterprise cluster will position its products and services to appeal to new market segments. Leadership structures and investment plans are being redesigned to allow this to happen.
  4. We will improve our organisational efficiency and cost effectiveness, through streamlining our key business processes (eg, procurement, recruitment), and through cutting down avoidable costs.

### Organisational focus:

- 1 Develop management and business thinking capacity:** Change leadership style to encourage risk taking, promote innovation and ensure a continuous succession of leaders. Attract staff with business skills that can implement social enterprise models. Introduce e-learning and strengthen staff capacity on technology and communication.
- 2 Increase efficiency of structures and processes and leverage greater use of data for decision making:** Incorporate more technology, particularly around data collection and management. Use more evidence in management decision making to run a leaner and more effective organisation.
- 3 Increase influence through knowledge and evidence-driven advocacy and strategic partnership:** Increase our value as a knowledge partner of choice of other humanitarian and development stakeholders. Attract innovation, implementation and knowledge dissemination partners.
- 4 Strengthen and align support programmes:** Increase accountability within support units through streamlining processes and introducing feedback loops.
- 5 Develop mechanisms to strategically support and leverage BRAC International and other BRAC institutions more systematically:** Bring the entire BRAC family together through a global strategy.

### Financing:

Amid shifting global development priorities, we will continue to diversify, but in parallel, will become virtually self-sustainable:

1. Most of our social development programmes will adopt surplus generating social enterprise models. Five programmes will be the initial focus; health, education, skills and employment, migration and human rights and legal services. All other social development programmes will implement cost-recovery models, even if they do not generate surplus in the short term.
2. We will selectively accept strategic donor funding for some of our programmes (including climate change, disaster response and eradicating extreme poverty), but donor funding will be increasingly sought through new channels, such as private philanthropy and corporate partnerships.

We have always been an evolving organisation, and the strategic plan 2016-2020 is a continuation of this trend. Bangladesh graduated from low income country status to lower middle income country status in 2015 and the country's economic progression shows no signs of slowing. It is essential that we take early steps to ensure that we will be able to respond to changes in funding patterns and development needs.

As a leading organisation in the field of poverty reduction, we will become even more relevant, efficient and effective, continuing to ensure that Bangladesh is a country where everyone has the opportunity to realise their potential.

A woman wearing a dark sari with a white border is standing in a lush green vegetable field. She is holding a smartphone up to take a selfie. The field is filled with rows of plants, and several long beans are hanging from trellises supported by wooden stakes. The background shows more of the field and some trees.

**IN THE NEXT FIVE YEARS, WE WILL EMPOWER 20 MILLION OF THE MOST UNDERSERVED AND DISENFRANCHISED WOMEN AND MEN TO GAIN GREATER ACCESS TO AND HAVE MORE CONTROL OVER RESOURCES, DECISIONS AND ACTIONS, WHILE CONTINUING TO MAXIMISE OPPORTUNITIES AND EXPAND SERVICES FOR THE UNMET NEEDS OF THE 120 MILLION PEOPLE WE ALREADY REACH IN BANGLADESH.**

# 1

# ELIMINATING EXTREME POVERTY

2.5 million households in Bangladesh live in extreme poverty.

## THE CHALLENGE

People living in extreme poverty are forced to make impossible choices every single day about basic necessities such as food, medicine, housing, or education.

Extreme poverty is more than numbers. It is the denial of dignity.

As much progress has been made globally to alleviate poverty in all its forms, we are now intent on eradicating it.

Bangladesh has reduced its poverty level to 27%, but the challenge of extreme poverty remains - and women are disproportionately affected.

Pockets of extreme poverty are particularly prevalent in the hard-to-reach regions, where often entire communities lack access to basic services and limited economic opportunities.

## THE APPROACH

We are working towards eliminating extreme poverty completely from Bangladesh by 2030, through a powerful combination of direct and complementary efforts.

Firstly, we are graduating over half a million households out of extreme poverty over the next five years through our own activities. Our graduation approach for extreme poverty is a development intervention for situations where microfinance is inappropriate or insufficient, specifically designed to support and uplift households left behind by macroeconomic growth and mainstream development interventions. We are intensifying and scaling up these efforts, as well as looking into how to further improve effectiveness and decrease the cost.

We are taking a specially integrated approach in poverty pockets such as wetlands (*haor*), riverine islands (*char*) and indigenous populations.

These regions are socially marginalised and geographically detached from mainstream development interventions. We are providing multi-faceted support through a single platform that includes education, legal services and activities that promote women's empowerment.

Beyond direct service provision, we are working closely with the government to affect favourable changes to its social safety net programmes. Internationally, we are also assisting other countries and organisations to adopt our graduation model.



## THE IMPACT

£1 invested in the targeting the ultra poor programme = £5.40 in income and assets over a period of seven years.

75-98% participants globally meet the country-specific graduation criteria in 18-36 months.

Positive results ripple beyond economic measures of poverty. Preliminary results show vast improvement in socioeconomic dynamics and educational opportunities of children.

The graduation approach has been adapted in 37 countries by NGOs, governments and multilateral institutions.

86,975 households graduated from extreme poverty this year in Bangladesh, bringing the total number of households that have graduated from extreme poverty in Bangladesh to 1.77 million.

Also in Bangladesh's hard-to-reach regions:

90% of households received healthcare.

3,550 village development organisations covered 131,500 households.

4,200 women from our village development organisations participated in local committees and 132 women elected into local government administrative structures.

665 schools enrolled 17,200 students, of which 60% were girls.

## MORE DIGITAL = MORE PERSONALISED

Pockets of extreme poverty exist all across Bangladesh, often in remote settings with limited infrastructure. Manual data management in these areas is time-consuming, limiting the face-to-face hours that staff can spend in client homes.

To tackle this challenge, we are digitising the systems that we use to monitor graduation, in collaboration with the US-based technology solutions provider Amplifier Strategies. It is speeding up data collection and allowing rapid decision-making.

While we often associate digital systems with easing the responsibilities of office-based urban staff, it is our operations in the remotest areas that report the most positive impacts.

Field staff input data into smartphones during each household visit. GPS instantly locates the place visited and identifies the client. Her information is added, verified and recorded in real-time.

One measurable gain is that the end-line surveys, carried out at the end of every 24-month programme cycle of graduation, will no longer be necessary. Digital data entry is improving data quality and decreasing the time needed to administer surveys by more than half. Impact analysis will also take less time and be more comprehensive, as the system will contain aggregated data of all households. Monitoring resources can be efficiently allocated, which will specially benefit regions where qualified workers are scarce.

The digitising process is expected to cover 30% of our field operations by 2017.



# 2

## EXPANDING THE FINANCIAL CHOICES OF PEOPLE LIVING IN POVERTY

Over half the people in Bangladesh – over **50 million adults** – do not have **access to a formal financial institution** and customised financial products.

### THE CHALLENGE

People living in poverty across the world are financially vulnerable in myriad ways, because of limited earning opportunities, reliance on unreliable and variable income sources, and limited ability to invest in assets.

Millions of households still save, borrow and manage day-to-day expenditures through informal means in Bangladesh, such as hiding cash, using friends and family, or going to high interest money lenders, especially when faced with an emergency. These choices are often risky, unreliable and expensive.

### THE APPROACH

We are one of world's largest providers of financial services for households rising from poverty, providing financial services in seven countries across Asia and Sub-Saharan Africa.

We believe that everyone, regardless of their income level, should have access and be able to effectively use the financial services they need.

With the help of microfinance, people excluded from the formal banking system can access a suite of financial services such as loans, savings, and microinsurance products. Microfinance facilitates families to build assets and reduce vulnerability to health shocks or natural disasters, as people can borrow or withdraw savings to resume economic

activity. Similarly, it smooths consumption for families who might otherwise be forced to sell assets or borrow high interest loans from local lenders when there is a short-term liquidity crunch.

We understand people in poverty have heterogeneous financial needs. Our range of products and services encompass micro-loans for entrepreneurship, household investments, medical expenditures, farming and migration, as well as savings via cash or mobile money, microinsurance and financial education.

We believe that sustainable poverty reduction must unite both economic and social development. Our microfinance activities, as part of our holistic approach to development, complement our other social services, making a powerful combination for building stable, healthy, and empowered livelihoods.



### THE IMPACT

#### Furthering our reach

We continued to expand our reach among small entrepreneurs, farmers, low-income salaried workers, migrant workers, young people and households affected by disability.

Our total disbursement reached **USD 3.17 billion**, an increase of **26%** from 2015.

Our total number of borrowers reached **5.4 million**, an increase of **10%** from 2015.

**87%** of clients we served were women.

#### Putting clients front and centre

We became the first microfinance organisation in Bangladesh, and the largest in the world, to achieve Smart Certification – signifying our commitment to client welfare by meeting a set of rigorous, internationally agreed standards on client protection.

We continued to expand the suite of products made available to our clients across Bangladesh, investing heavily in digital transaction models. In 2016, we scaled up accepting deposits for special savings via mobile money using bkash, a BRAC Bank subsidiary. 145,000 women use this service nationally.

### IMPROVING MICROFINANCE SERVICES THROUGH TECHNOLOGY

This year has seen the scaling up of a number of digital initiatives, the most significant being:

**Smart collection:** We initiated the Smart Collection module, an application that enables field staff to instantly record client payment information and view transaction histories via handheld Android devices. Clients no longer need to visit branches to collect statements regarding repaid loan balances, outstanding loan amounts and savings balances and may request general information as well as a mini statement from their credit officer. This system also enables

managers to rapidly identify repayment issues wherever they are.

**Increase accessibility using mobile money:** All microfinance clients can now deposit savings using bKash, BRAC Bank's mobile money platform, through BRAC's bKash-enabled deposit premium scheme. This service which enables clients to make deposits remotely, and offers a convenient and high return savings alternative for borrowers, especially in hard-to-reach areas, such as river and sea islands, wetlands (*haor*), riverine islands (*char*) and hilly regions, where branches are further away.

To support client orientation with bKash we have scaled up our team of customer service assistants to address clients' general queries and concerns, help them learn basic operations for mobile transaction facilities and brief clients on how to use digital financial services.



# 3

## EMPLOYABLE SKILLS FOR DECENT WORK

**2.2 million** young people enter Bangladesh's workforce every year, but **three out of every four business leaders** report that **skilled workers are scarce**.

### THE CHALLENGE

Young people in Bangladesh face a precarious future, despite living in one of the fastest growing economies in the world. Over 2 million people enter the potential labour force annually, but two out of every five young people are not in employment, education or training. Approximately ten million young people are currently unemployed or underemployed.

More than 755,000 people left for overseas employment in 2016. Economic migrants face myriad challenges, from high fees charged by recruitment agencies to low wages, lack of information on migration opportunities and risks, exploitation and abuse.

### THE APPROACH

We offer high quality training to people from all backgrounds, and link graduates with decent work opportunities that respect the rights of workers.

We work both in formal and informal sectors. We identify occupations in demand and skills in short supply in partnership with market actors and employers.

We offer technical vocational training, enterprise and institution-based apprenticeships, entrepreneurship and enterprise development, especially for startups in the informal sector, working to improve working conditions and strengthen market value chains.

We support the government in their goal of ensuring employable skills for all, and our training is in line with the National Skills Development Policy, with a special focus on women, people with disabilities and other marginalised groups.

We promote safe, regular and responsible migration, providing support to labour migrants at every step of their journey to ensure that they know their rights and can exercise them.

This includes ensuring potential and departing labour migrants pursue safe migration routes, financing, have appropriate skills to avail decent work in host countries and supporting reintegration.



### BUSINESS INTELLIGENCE SYSTEM MEANS EFFICIENCY AT SPEED

Our flagship project, skills training for advancing resources (STAR), innovates upon the age-old practice of employment through formalising apprenticeship-based skills training, and it is making changes at scale to the skills landscape.

One of the keys to our success is data management, which allows us to constantly map the effectiveness of our operations. This year we significantly invested in improving that through a real-time business intelligence solution.

The solution allows us to track the progress of our learners during and after

course completion, master craftspeople who offer apprenticeships, as well as the enterprises and institutions where graduates are employed. We have comprehensive performance metrics for all these groups, which demand constant and rigorous follow up and support.

Our frontline staff sync the data collected during every household and firm visit on their tablets and smartphones. The data feeds into the real time analytics being used by staff at all levels, enabling them to take immediate decisions and actions. The new system is particularly useful to monitor apprenticeship activities and job placements, and ensure that progress is on track through a real-time mechanism.

The solution is being used across all 43 districts that we operate in.

Our goal is to provide employable skills to 500,000 people and ensure their decent employment by 2020. Through this tech-based solution, we hope to be able to generate big data to validate our results and achieve big goals in the skills development sector.



### THE IMPACT

USD 1 invested in our STAR skill development programme = USD 3.

Our training intervention supported by UNICEF reduced early marriage by 62%.

We opened doors for women in the pharmacy, hospitality and tourism sectors through successful projects with support from the International Labour Organization.

Our institutional training enabled us to work with partners in the construction, electronic and energy sector at home and abroad.

11,689 people equipped with skills, 57% of whom were female and 10% people with disabilities, across 143 sub-districts.

931 women received training in traditionally male dominated occupations.

5,189 potential migrants reached with pre-departure, health and life skills training.

BDT 7,668,500 recovered through social arbitration on behalf of migrant workers who faced fraud.

600,000 potential labour migrants and their family members equipped with information on safe migration, remittance and financial management.

# 4

## CLIMATE CHANGE AND EMERGENCY RESPONSE

27 million people are predicted to be at risk of sea level rise in Bangladesh by 2050.

### THE CHALLENGE

Climate change is a concern now affecting every one of us, and Bangladesh is one of the countries most vulnerable to its effects.

Two-thirds of the country is less than five metres above sea level, and floods are increasingly destroying homes, croplands and damaging infrastructure. Approximately 10,000 hectares of land is lost every year due to erosion. Agricultural land is shrinking by 1% annually and the population is growing by 1.2%. This is creating a rise in demand for food, while increasingly unpredictable weather conditions pose a growing challenge to farmers trying to meet those demands.

### THE APPROACH

Our scale, ongoing action research, and depth of engagement gives us a unique opportunity to support communities to mitigate and adapt to climate change and recover from disasters.

We support communities to build resilience, respond to disasters and rebuild. We focus on access to safe water and sanitation, alternative and adaptive livelihood options, access to health facilities, continuation of education, specific support for girls, women and children and psychosocial counselling to help communities cope with distress.

Beyond our work on the ground, we advocate on a national level for collaborative approaches and coordinate with local governments on our activities.

The agricultural sector is one of the sectors most affected by climate change. Our programmes work with governments to achieve and sustain food security in seven countries across Asia and sub-Saharan Africa.

We build systems of production and distribution, offering quality seeds at fair prices while developing better crop varieties and practices. We promote efficient farming techniques and environmental sustainability, and have seen in practice that these do not need to be mutually exclusive. We develop markets using an approach that encourages entrepreneurship and supports countries become self-sufficient in food production, and our global network of community model farmers are permanent ambassadors of good farming practices.



### THE IMPACT

444,000 people accessed agricultural services.

158,587 people supported before, during and after natural and manmade disaster.

112,980 farmers gained skills in climate-resilient rice production technologies through 1,580 demonstration plots in 45 sub-districts.

56,600 women gained skills in nutri-gardening and 2,250 nutri-gardens were established.

34,000 farmers gained skills in wheat, pulses and oil crop cultivation.

19,191 people in a waterlogged region of Jessore received water, sanitation and hygiene support. 21 new houses, 10 child-friendly spaces and a school were set up.

8,430 farmers gained skills in fish-rice-vegetable integration in 100 pond-like structures (gher) and 20 seasonal floodplains.

2,127 households received relief and 2,250 children were kept safe in 36 child-friendly spaces during Cyclone Roanu.

1,011 people received support, 10 latrines were set up and 7 child-friendly spaces created during the food crisis in Thanchi.

165 rice germplasms conserved in on-farm conditions for broader genetic gain.

### ARCHITECTURAL DESIGN FOR FIRE SAFETY IN DHAKA SLUMS

40% of Dhaka's population lives in poverty, and most people reside in slums or informal settlements. Korail and Saat Tola slums are home to hundreds of thousands of people who have mostly moved from rural areas in search of better lives. Approximately 2,500 of those people suddenly found themselves homeless when a massive fire tore through both slums in December, destroying 649 homes.

It was the middle of winter, and people lost everything.

We hit the ground immediately, providing access to food, safe spaces for children and medical care. Realising we needed support, we mobilised BDT 6.4 million (USD 79,716) from UNDP, BDT 3 million from Dhaka North City Corporation, and crowdfunded BDT 2.9 million locally.

In conjunction with the community, the city corporation and other NGOs, and in parallel with emergency relief efforts, we used the funds to rebuild. A voluntary team of architects consulted with families in the middle of armies of field staff distributing food, warm clothes, water and cookware.

The architects redesigned and rebuilt the 649 homes with better ventilation and bigger windows, and facilitated dialogue between house owners to reduce house sizes by a small increment each to allow wider roads for fire trucks. Dialogue between tenants and house owners resulted in a six-month rent waiver for most home owners.



# 5 GENDER EQUALITY

**Eight out of ten married women in Bangladesh experience violence at least once in their lifetime.**

## THE CHALLENGE

Bangladesh has the highest rate of child marriage in the world among girls under 15.

32% of currently married, employed women who earn cash make decisions mainly by themselves on how to use their own earnings. Less than half of married women participate in decisions about their own healthcare, their child's healthcare, major household purchases and visits to their family or relatives. They own less than 2% of total land in Bangladesh.

Women's empowerment and gender equality are complex issues, stemming from factors at multiple levels.

## THE APPROACH

Women from the poorest and most marginalised communities have always been our primary constituency.

We provide a platform for one million women to raise their voices through democratic grassroots institutions which close the gap between communities and local government. We educate and support women to exercise their rights, develop leadership and support actions against injustice. In parallel, we work with local government offices to improve governance through institutional strengthening, gender sensitising, and establishing elected female representatives.

We see a lack of access to legal and property rights as a major driver of poverty. We are the largest NGO-led legal aid service provider in the world, offering services such as legal education, dispute resolution and workshops with local community leaders. Through a network of entrepreneurs, we provide land measurement services to help people with

the least access to property to navigate the land ownership system.

**In addition to targeted programmes, a key component of BRAC's new strategy is the integration of a gender-transformative approach into all of BRAC's operations to achieve four overarching gender goals – a substantive reduction in violence, increase in men's engagement and support for gender equality in the community, and increased gender parity and gender equality within the organisation.**



## THE IMPACT

Published annual Violence against Women and Children report, summarising the incidents of human rights violations reported through our **12,350** ward-level and women-led institutions.

**200,134** people, including men and boys, reached through gender integration efforts.

**150,000** people reached on issues like violence against women, early marriage, and sexual harassment.

**24,281** clients provided with legal services.

**USD 3.7 million** recovered on behalf of female clients through **15,203** alternative dispute resolutions and court cases.

**1,600** female village committee committee members participated in local government elections and **580** won seats.

**1.2 million** people living in poverty, most of who were women, accessed social safety net services.

**82,058** women graduated from human rights and legal education courses.

**69,527** violent acts such as child marriage, dowry and domestic violence, mostly against women, reported as prevented.

**3,178** survivors of domestic violence most of who were women, received emergency, medical and legal support.

## A FIVE-YEAR MOVEMENT FOR WOMEN BEGINS ACROSS BANGLADESH

A world that works for all of us will never be possible if only half of the world has the opportunity to be involved in building it.

Every morning women across the country determinedly walk to schools and workplaces, and women are represented in every level of government. Despite this, they are still underrepresented in decision-making and leadership roles across every sector and in the household, and significantly overrepresented in domestic violence and sexual harassment statistics.

There is work to be done with both women and men.

60% of men in urban areas and 62% of men in rural areas believe that it is acceptable to beat women. 28% of women agree with one or more reasons justifying wife beating.

Our new gender strategy reflects our understanding of the complex relationship between women's empowerment, women's rights and gender equality.

Based on the successes of several gender-focused initiatives, we are now embedding gender transformation into how we deliver all of our services. We will work through all of our programme platforms in this movement over the next five years, confident that this is what it will take to shift social norms and significantly advance gender equality.

Coupled with government initiatives and activism from other non-governmental entities and individual activists, the goal of the movement is to reduce violence against women by 10% in 2020.



# 6

## UNIVERSAL ACCESS TO HEALTHCARE, NUTRITION, WATER AND SANITATION

Up to **five million people** every year in Bangladesh are **pushed into poverty because of healthcare costs.**

### THE CHALLENGE

Demographic transitions, lifestyle changes and environmental factors, combined with malnutrition, are leading to a global epidemiological shift from communicable to non-communicable diseases. Healthcare costs are rapidly increasing, with approximately two-thirds being covered by out-of-pocket expenditure in Bangladesh.

Rapid urbanisation is placing a further burden on already-limited urban healthcare services. Identifying and providing quality care for tuberculosis remain difficult, with increasing drug resistance and childhood TB. Tackling malaria in hilly areas is also a challenge. A lack of quality and inefficiency in care, and an inadequately-skilled workforce is leading to high morbidity and cost, and hindering progress towards SDGs.

### THE APPROACH

Our community-based healthcare approach employs a wide network of community health workers to ensure that people living in poverty can access high-quality, affordable services. The approach was first pioneered in Bangladesh and has been replicated in five countries across Asia and Sub-Saharan Africa.

The health workers are social entrepreneurs, earning income by selling health products and services while improving health and nutrition.

They ensure a continuum of care, bridging the gap between formal healthcare systems and the community. Over 50,000 health workers create demand, educate and offer reproductive, maternal, neonatal, child and adolescent health, nutrition, communicable diseases, non-communicable diseases and disability care services, and connect communities with government and private facilities.

We educate on hygiene, and provide access to safe drinking water and hygienic sanitation in hard-to-reach and urban areas. Our approach for TB diagnosis and treatment focuses on community level education and engagement, conducting orientations to engage stakeholders in identifying patients, ensure treatment adherence and reduce stigma. Tackling malaria includes managing cases, distributing long lasting insecticidal nets and disseminating messages.

Sustainability across all of our work is ensured through community ownership and partnership with the government, the private sector and a wide range of other partners.



### THE IMPACT

**120 million** people were reached through our service delivery programmes.

**15 million** women counselled on modern contraceptive methods.

**2 million** adolescent girls and pregnant women counselled on recommended dietary practices.

**2 million** new mothers counselled on exclusive breastfeeding or minimal acceptable diet.

**1.3 million** people screened for TB symptoms and **149,228** TB patients enrolled in treatment.

**95%** treatment success rate of new smear positive TB cases registered in 2015.

### EYECARE, EVERYWHERE

Eye health is yet to receive adequate attention in the public health agenda, even though 285 million people globally suffer visual impairment, of whom 39 million are blind.

In Bangladesh, 8.6 million have low-vision and 950,000 are blind. Eight in every ten people who report as blind have cataracts, a disease usually curable through a relatively simple intervention. About 12 million people are losing productivity due to presbyopia (nearsightedness), that could be tackled through a pair of eye-glasses that costs

approximately one-fifth of a Starbucks coffee.

The already-limited eye care facilities available in the country are concentrated in cities, making access nearly impossible for underprivileged groups and people living in rural areas. Primary eye care barely exists.

Drawing on experience from Aravind Eye Care in India, we established three Vision Centres to bring affordable primary eye care to communities. Our trained vision technicians offer services supported by ophthalmologists of partner hospitals, through telemedicine, and correct refractive errors by getting the correct eye glasses to people (eyewear is available in the centres).

The government has committed to introduce primary eye care at sub-districts and below, in partnership with NGOs and the private sector. This public-private partnership approach will ensure that even if eye health is not on the global public health agenda, access to affordable, comprehensive, quality eye care for all is on Bangladesh's agenda.



**714,770** pregnant women accessed **4+** antenatal care visits.

**153,930** people accessed community-based screening for diabetes mellitus and hypertension.

**18,900** malaria cases treated.

**12,400** people benefitted through the installation of **1,285** new latrines and **820** latrines converted from unhygienic to hygienic.

**5,400** village WASH committees and **1,500** urban WASH committees formed.

**2,580** improved water sources installed, benefitting **21,700** people.

Reached a milestone in our work in vision: **1 million** eyeglasses distributed to people with presbyopia (shortsightedness)

# 7

## PRO-POOR URBAN DEVELOPMENT

The population in Bangladesh's towns and cities will have doubled to nearly 100 million by 2050.

### THE CHALLENGE

Economic opportunities are pulling people to the cities. Climate change is pushing them out of low-lying areas. 40% of Dhaka's citizens (12 million people) live in poverty, mostly in slums and other informal settlements, with the constant threat of eviction, violence, and disasters like fires.

Piped water reaches only about one-third of the urban population, and there is no systematic sewer disposal and treatment system. Only Dhaka has a sewer system, and it serves just 18% of the city. One in two women are harassed by public transport operators.

Unplanned urbanisation coupled with lack of proper services poses one of the greatest dangers for the future of Bangladesh.

### THE APPROACH

We are a new programme aiming to make Bangladesh's growing urban spaces liveable for all. By 2020, we will have a tested and proven model that can be scaled up across the country not only to tackle the escalating urban poverty and inequality, but also to promote sustainable urbanisation.

We are focusing on delivering customised, affordable and quality basic services and linking with government services. This is accompanied by empowering communities on citizen rights and entitlements, transparent and accountable access to public services. We are also supporting the building of innovations that can bring transformational changes in making sure citizens are more informed about local development and aware of

their rights, and technology innovations that create more opportunities and play a role in better services for urban residents.

We are building a strong policy advocacy platform to promote a citywide planning and management approach to include low income settlements in service provisioning. This includes working with urban government institutions, city corporations and municipalities, the Urban Development Directorate and professional institutions, to help low-income communities benefit from urban growth and strengthen their capacity to develop, adopt and effectively implement pro-poor policies and services in urban spaces.



### THE IMPACT

19,013 people across five city corporations and one municipality accessed the services of government and non-government providers for a wide range of services.

Provided post-fire support, relief coordination and helped rebuild 649 houses in Korail and Saat Tola slums in partnership with local community organisations and Dhaka North City Corporation.

Provided a wide range of support to community development organisations to develop community action plans to make slums more liveable.

MoUs signed with five city corporations and one municipality, and we are working to sign up other city authorities, NGOs and private service providers for coordinated service delivery. These MoUs will direct both parties to take joint initiatives for slum upgrading, citywide planning, and subsidised service delivery. City authorities are involving us in planning interventions.

We are focusing on urban street children, in the areas of education, food and space for sharing.

### CROWDSOURCING INNOVATIONS FOR SOCIAL CHALLENGES

#### Our cities, our solutions and coding for Bangladesh

Bangladesh is rapidly changing, and we are facing new challenges every day in our urban spaces. We started BRACathon at the end of 2015, a competition to make mobile applications that could offer solutions for real social problems. Following its success, we complemented it with the Urban Innovation Challenge at the end of 2016, to engage young people to find urban social business models.

We spent this year incubating the five winning BRACathon apps, which cover solutions to problems ranging from tuberculosis to fire response. Incubation included prototyping, intensive mentoring and training, piloting - under the guidance of our leading government practitioners, promotion of the apps to increase their user bases, and connecting them to our programmatic work.

We launched the Urban Innovation Challenge in October, in partnership with Dhaka North City Corporation. We are offering seed support, bootcamps and coworking space to a new generation of innovators, and throwing our active support behind them to build the cities they want to live in. Participants will submit social business models as innovative solutions to specific urban problems in early 2017.



# 8

## INVESTING IN THE NEXT GENERATION

13% of children aged 3-5 are receiving early childhood education in Bangladesh.

### THE CHALLENGE

Globally, children from the poorest households are five times more likely to be out of school than those from the wealthiest.

A key challenge for Bangladesh is to ensure quality education for all. Children who participate in quality early childhood programmes are less likely to repeat grades or drop out of school, and yet only 5.8% of children at three years of age were in preschool. Currently only 50% of students who enroll in first grade reach class 10. Drop out rates among girls in secondary school is particularly high.

Curricula, teaching approaches and examination systems at all levels lack critical thinking and analytical skills.

### THE APPROACH

Our low-cost, scalable schooling model has made us the world's largest private, secular education provider. 1.1 million students are currently enrolled in our schools in eight countries across Asia and Sub-Saharan Africa.

We firmly believe that girls' education is one of the greatest catalysts for large-scale societal change, and our classrooms are always at least 50% girls. We also highly value diversity, with at least one child with a disability included in every classroom.

We believe that generational cycles of poverty can be broken by ensuring that classroom learning is relevant to all. By teaching children to think for themselves, we inculcate an enterprising mindset. Our schools have allowed over 12 million children to grow up with

opportunities that would have been unimaginable in previous decades.

We address educational needs from early childhood to tertiary level, including indigenous mother-tongue based curriculums for ethnic children. In secondary education, we support government schools with teacher training, libraries and computer aided learning. We provide scholarships, particularly in Bangladesh and Uganda, and schooling for especially hard-to-reach populations using boat schools in Bangladesh and the Philippines. Our youth interventions create safe spaces in communities for adolescents to socialise and learn valuable life skills, employable skills and access finance.



### THE IMPACT

Our students exceeded the national average in PECE & JSC exam results, and matched the SSC national average.

3.5 million children, over half of them girls, enrolled in 48,000 schools and centres.

400,000 children between the ages of 3-5 years accessed early childhood development and pre-primary programmes.

400,000 students, who would have not enrolled or finished their education, completed primary education through our non-formal primary education programme.

200,000 children accessed primary education through the shishu niketon programme, our fee-based school system.

1.5 million children across Bangladesh engaged in reading, socialising and activity-based learning in our adolescent development clubs, travelling libraries and multipurpose community learning centres.

400,000 children were supported through their secondary educational journey through our Advancing BRAC Graduates programme.

35,000 of the children enrolled in our schools and clubs had special needs.

40,000 of our students were from 56 different ethnic communities.

### GOING DIGITAL: REACHING 20 MILLION STUDENTS WITH QUALITY LEARNING CONTENT

2016 was the final year of the 'Developing multimedia digital content based on primary curriculum' project, an initiative of the ICT division, in partnership with the Directorate of Primary Education and National Curriculum and Text Board, BRAC and Save the Children.

A total of 21 primary textbooks on five subjects (mathematics, Bangla, English, science and an introduction to Bangladesh

and the world) were digitised. We led the digitisation of the content in 16 of the books.

All district primary education offices are now ensuring that children are using digital content in classrooms. The content has so far been downloaded over three million times. In Bangladesh, where one in every four people live below poverty line, but more than 80% use a mobile phone, the use of this digital learning content is expected to grow substantially.

A pilot initiative has started to understand the effectiveness and user-friendliness of the digital content in 30 schools across the country. The content will continue to be modified based on the feedback.

We are now partnering with the government and other non-governmental organisations to develop quality digital content for secondary level education.



A woman wearing a red headscarf and orange clothing is shown in profile, working with large orange nets. She is holding onto a white rope that runs across the frame. The background is filled with more orange nets, creating a warm, textured environment. The lighting is bright, highlighting the vibrant colors of her attire and the nets.

**WE WERE BORN IN  
BANGLADESH, ARE ALMOST  
COMPLETELY SELF-  
SUSTAINABLE THROUGH  
OUR OWN NETWORK OF  
SOCIAL ENTERPRISES AND  
INVESTMENTS, AND OPERATE  
IN 11 COUNTRIES ACROSS  
ASIA AND AFRICA.**

# SOCIAL ENTERPRISES

Solutions for **social challenges** and surplus for **greater impact**

## THE CHALLENGE

Our presence in both rural and urban economies helps us understand the challenges that continue to hinder economic growth and social empowerment. Two of the most significant of those, particularly for women in rural areas, are sustainable livelihood generation and market access. We believe that everyone should have the opportunity to participate in the economy.

If you offer a person a dairy product, they can eat for a day. If you teach them to rear cows, they can sustain for a lifetime. What if a person knows how to rear cows, but they do not have enough capital to buy any though? Our work started not with giving dairy products or teaching people how to

rear cows, but with lending money to families in rural areas to start their own small dairy operations. Then we created a social enterprise that linked them with urban consumers who wanted dairy products. The same enterprise - Aarong Dairy - now provides market access to 50,000 dairy farmers across the country.

**Social enterprise lies at the intersection of business and traditional non-profit.**

Social enterprises are self-sustaining cause-driven business entities that create social impact by offering solutions to social challenges and reinvesting their surplus to sustain and generate greater impact.

## THE APPROACH

Social enterprises act as a catalyst for change in identifying social, economic and environmental problems, and providing equitable and measurable solutions that address unmet needs. They ensure business viability, continuously offering competitive, marketable and relevant solutions and innovations across the value chain, while keeping their social mission at the core of their business. They sustain themselves financially and reinvest their surpluses back to the original social cause or create more social impact.

We invest in initiatives that engage individuals, micro and small enterprises as suppliers, producers and consumers. Instead of maximising profits, our 13 social enterprises focus on maximising gains in quality of life for all.



## ENTERPRISES



### Aarong

Harnessing the skills of 65,000 artisans across Bangladesh through a vast network of rural production centres and independent producers. Aarong is one of the country's largest lifestyle retail chains.



### BRAC Artificial Insemination

Providing insemination services to cattle farmers to boost local income and milk production, to optimise on gains made by introducing higher quality cow breeds. BRAC Artificial Insemination employs a total of 2,200 trained insemination workers across the country.



### BRAC Chicken

Supplying high quality dressed chicken and value-added frozen food products to a range of clients and retailers. BRAC Chicken operates one of the largest automated poultry processing plants in the country.



### BRAC Cold Storage

Storing the harvested yields of potato farmers to ensure that none of their hard work goes to waste. BRAC Cold Storage ensures freshness not only by storing produce, but also by integrating farmers with the potato processing industry.



### BRAC Dairy

Ensuring fair prices for over 50,000 farmers across Bangladesh and providing a wide variety of high quality dairy products to urban consumers. BRAC Dairy is the third largest milk processor in the country, with operations spanning the entire dairy value chain.



### BRAC Fisheries

Harnessing the potential of Bangladesh's ponds for commercial fish farming. BRAC Fisheries is the market leader for all of the products it offers, as well as the leading wholesale fish food supplier in regional markets.



### BRAC Nursery

Providing access to high quality seedlings and promoting tree plantation across the country. BRAC Nursery has been awarded first prize in the NGO category in the National Tree Fair for the last nine years.



BRAC Printing Pack

### BRAC Printing Pack

Producing flexible packaging material for food items, processed edibles and agricultural inputs. BRAC Printing Pack is one of the most significant competitors in the country's packaging industry.



### BRAC Recycled Handmade Paper

Pioneering recycled handmade paper products in Bangladesh, by turning a wide variety of discarded materials into items such as envelopes, gift boxes and photo frames. BRAC Recycled Handmade Paper employs 100 women.



### BRAC Salt

Ensuring a steady supply of iodised salt to fight a deficiency that many people living in rural areas suffer from. BRAC Salt ensures steady incomes for a wide network of local salt farmers.



### BRAC Seed and Agro

Processing, marketing and distributing high quality seeds through an extensive network of farmers, dealers and retailers across Bangladesh. BRAC Seed and Agro is the largest private sector seed producer in the country.



### BRAC Sanitary Napkin and Delivery Kit

Producing safe, hygienic and handmade sanitary napkins to allow women to attend work and school regularly, as well as delivery kits and medical kits to facilitate safe births. BRAC Sanitary Napkin and Delivery Kit employs 170 women.



### BRAC Sericulture

Pioneering silk production in Bangladesh, we engage women living in rural poverty in every operational stage of the silk-making process. BRAC Sericulture's beautiful fabric is sold in Aarong and in trade fairs.

## NEW HEALTH SECURITY SCHEME PAYS USD 19,000 IN BENEFITS

Just as our artisans are continually innovating and perfecting their craft, we are also continually looking for ways to create greater positive impact through our work.

Aarong, one of the country's largest lifestyle retail chains, stocks a wide range of products made by mostly female artisans. The majority of the artisans work under the Ayesha Abed Foundation, an extensive network of production centres committed to the guiding principles of fair trade. Ethical production practices, fair wages, benefits and rights are ensured, as well as access to BRAC services such as education, legal aid and advice, right to information, hygiene awareness and health services.

This year, we focused on scaling up our support for our artisans in the area of accessing health services. It is estimated that at least five million people fall into poverty every year in Bangladesh as a result of healthcare costs. We were finding that our artisans and their family members were delaying accessing medical services when they needed them because of a fear of incurring huge medical expenses.



Our health security scheme, which ensures financial security for artisans and covers not only secondary healthcare support, but also unexpected health shocks, now covers over 18,000 people. Artisans accessed over USD 19,000 in benefits through this scheme in 2016.

The scheme is comprised of a financing solution that ensures that all artisans and their immediate family members will receive fiscal aid if they are admitted into registered hospitals.

It is a co-contributory fund where we contribute a fixed amount for every artisan every month, and each artisan also puts forward the same amount every month, ultimately generating a healthcare fund available to all artisans in times of need.

# INVESTMENTS

## Investing for social impact

### THE APPROACH

We invest in socially responsible companies that assist us in our mission to empower people and communities in situations of poverty, illiteracy, disease and social injustice. Our network of seven investments help us strive towards the goal of self-sustainability.

Our strategy reflects our belief that investing to generate financial returns and lasting social and environmental impact are not only compatible, but also mutually-reinforcing objectives.



#### BRAC Bank

Tapping into the entrepreneurial initiatives of the SME sector. Today, with over 220,139 million of loans disbursed till date, BRAC Bank is the country's largest SME financier, and has made more than 410,817 dreams come true. We have 44.64% shareholding of BRAC Bank.

#### In 2016:

Financed BDT 700 million in the green sector with investments in LEED-certified green industry, plastic recycling plants, biogas plants and energy efficient capital machinery.

#### Financial performance:

Net profit rose 83% to BDT 4,460 million



#### Delta BRAC Housing (DBH) Finance Corporation Limited

Providing financial security to home-owners through highly flexible loan schemes. DBH is the largest institution in real estate finance, and is considered as a pioneer and market leader in the private sector housing finance sector. We have 18.39% shareholding of DBH.

#### In 2016:

Awarded the highest credit rating triple 'AAA' for the tenth consecutive year. AAA reflects DBH's strong asset quality, capital adequacy, operating efficiency, management strength, corporate governance and market leadership.

#### Financial performance:

Net profit BDT 662.8 million

#### BRACNet



Connecting the country through a nationwide wireless network, bringing affordable internet to everyone. We have 19.99% shareholding of BRACNet.

#### In 2016:

Continued to provide broadband Internet experience in rural areas in 64 districts of Bangladesh.

#### Financial performance:

Total profit BDT 24.71 million

#### Guardian Life Insurance



Using innovation, proper risk management and prudent investment mechanisms to ensure maximum financial benefits for clients. BRAC Foundation has 10% shareholding of Guardian Life Insurance.

#### In 2016:

Partnered with BRAC Microfinance to launch credit shield insurance for its 5 million microfinance clients.

#### Performance:

Insurance coverage of 212,777 people

#### IPDC Finance Limited



Playing a leading role in the development of the private sector in the country. IPDC is the first private sector development financial institution of the country. We have 25% shareholding of IPDC.

#### In 2016:

Rebranded and expanded its range of specialised services that include home loans to ensure affordable housing for middle and low-income families, and green financing, which provides loans to enable companies to become environment friendly.

#### Financial performance:

Net profit rose 26.2% to BDT 303 million

#### BRAC IT Services



Innovative, end-to-end technology solutions. We have 48.67% shareholding of BRAC IT Services.

#### In 2016:

The flagship product, the microfinance solution SbiCloud, is successfully running in several countries including Uganda, Sri Lanka, Afghanistan, Pakistan, South Sudan, Myanmar, the Philippines and Tanzania and we are working towards the Bangladesh launch.

#### Financial performance:

Net profit BDT 48 million



#### BRAC Tea Estates

Model estates that improve the lives of workers, with access to healthcare, education, sanitation and safe drinking water. We have 99.94% shareholding of BRAC Karnafuli Tea Company Limited, 99.85% of BRAC Kaiyacherra Tea Company Limited and 99.12% of BRAC Kodala Tea Company Limited.

#### In 2016:

The health programme doubled its budget of BDT 10 million to BDT 20.2 million after seeing positive results

# BRAC ACROSS THE WORLD

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

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

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

**SIERRA LEONE**  
**Initiated: 2008**  
 AFSP, ELA, ERP, Health, MF

**LIBERIA**  
**Initiated: 2008**  
 AFSP, Education, ELA, ERP, Health, MF

**SOUTH SUDAN**  
**Initiated: 2007**  
 AFSP, Education, ELA, ERP, Health

**AFGHANISTAN**  
**Initiated: 2002**  
 AFSP, Education, CDP, ERP, Health, NSP

**PAKISTAN**  
**Initiated: 2007**  
 Education, ERP, MF, Health, TUP

**NEPAL**  
**Initiated: 2015**  
 ERP, ELA, Health, WASH

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

**MYANMAR**  
**Initiated: 2013**  
 ERP, MF

**UGANDA**  
**Initiated: 2006**  
 AFSP, Education, ELA, ERP, Health, MF, TUP

**TANZANIA**  
**Initiated: 2006**  
 AFSP, Education, ELA, ERP, MF

**PHILIPPINES**  
**Initiated: 2012**  
 Education

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

DMCC: Disaster, Management and Climate Change  
 ELA: Empowerment and Livelihood for Adolescents  
 ERP: Emergency Response Programme  
 GJD: Gender Justice and Diversity

HNPP: Health, Nutrition and Population Programme  
 HRLS: Human Rights and Legal Aid Services  
 IDP: Integrated Development Programme  
 MF: Microfinance  
 MG: Migration

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

# RESEARCH

## WHAT ARE THE IMPACTS OF PROGRAMME ACTIVITIES IN POVERTY POCKETS?

Focusing on education, sanitation, food consumption, health, financial and physical assets in 129 villages (as treatment areas) from the bordering areas of Derai and Baniachang, and another 130 villages (as control areas) from 14 adjacent sub-districts of Baniachang and Derai.

### **Key finding:**

Programme activities decrease reliance on loans from local moneylenders.

## HOW SUSTAINABLE ARE THE IMPACTS OF SKILLS TRAINING?

Analysing the short and long-term impacts of our skills training for advancing resources (STAR) project.

### **Key findings:**

Employment rose from 27% to 81%, and impact was higher for women.

## WHAT EFFECT DOES SKILLS TRAINING HAVE ON OUT-OF-SCHOOL ADOLESCENTS?

Studying the impact on employment, earnings, financial assets and confidence of adolescents.

### **Key findings:**

Training increased labour market participation and earning. Employment increased by 45% and earning by approximately USD 14 per month. Increased earnings resulted in increased household welfare i.e. better diet and durable asset holdings.

## WHO IS USING LONG LASTING INSECTICIDAL NETS?

Cross sectional research into utilisation of insecticidal nets.

### **Key findings:**

There has been a significant increase in the possession and usage of insecticidal nets in malaria endemic districts of Bangladesh. Increased use was also found among children under five in all three endemic districts.

## HOW MUCH DOES TUBERCULOSIS COST?

Investigating the cost of tuberculosis in Bangladesh to determine effective programme strategies for health system delivery, using data gathered from 900 tuberculosis patients in our intervention areas.

### **Key findings:**

Treatment costs 4% of total household income. The average total cost per TB patient is BDT 10,360.

## ARE PEOPLE WILLING TO PAY FOR SAFE DRINKING WATER IN COASTAL AREAS?

Identifying the community's preference of drinking water source, affordability and willingness to pay for safe drinking water in the coastal sub-district of Tala.

### **Key findings:**

Unsafe arsenic levels were found in more than one third of the tested tube wells. Electrical conductivity, which shows the ionic composition of water, was found to be higher than WHO standards in 99% of tested sources. 91% of the households were willing to pay for safe drinking water. Most of the households (75%) were willing to pay BDT 20 per week to get water in 20 litre containers each day.

## WHAT EFFECT DO VILLAGE WASH COMMITTEES HAVE ON IMPLEMENTING DISABILITY-FRIENDLY LATRINES?

Modifying existing sanitary latrines to make them disability-friendly, with the volunteers of two disability-focused organisations - ADD International and SNKS. The study was conducted with 50 village wash committees of Rangpur and Rajshahi, and another 50 from these divisions were selected as control areas.

### **Key finding:**

There was a significant change in the modifications to existing sanitary latrine usage in the intervention areas compared to the control areas.

## EFFECTIVENESS OF LEARNING IN THE KUMON METHOD

Exploring the effectiveness of the Kumon method, a Japanese learning method for mathematics and reading, in developing the mathematical skills of BRAC primary school students.

### **Key findings:**

After eight months of intervention, students in the treatment group achieved both speed and mastery in mathematics compared to the control group. Students who had higher scores needed less time to solve mathematical problems.

## ASSESSMENT OF ROAD SAFETY KNOWLEDGE

Analysing the impact of the road safety project on individual and group level knowledge and attitudes of drivers and community members regarding road safety.

### **Key findings:**

Drivers understand the importance of following traffic rules and signs, vehicle fitness, and carrying licenses and other essential documentation. Some roads were improved and maintained through by communities themselves.

# DEVELOPMENT PARTNERS

## GOVERNMENT ALLIANCES

BRAC has a long history of working in collaboration with the Government of Bangladesh. Our joint effort has significantly contributed to attaining many of the millennium development goals. Below are the names of some of the ministries and Government units that we have been closely working with.

Ministry of Cultural Affairs  
 Ministry of Education  
 Ministry of Fisheries & Livestock  
 Ministry of Food and Agriculture  
 Ministry of Health and Family Welfare  
 Ministry of Primary and Mass Education  
 Ministry of Social Welfare  
 Ministry of Foreign Affairs  
 Directors General of Health Services

Ministry of Women and Children Affairs  
 Ministry of Youth and Sports  
 National Institute for Local Government  
 Tongi Paurashava  
 All-Party Parliamentary Group  
 Bureau of Manpower Employment and Training  
 Ministry of Expatriate Welfare and Overseas Employment  
 Bangladesh Overseas Employment and Services Limited  
 Bureau of Manpower, Employment and Training

## STRATEGIC PARTNERS

The strategic partnership arrangement (SPA) is a partnership between BRAC, the UK Government and the Australian Government, based on shared goals, clear results and mutual accountability. Core funding provided through the SPA helps BRAC deliver tangible results for the people living in poverty in Bangladesh, while developing plans to reduce its reliance on external donor funds, the SPA strengthens its internal systems, and seeks ways to work more closely with the Government of Bangladesh. In the last forty-three years, BRAC has consistently ensured that programmes funded by development partners are efficient, effective, and achieving results at scale. For these reasons, in 2012, two of BRAC's major donors – Department for International Development (DFID) and Department of Foreign Affairs and Trade (DFAT), Australia (formerly known as AusAid) entered into a strategic partnership arrangement with BRAC to support the effectiveness of its work in reducing poverty.

Through engaging in a partnership, DFID and DFAT hope to reduce the transaction costs of aid and facilitate greater focus on high-level outcomes rather than inputs. Through the provision of core funding, it enables BRAC to develop a flexible response to learning and a more holistic response to poverty reduction. 2015 marked the successful completion of the first phase of this partnership. We will look forward to engage with our strategic partners in a knowledge-based partnership in future while they continue supporting our work in the next five years.



## MAJOR INSTITUTIONAL DONORS



## KNOWLEDGE PARTNERS



# BRAC MANAGEMENT

## EXECUTIVES



DR MUHAMMAD MUSA

Executive Director  
BRAC



FARUQUE AHMED

Executive Director  
BRAC International



JALAL UDDIN AHMED

DIRECTOR  
Asia Region, BRAC International



KAM MORSHED

DIRECTOR  
Advocacy for Social Change  
Technology  
Partnership Strengthening



LAMIA RASHID

DIRECTOR  
Africa Region, BRAC International



DR KAOSAR AFSANA

DIRECTOR  
Health, Nutrition and Population



SHIB NARAYAN KAIRY

Chief Financial Officer  
BRAC and BRAC International



ASIF SALEH

Senior Director  
Strategy, Communication and  
Empowerment  
BRAC and BRAC International



TAMARA HASAN ABED

Senior Director  
Enterprises, BRAC



MD AKRAMUL ISLAM

DIRECTOR  
Communicable Diseases  
Water, Sanitation and Hygiene



MOHAMMAD ANISUR RAHMAN

DIRECTOR  
Dairy and Food Enterprise



MUNMUN CHOWDHURY

CHIEF PEOPLE OFFICER  
BRAC International



NANDA DULAL SAHA

DIRECTOR  
Internal Audit, BRAC and BRAC International

## DIRECTORS



RACHEL KABIR

DIRECTOR  
Chairperson's Office



DR SAFIQUUL ISLAM

DIRECTOR  
Education



SAIEED BAKTH MOZUMDER

DIRECTOR  
Tea Estates



SAIF MD IMRAN SIDDIQUE

DIRECTOR  
Finance, BRAC International



ABDUL BAYES

DIRECTOR  
Research and Evaluation



AHMED NAJMUL HUSSAIN

DIRECTOR  
Administration



ANNA MINJ

DIRECTOR  
Community Empowerment  
Integrated Development  
Gender Justice and Diversity



GAWHER NAYEEM WAHRA

DIRECTOR  
Disaster Management and Climate Change



SAYEDA TAHYA HOSSAIN

CHIEF PEOPLE OFFICER  
BRAC



SHAMERAN ABED

DIRECTOR  
Microfinance  
Targeting the Ultra Poor  
BRAC and BRAC International



TAHSINAH AHMED

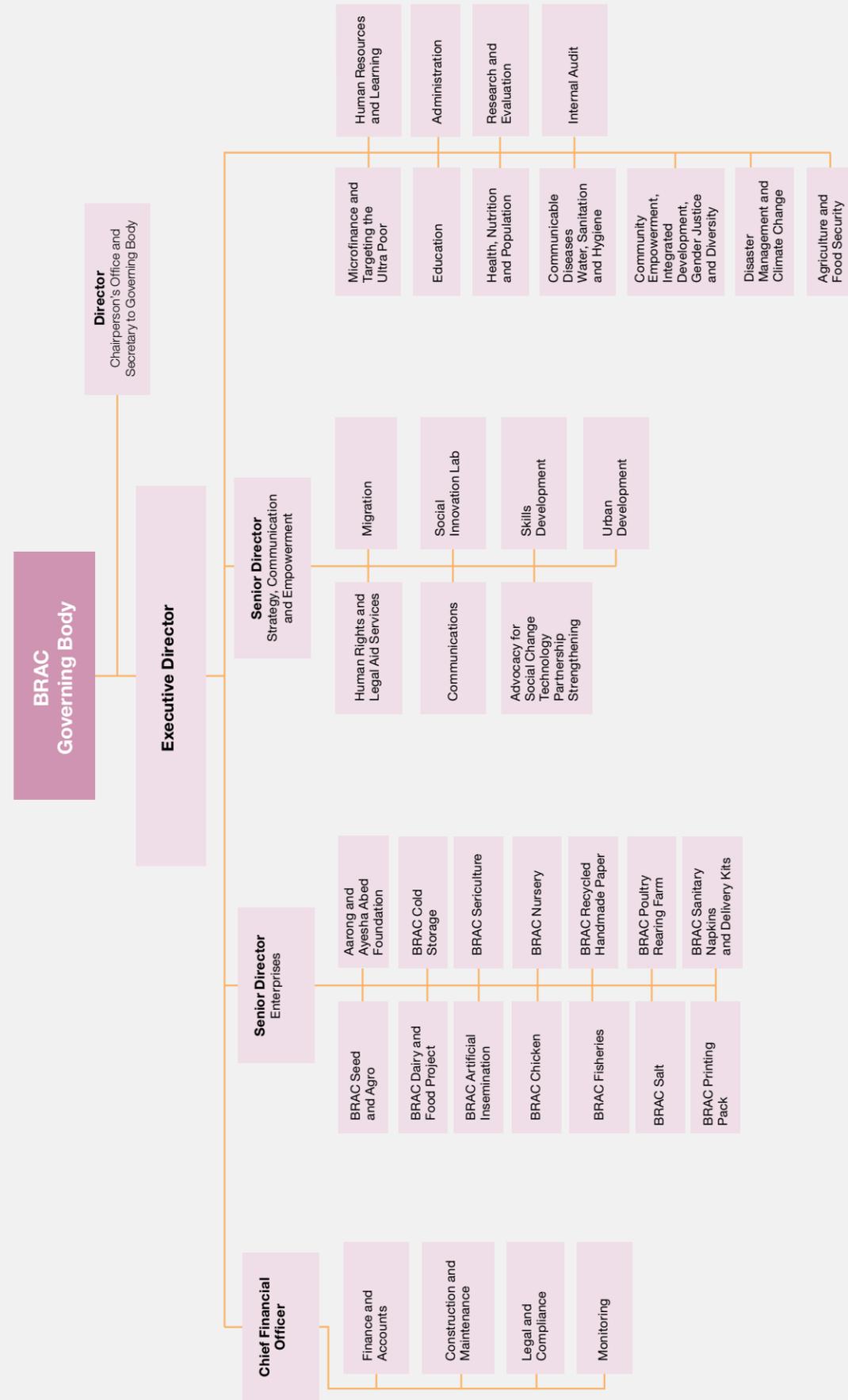
DIRECTOR  
Skills Development



ZULFIQAR ALI

DIRECTOR  
Research, BRAC International

# BRAC ORGANOGRAM



As of June 2016

## BRAC GOVERNING BODY

### GENERAL BODY

The general body of BRAC consists of 33 members. As per the Memorandum of Association and Rules and Regulations of BRAC, the general body elects the governing body.

At the Annual General Meeting of BRAC was held in June 2016, in which the general body adopted the audited financial statements for the year ended December 31, 2015, approved the annual budget for 2017, and approved the appointment of external auditors for the year ended December 31, 2016.

### GOVERNING BODY

The 10 members of BRAC's governing body comprise distinguished professionals, activists and entrepreneurs of excellent repute who bring their diverse skills and experience to the governance of BRAC.



**Sir Fazle Hasan Abed KCMG**  
Founder and Chairperson

Sir Fazle has been honoured with numerous national and international awards for his achievements in leading BRAC, including the Jose Edgardo Campos Collaborative Leadership Award, South Asia Region (2016), Thomas Francis, Jr Medal in Global Public Health (2016), World Food Prize (2015), Trust Women Hero Award (2014), Spanish Order of Civil Merit (2014), Leo Tolstoy International Gold Medal (2014), CEU Open Society Prize (2013), Inaugural WISE Prize for Education (2011), Entrepreneur for the World Award (2009), David Rockefeller Bridging Leadership Award (2008), Inaugural Clinton Global Citizen Award (2007), Henry R. Kravis Prize in Leadership (2007), Palli Karma Shahayak Foundation (PKSF) Award for lifetime achievement in social development and poverty alleviation (2007), UNDP Mahbub ul Haq Award for Outstanding Contribution to Human Development (2004), Gates Award for Global Health (2004), Gleitsman Foundation International Activist Award (2003), Schwab Foundation's Social Entrepreneurship Award (2003), Olof Palme Prize (2001), InterAction Humanitarian Award (1998) and Ramon Magsaysay Award for Community Leadership (1980).

He is also recognised by Ashoka as one of the 'global greats' and is a founding member of its prestigious Global Academy for Social Entrepreneurship. In 2009, he was appointed Knight Commander of the Most Distinguished Order of St. Michael and St. George by the British Crown in recognition of his services to reducing poverty in Bangladesh and internationally. He was a member of the Group of Eminent Persons appointed by the UN Secretary-General in 2010 to advise on support for the Least Developed Countries. In 2014 and 2016, he was named in Fortune Magazine's List of the World's 50 Greatest Leaders.

Sir Fazle has received many honorary degrees, including from Princeton University (2014), the University of Oxford (2009), Columbia University (2008) and Yale University (2007).



**Dr Mushtaque Chowdhury**  
Vice Chairperson

Dr Mushtaque Chowdhury is an advisor to the chairperson and founder of BRAC. He is also a professor of population and family health at the Mailman School of Public Health of Columbia University, New York. During 2009-2012, he served as a senior advisor to the Rockefeller Foundation, based in Bangkok, Thailand. He also worked as a MacArthur/Bell Fellow at Harvard University.

Dr Chowdhury is one of the founding members of the Bangladesh Education Watch and Bangladesh Health Watch, two civil society watchdogs on education and health respectively. He is on the board and committees of several organisations and initiatives, including the Advisory Board of the South Asia Centre at London School of Economics, Lead Group for Scaling Up Nutrition Movement at United Nations and is the current chair of the Asia-Pacific Action Alliance on Human Resources for Health (AAAH). Dr Chowdhury was a coordinator of the UN Millennium Task Force on Child Health and Maternal Health, set up by the former Secretary General Kofi Annan.

He is a recipient of the 'Innovator of the Year 2006' award from the Marriott Business School of Brigham Young University in USA, the PESON oration medal from the Perinatal Society of Nepal in 2008 and Outstanding Leadership Award from Dhaka University Statistics Department Alumni Association. He has a wide interest in development, particularly in the areas of education, public health, poverty eradication and environment. Dr Chowdhury has published several books and over 150 articles in peer-reviewed international journals.

Dr Chowdhury holds a PhD from the London School of Hygiene and Tropical Medicine, an MSc from the London School of Economics and a BA from the University of Dhaka.



**Tahrunnesa Abdullah**  
Member

Ms Abdullah is an advisor to Democracywatch and also serves as the chairperson of Gono Bishwabidyalay, ASA, Aino Salish Kendra and South Asia Partnership-Bangladesh. She started her career at the Comilla Academy for Rural Development and headed the women's education and home development programme. She oversaw the development of the National Plan of Action for Children 1997-2002, and has served as chair of Bangladesh Shishu Academy and Bangladesh Jatiya Mohila Sangstha.



**Rokia Afzal Rahman**  
Member

Ms Rahman currently chairs Arlinks Group of Companies and RR Group of Companies. She is the chair of Mediaworld Ltd, and a director of Mediastar and ABC Radio. As chair of MIDAS Financing Ltd, Ms Rahman has initiated loan facilities to several thousand women. She was a director of Reliance Insurance and is the former president of the Metropolitan Chamber of Commerce and Industries. Ms Rahman is a board member of Asian University for Women.



**Adeeb H Khan**  
Member

Mr Khan is a Chartered Accountant and the Senior Partner of Rahman Rahman Huq (Member Firm of KPMG International). He is a Council Member (elected position) of the Institute of Chartered Accountants of Bangladesh. He is also a Committee Member (elected position) of Metropolitan Chamber of Commerce & Industry (MCCI), the oldest and one of the most prestigious trade chambers of Bangladesh. Adeeb's past directorships include Biman Bangladesh Airlines, the national flag carrier of Bangladesh.



**Syed S Kaiser Kabir**  
Member

Syed S Kaiser Kabir is CEO and managing director of Renata Limited. He is also the chairman of Renata Agro Industries Limited, Purnava Limited and Renata Oncology Limited.

Mr Kabir is vice chairperson of the Sajida Foundation and Bangladesh Association of Pharmaceutical Industries. He is also a board member of BRAC Bank.

Mr Kabir started his career as a research officer at the Institute of Economics and Statistics, University of Oxford. He moved on to serve as a consultant at the World Bank from 1991-1993. He was appointed executive director of the Sajida Foundation in 1996, and later joined BRAC-Renata Agro Industries Limited as managing director from 1997 to 2004.

Mr Kabir completed his MPhil in economics at the University of Oxford in 1989. He received his postgraduate diploma in economics (with distinction) from the University of East Anglia in 1987.



**Latifur Rahman**  
Member

Mr Latifur Rahman is the chairman and CEO of Transcom Group. Currently he is the chairman of Nestlé Bangladesh, Holcim Cement (Bangladesh), and National Housing Finance and Investments. Mr Rahman holds the position of vice president of International Chamber of Commerce in Bangladesh. He has also been elected as a member of the executive board of International Chamber of Commerce in Paris. Formerly the president of the Metropolitan Chamber of Commerce, he is an erstwhile president of Bangladesh Employers' Federation. Mr Rahman was chairman of the Trade Body Reforms Committee and member of Bangladesh Better Business Forum. He is on the advisory committee on WTO. He was member of the executive board of Bangladesh Bank (Central Bank). Mr Rahman is an Honouree of the Oslo Business for Peace Award in 2012, and was named Business Executive of the Year in 2001 by the American Chamber in Bangladesh.



**Luva Nahid Choudhury**  
Member

Ms Choudhury is an architect who was a part of the Bangladesh Government service for 10 years and currently heads an architectural practice in Dhaka. She is the director general of Bengal Foundation, a trust that supports and promotes the arts in Bangladesh. She also heads ICE Media and Bengal Publications, both leading publishing houses.



**Adv Syeda Rizwana Hasan**  
Member

Ms Hasan is an enrolled lawyer with the Supreme Court of Bangladesh. In professional life, she is working for the cause of environment as the Chief Executive of the Bangladesh Environmental Lawyers' Association (BELA), a reputed national NGO. Her main focus is on promoting the notion of environmental justice in Bangladesh. Ms Hasan did her master's and graduation in law from the University of Dhaka with distinction. She started her career with BELA in 1993 and is still with the organisation today.

As the Chief Executive of BELA, Ms Hasan is responsible for the overall coordination of the activities of BELA, which include research, awareness raising, public interest litigation (PIL) and advocacy. Ms Hasan has filed PILs on various environmental issues, most of which have received favourable orders/judgments. She has fought against vehicular pollution, river pollution, industrial pollution, shipbreaking, grabbing of wetlands, cutting of hills, unregulated mining, unplanned urbanisation, commercial shrimp cultivation, deforestation and loss of biodiversity. Her cases are redefining the current notion of development without regard for the environment. Since she is an anthropocentric environmentalist, her efforts are adding value to the conventional human rights movement by bringing in the elements of environmental justice. She places people's legitimate rights at the centre of her activism.

Ms Hasan is a recipient of the prestigious Goldman Environmental Prize. She has been named as one of the 40 Environmental Heroes of the World by TIME magazine, recognising her impassioned leadership, hard-driving skill, and uncompromising courage in the campaign for judicial activism which has demonstrated that the right to environment is nothing less than a people's right to dignity and life, Ms Hasan was awarded the Ramon Magsaysay Award in 2012.



**Dr Martha Alter Chen**  
Member

Dr Chen is a lecturer in public policy at the Harvard Kennedy School, an affiliated professor at the Harvard Graduate School of Design, and international coordinator of Women in Informal Employment: Globalising and Organising (WIEGO), a global research-policy-action network that seeks to improve the status of the working poor, especially women, in the informal economy. An experienced development practitioner and scholar, her areas of specialisation are employment, poverty and gender. Dr Chen has spent two decades in Bangladesh and India working for BRAC and Oxfam America.

# STICHTING BRAC INTERNATIONAL SUPERVISORY BOARD

**Sir Fazle Hasan Abed KCMG**  
**Founder and Chairperson**  
**Stichting BRAC International Supervisory Board**  
**BRAC International Holdings B.V. Supervisory Board**



**Dr Muhammad Musa**  
**Member**

**Stichting BRAC International Supervisory Board**  
**BRAC International Holdings B.V. Supervisory Board**

Dr Muhammad Musa is the executive director of BRAC. He has an extensive background in leading humanitarian, social development, and public health organisations in international, cross-cultural settings. A medical doctor and public health specialist, he has a specialised training in maternal and child nutrition, and disaster management.

Before joining BRAC, he worked for 32 years with CARE International as one of its senior international management professionals. Twenty of those years were spent working in Ethiopia, Uganda, Sudan, Tanzania, Thailand, India, Bangladesh and Asia region.

He has long experience in strategic leadership, governing board management, executive-level management of largescale operations, and humanitarian and social development programme management. He specialises in people management, leadership development, conflict resolution, and organisational change management. He also has a proven track record in effective external relationship management, marketing, brand-building, communications, and fundraising for humanitarian and development projects. He has been successful in bringing about convergence of philanthropic approaches and entrepreneurial methodologies to create sustainable development programming that achieves impact on a large scale.

In the professional field, Dr Musa has established a reputation for leading complex organisational change processes in multicultural settings. In addition, he is known for his unique ability to attract and develop young professionals into humanitarian and social development leaders. He is also an internationally recognised senior management trainer and an experienced coach.

**Dr Mushtaque Chowdhury**  
**Member**  
**Stichting BRAC International Supervisory Board**



**Debapriya Bhattacharya**  
**Member**

**Stichting BRAC International Supervisory Board**

Dr Debapriya Bhattacharya, a macro-economist and public policy analyst, is currently a Distinguished Fellow at the Centre for Policy Dialogue (CPD) in Dhaka. He is a former Ambassador and Permanent Representative of Bangladesh to the World Trade Organization offices in Geneva and Vienna, and the special advisor on Least Developed Countries (LDCs) to the secretary general of the UN Conference on Trade and Development (UNCTAD). He is associated with a number of leading institutions, networks and editorial boards of reputed journals. Dr Bhattacharya has studied in Dhaka, Moscow and Oxford, and held a number of visiting positions, including at the Center for Global Development (CGD), Washington DC. He is the chair of two global networking initiatives, LDC IV Monitor and Southern Voice on Post-MDG International Development Goals.



**Shabana Azmi**  
**Member**

**Stichting BRAC International Supervisory Board**

Shabana Azmi is an internationally renowned film and theatre actress. She is also a highly respected social activist.

As chairperson of Nivara Hakk, she has worked for the rights of slum dwellers in Mumbai for the last 30 years. She undertook a 5-day hunger strike and courted arrest demanding alternative accommodation for a slum that had

been demolished, forcing the Government to agree. Nivara Hakk, in concert with the Government and a private builder, has built homes for 50,000 slum dwellers at no cost.

As chair of Mijwan Welfare Society she works for the rights of girls and women. Ms Azmi is opposed to religious fundamentalism of all hues and is highly respected as a progressive liberal activist. She has been a former member of the Upper House in India's Parliament.

Ms Azmi is a recipient of the International Gandhi Peace Prize and has been given countless awards for her work as an actor and an activist.



**Shafiq ul Hassan**  
**Member**

**Stichting BRAC International Supervisory Board**

Shafiq ul Hassan is the managing director of Echo Sourcing Limited UK and Echotex Limited Bangladesh. Echotex has received Bangladesh's National Environmental Award, Metropolitan Chamber of Commerce and Industry, Dhaka's Environmental Award and J Sainsbury plc's Corporate Social Responsibility Award in 2010. Echotex was also awarded Best Clothing Supplier in 2011 as well as Best Clothing Supplier and Supplier of the Year in 2012 by J Sainsbury plc. He is the co-founder of Children's Hope, an NGO that works to educate slum children in Dhaka. He obtained his undergraduate degree from City University, London and his postgraduate degrees from Aston University, Birmingham, UK.



**Irene Zubaida Khan**  
**Member**

**Stichting BRAC International Supervisory Board**

Irene Zubaida Khan is director-general of the International Development Law Organization (IDLO). She was secretary general of Amnesty International and worked for the UN High Commissioner for Refugees for 21 years. Ms Khan is a member of the World Bank Advisory Council on Gender and Development. She sits on the boards of several international human rights and development organisations. She received the Sydney Peace Prize in 2006 for her work to end violence against women and girls. Her book, *The Unheard Truth: Poverty and Human Rights*, has been translated into seven languages.



**Sylvia Borren**  
**Member**

**Stichting BRAC International Supervisory Board**  
**BRAC International Holdings B.V. Supervisory Board**

Sylvia Borren has worked all her life within and for civil society organisations, both professionally and as a volunteer.

She was part of the Dutch and global women's and sexual rights movements (COC, ILGA, IWC for a Just and sustainable Palestinian-Israeli Peace) and is now advisor to the UN Women National Committee Netherlands and ATRIA (the Institute on gender equality and women's history).

Sylvia was part of the anti-poverty movement (director of Oxfam Novib 1994-2008, co-chair of the Global Call to Action against Poverty and EEN) and is now on the boards of BRAC International.

She was on two national governmental advisory commissions (for Youth Policy, and the Advisory Council on International Affairs), co-chair of the Worldconnectors (a Dutch think tank), on the board of a large Mental Health Institute (Altrecht), worked as an organisational consultant with De Beuk for many years, lead the project Quality Educators for All with the trade union Education International and continues to be a member of the Worldconnectors.

Sylvia was recently director of Greenpeace Netherlands (2011-2016), part of the Forest Stewardship Council Netherlands and is now on the advisory commission of Staatsbosbeheer, which manages nature reserves.



**Parveen Mahmud FCA**  
**Member**

**Stichting BRAC International Supervisory Board**  
**BRAC International Holdings B.V. Supervisory Board**

Parveen Mahmud is the managing director of Grameen Telecom Trust. Over the course of her professional career, Ms Mahmud has invested substantial time in working with national and international development agencies. She was the deputy managing director of Palli Karma-Sahayak Foundation (PKSF). She is the first female council member (2007) and, the first female president (2011) of the Institute of Chartered Accountants of Bangladesh (ICAB). She was also the first female board member of the South Asian Federation of Accountants (SAFA), the apex accounting professional body of SAARC. Presently, she is serving her third term as council

## FINANCE AND AUDIT COMMITTEE

member in ICAB and is the chairperson of the review committee for Published Accounts & Reports (RCPAR). She sits on several boards including BRAC International, Grameenphone Limited, Linde Bangladesh Limited, MIDAS, Manusher Jonno Foundation and chairs the finance and audit committee of several organisations. She is the chairperson of Shasha Denims Limited. She has served as the member of the National Advisory Panel for SME Development of Bangladesh and founding board member of SME Foundation. Ms Mahmud served as a Working Group Member of Consultative Group on Social Indicators at UNCTAD/ISAR. She was also the vice chairperson of Underprivileged Children's Education Program, Bangladesh and Chairperson of Acid Survivors' Foundation.



**Dr Fawzia Rasheed**  
Member

### Stichting BRAC International Supervisory Board

Dr Fawzia Rasheed started out as a medical research scientist before moving into programme and policy development.

She has advised 16 ministries of health, several national and international NGOs; and served as senior policy advisor to UNAIDS, WHO, The Global Fund, and the Africa Progress Panel / Kofi Annan Foundation. Dr Rasheed has developed national plans, projects and programmes, as well as models for governance. She routinely raises funds and reviews grants for funding. In recent years, Dr Rasheed has engaged with broader development themes, from election reform and natural resource management to transparency initiatives. She works extensively in Africa and Asia.

The governing body of BRAC constitutes the BRAC Finance and Audit Committee with the following members:

- |  |        |
|--|--------|
| 1. <b>Ahmed Mushtaque Raza Chowdhury,</b>                      | Chair  |
| Vice Chairperson, BRAC Governing Body                          |        |
| 2. <b>Tahrunnesa Abdullah,</b> Member, BRAC Governing Body     | Member |
| 3. <b>Adeeb H Khan,</b> Member, BRAC Governing Body            | Member |
| 4. <b>Parveen Mahmud,</b> FCA (Independent)                    | Member |
| 5. <b>Muhammad Musa,</b> Executive Director, BRAC (ex-officio) | Member |

**SN Kairy,** Chief Financial Officer acts as secretary of the committee.

Each member is free of any relationship that would interfere with the exercise of his or her independent judgment as a member of the committee. Members of the committee have professional experience and expertise in different sectors.

### Role and purpose

The primary function of the finance and audit committee (the committee) is to assist the governing body (the board) in fulfilling its responsibilities for:

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

### Meetings during 2016

A total of two meetings were held during the year 2016.

#### Meeting date: 13 June 2016

#### Highlights:

- The Committee recommended the Audited Annual Accounts of BRAC for the year 2015 for approval of BRAC Governing Body.
- The Committee asked the Internal Audit Department to follow up the actions taken against management comments and the Committee further suggested to insert two new column "Responsible person for action" and "Timeframe for action" for internal use to track the follow up actions effectively.
- The Finance & Audit Committee recommended to BRAC Governing Body for approval of the proposed Annual Budget of Taka 8,686 crore for BRAC for the period from January 2017 to December 2017 and Financial Year budget of Taka 8,243 crore for BRAC for the period from July 2016 to June 2017.
- The Committee recommended for approval of BRAC General Body that A. Qasem & Co., Chartered Accountants, Bangladesh be appointed as the auditor of BRAC for the year January 2016 to December 2016 and for the Financial Year July 2016 to June 2017.
- The Committee suggested that from the next meeting, the graphical presentation of financial irregularities should include change in percentage along with volume.
- The Committee approved the Revised Internal Audit Plan for the year 2016.
- The actual achievement of the audit plan in percentage will be submitted in each and every meeting of the Finance and Audit Committee.

#### Meeting date: 6 December 2016

#### Highlights:

- The Finance & Audit Committee recommended to BRAC Governing Body for approval of the proposed revised budget of US\$ 1,096 million (Taka 8,550 crore) for BRAC for the period from January 2017 to December 2017.
- The Committee approved the Internal Audit Plan for the year 2017.
- The Committee approved the Internal Audit Manual.
- The committee approved AOP as KPI of Internal Audit Department and report to the committee on half yearly basis.
- The Committee approved the Internal Audit Charter.

#### Investment committee

The Investment committee oversees the BRAC investments, and consists of five members. The Governing Body constituted the Investment Committee of BRAC with the following members:

1. **Sir Fazle Hasan Abed KCMG**  
Chairperson, BRAC Governing Body  
*Chairperson*
2. **Dr Ahmed Mushtaque Raza Chowdhury**  
Vice Chairperson,  
BRAC Governing Body  
*Member*
3. **Latifur Rahman**  
Member, BRAC Governing Body  
*Member*
4. **Rokia A Rahman**  
Member, BRAC Governing Body  
*Member*
5. **Luva Nahid Choudhury**  
Member, BRAC Governing Body  
*Member*

Usually, Investment committee meets twice a year. **SN Kairy,** Chief Financial Officer, acts as secretary of the committee.

#### Ombudsperson

BRAC has established an Office of the Ombudsperson with a comprehensive mandate to investigate any grievance or complaint made to him by any individual concerning any decision taken by BRAC. The Ombudsperson always maintains the highest level of confidentiality regarding complainants and complaints. The office prepares an annual report concerning the discharge of its functions and submits it to the Chairperson who then put the report before the BRAC Governing Body for their consideration.

#### The roles of the ombudsperson are:

- The Ombudsperson can also investigate any grievance/complaint made to him by any individual/third party concerning any decision taken by BRAC
- Ombudsperson can also investigate by his own regarding any issue of BRAC such as corruption, abuse of power or discretion, negligence, oppression, nepotism, rudeness, arbitrariness, unfairness and discrimination or may give appropriate recommendations to improve BRAC's performance
- Anyone (Management or an Employee) can complain/ask to Ombudsperson to investigate any incident of misadministration and misuse of power within the organisation

#### Award and recognition

BRAC was awarded the 'AAA' by Credit Rating Agency of Bangladesh Ltd. (CRAB). (The 'AAA' means Extremely Strong Capacity and Highest Quality) BRAC has been receiving 'AAA' rating consecutively for the last seven years.

BRAC received many awards in the field of financial transparency in different times. In 2016, BRAC received the following awards:

- 1<sup>st</sup> position in the Institute of Cost and Management Accountants of Bangladesh (ICMAB) Best Corporate Award in the NGO Sector for the year 2015.
- 2<sup>nd</sup> position in the Institute of Chartered Accountants of Bangladesh (ICAB) National Award under the category of NGOs for the year 2015.

#### Membership of Accountable Now

BRAC became a full charter member of the Accountable Now (previously known as INGO Accountability Charter) in December 2013. It is registered as a company in England and having its secretariat in Berlin, Germany. Accountable Now is a cross-sector platform of development, humanitarian, environmental, rights-based and advocacy organisations and networks. At present, Accountable Now has 27 members.

The Accountability Reports submitted by BRAC are available in the website of Accountable Now at this link: <http://accountablenow.org/accountability-in-practice/accountability-reports/brac>

#### Risk Management

BRAC is committed to establishing risk management as a key strategic management tool to generate value throughout the organization. Risk management involves managing to achieve an appropriate balance between realizing opportunities for gains while minimizing losses. It is an integral tool for strategy achievements and an essential element of good corporate governance, committed to establish risk management as a key strategic management tool to generate value throughout the organisation.

BRAC's risk management policy and framework is developed based on the ISO 31000:2009 International Standards and applies throughout the life of an organisation to any type of risk, having positive or negative consequences. They circulate half yearly and annually risk management reports to senior management and work to decrease the negative impact of risk and have the positive opportunity in strategic context.

#### Highlights of 2016:

In 2016, total 54 department wise risk has been identified and assessed. Risk Management services and the different team are working to set how to categorize branched based on risk criteria, set review for Monitoring Department, Programme's Monitoring Unit and Internal Audit Department to reduce duplication of work.

#### External Auditor

The Annual General Meeting of BRAC held on June 16, 2016 have approved the appointment of A. Qasem & Co., Chartered Accountants, Bangladesh (member firm of Ernst & Young Global Limited) as the auditor of BRAC for the year ended on December 31, 2016

#### Our Commitment

We have the talented people, the expertise and the passion to succeed. BRAC passionately believes that success and responsibility go together. As one of the best NGOs in the world, we will continue to play our part as a responsible organization and contribute to the economy of the country.

# FINANCIALS

## Revenue Expenditure

	Year 2016		Year 2015	
	USD million	%	USD million	%
Microfinance	234.44	42.30%	195.44	34.94%
Health	47.95	8.65%	58.70	10.49%
Education	54.26	9.79%	71.40	12.76%
Water, Sanitation and Hygiene	2.62	0.47%	15.62	2.79%
Agriculture and Food Security	1.95	0.35%	4.28	0.77%
Ultra poor	26.32	4.75%	35.64	6.37%
Social Enterprises	157.90	28.49%	150.61	26.92%
Others*	28.82	5.20%	27.20	4.95%
<b>Total</b>	<b>554.26</b>	<b>100.0%</b>	<b>559.39</b>	<b>100.0%</b>

### NOTES

- \* Others include the following: Gender Justice and Diversity, Community Empowerment Programme, Human rights and Legal Aids Services, Policy Advocacy and others.

## Contribution of BRAC to Government Exchequer

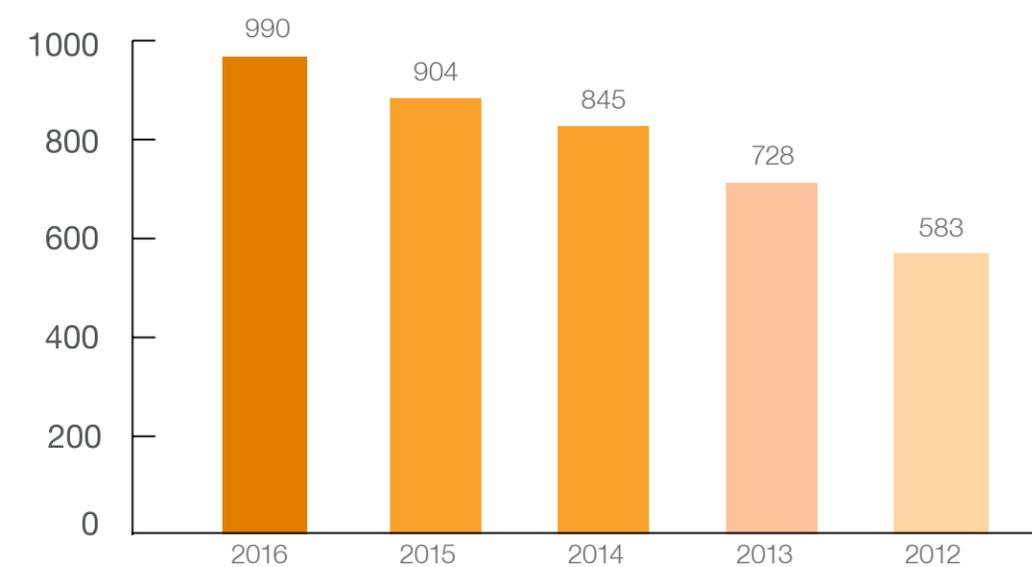
Income Year	2016		2015	
	BDT	USD	BDT	USD
Income Tax deduction at source by third parties	161,894,328	2,075,568	221,757,839	2,843,049
Tax deduction at source from third parties	136,292,300	1,747,337	144,303,824	1,850,049
Income Tax deduction at source from Staff salary	45,409,731	582,176	30,134,778	386,343
VAT collection from customers	563,174,865	7,220,191	513,740,098	6,586,412
Import Duty paid	14,097,254	180,734	1,374,310	17,619
<b>Total</b>	<b>920,868,478</b>	<b>11,806,006</b>	<b>911,310,849</b>	<b>11,683,472</b>

## Grant Composition

	Year 2016		Year 2015	
	USD million	%	USD million	%
DFID	88.20	62.96%	38.57	38.56%
The Global Fund	16.66	11.89%	16.49	16.48%
DFAT	15.71	11.21%	22.51	22.51%
UNICEF	2.98	2.13%	2.08	2.08%
BRAC-USA	2.71	1.93%	1.79	1.79%
The Global Alliance for Improved Nutrition	2.27	1.62%	2.04	2.04%
EACI, QATAR	2.02	1.44%	1.11	1.11%
Family Health International	1.65	1.17%	1.73	1.73%
Others	7.91	5.65%	13.70	13.70%
<b>Total</b>	<b>140.09</b>	<b>100.0%</b>	<b>100.02</b>	<b>100.0%</b>

## Annual Expenditure

in Million USD



**BALANCE SHEET CONVERTED TO USD**

as at December 31, 2016  
(NOT PART OF AUDITED FINANCIAL STATEMENTS)

	2016		2015	
	Taka	US \$	Taka	US \$
<b>ASSETS</b>				
Cash in hand and at banks	17,489,571,753	224,225,279	16,916,766,552	216,881,622
Advance, deposits and prepayments	7,295,740,591	93,535,136	4,076,719,030	52,265,629
Inventories	3,768,066,753	48,308,548	3,518,982,401	45,115,159
Grants and accounts receivable	2,407,292,289	30,862,722	1,795,343,586	23,017,225
Microfinance loans	135,838,491,181	1,741,519,118	108,342,249,742	1,389,003,202
Motorcycle loans	803,055,814	10,295,587	807,014,427	10,346,339
Investments in securities and others	1,623,801,300	20,817,965	1,617,150,000	20,732,692
Investments in related undertakings	14,729,921,204	188,845,144	13,400,660,055	171,803,334
Property, plant and equipment	15,735,398,674	201,735,880	14,089,310,523	180,632,186
<b>TOTAL ASSETS</b>	<b>199,691,339,559</b>	<b>2,560,145,379</b>	<b>164,564,196,316</b>	<b>2,109,797,388</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities:</b>				
Liabilities for expenses and materials	7,289,576,607	93,456,110	6,359,703,947	81,534,666
Bank overdrafts	13,479,844,500	172,818,519	14,303,182,466	183,374,134
Term loans	32,992,032,670	422,974,778	26,516,487,055	339,954,962
Members' savings deposits	50,118,837,575	642,549,200	40,228,457,331	515,749,453
Grants received in advance account	1,214,294,835	15,567,883	971,166,244	12,450,849
Deferred income	456,219,613	5,848,969	200,469,723	2,570,125
Other long term liabilities	12,056,575,743	154,571,484	11,251,247,075	144,246,757
Provision for taxation	2,037,941,030	26,127,449	1,551,941,030	19,896,680
<b>Total Liabilities</b>	<b>119,645,322,573</b>	<b>1,533,914,391</b>	<b>101,382,654,871</b>	<b>1,299,777,626</b>
<b>Net Assets:</b>				
Capital fund				
Unrestricted	78,907,318,888	1,011,632,293	62,043,960,522	795,435,391
Temporarily restricted	1,138,698,098	14,598,694	1,137,580,923	14,584,371
	80,046,016,986	1,026,230,987	63,181,541,445	810,019,762
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>199,691,339,559</b>	<b>2,560,145,379</b>	<b>164,564,196,316</b>	<b>2,109,797,388</b>

Exchange rate: 1 US \$ = Tk.78

**Statement of Income and Expenditure Converted to USD**

for the year ended December 31, 2016  
(NOT PART OF AUDITED FINANCIAL STATEMENTS)

	2016		2015	
	Taka	US \$	Taka	US \$
<b>Income</b>				
Donor grants	10,576,643,869	135,597,998	13,785,992,217	176,743,490
Social Enterprises	14,149,911,220	181,409,118	13,345,427,760	171,095,228
Microfinance Programme	31,937,554,303	409,455,824	26,682,363,975	342,081,589
Self-financing Social Development Programme	360,359,527	4,619,994	995,628,970	12,764,474
Investment Income	2,147,416,695	27,530,983	1,739,681,517	22,303,609
Community Contribution	1,277,068,747	16,372,676	60,252,181	772,464
House Property	88,616,754	1,136,112	92,370,223	1,184,234
<b>Total income</b>	<b>60,537,571,115</b>	<b>776,122,707</b>	<b>56,701,716,843</b>	<b>726,945,088</b>
<b>Expenditure</b>				
Social Enterprises	12,316,093,802	157,898,638	11,747,263,079	150,605,937
Micro Finance Programme	18,286,281,951	234,439,512	15,244,367,848	195,440,613
House Property	47,388,905	607,550	99,443,136	1,274,912
Agriculture and Food Security	152,339,096	1,953,065	334,185,896	4,284,435
Community Empowerment Programme	378,283,895	4,849,794	364,919,588	4,678,456
Education Programme	4,232,396,917	54,261,499	5,569,214,047	71,400,180
Gender, Justice and Diversity	151,869,846	1,947,049	402,633,544	5,161,969
Health Programme	3,740,926,677	47,960,598	4,578,956,175	58,704,566
Human Rights and Legal Aids Services	275,116,681	3,527,137	271,203,344	3,476,966
Policy Advocacy	151,053,311	1,936,581	170,883,319	2,190,812
Water, Sanitation and Hygiene Programme	204,137,601	2,617,149	1,218,247,312	15,618,555
Ultra Poor Programme	2,053,016,421	26,320,723	2,779,602,037	35,635,924
Other Development Projects	1,243,813,518	15,946,327	851,311,420	10,914,249
<b>Total expenditure</b>	<b>43,232,718,621</b>	<b>554,265,623</b>	<b>43,632,230,745</b>	<b>559,387,574</b>
Surplus of income over expenditure before taxation	17,304,852,494	221,857,083	13,069,486,098	167,557,514
Taxation	(486,000,000)	(6,230,769)	(165,000,000)	(2,115,385)
<b>Net surplus for the year</b>	<b>16,818,852,494</b>	<b>215,626,314</b>	<b>12,904,486,098</b>	<b>165,442,129</b>

Exchange rate: 1 US \$ = Tk.78

**AUDITORS' REPORT  
AND  
AUDITED FINANCIAL STATEMENTS  
OF BRAC IN BANGLADESH  
For the year ended December, 2016**

A member firm of Ernst & Young Global Limited

EY refers to the global organization, and/or one or more of the independent member firms of Ernst & Young Global Limited

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF BRAC**

We have audited the accompanying Financial Statements of BRAC, which comprise the Balance Sheet as at December 31, 2016, and the statement of Income and expenditure, statement of changes in net assets and of statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on page 1 to 37.

*Governing Body of BRAC's responsibility for the Financial Statements*

The Governing Body of BRAC is responsible for the preparation and fair presentation of these financial statements so as to give a true and fair view in accordance with the accounting policies as summarised in Note 2 to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of accounting policies used and the reasonableness of accounting estimates made by the Governing Body, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of BRAC as at 31 December 2016 and of its financial performance and cash flows for the year ended in accordance with the accounting policies summarised in Note 2 to the financial statements.

*Purpose of the report*

This report is made solely to the Governing Body of BRAC in accordance with Clause 37 of the Rules and Regulation of BRAC and for no other purpose. We do not assume responsibility to any other person for the content of this report.



A. Qasem & Co.  
Chartered Accountants, Member Firm of EY

Dated: March 15, 2017

**BRAC**  
(Registered in Bangladesh under the Societies Registration Act, 1860)  
**Balance Sheet**  
as at 31 December 2016

	Notes	2016 Taka	2015 Taka
<b>ASSETS</b>			
Cash and bank balances	3	17,489,571,753	16,916,766,552
Advances, deposits and prepayments	4	7,295,740,591	4,076,719,030
Inventories	5	3,768,066,753	3,518,982,401
Grants and accounts receivable	6	2,407,292,289	1,795,343,586
Microfinance loans	7	135,838,491,181	108,342,249,742
Motorcycle loans	8	803,055,814	807,014,427
Investments in securities and others	9	1,623,801,300	1,617,150,000
Investments in related undertakings	10	14,729,921,204	13,400,660,055
Property, plant and equipment	11	15,735,398,674	14,089,310,523
<b>TOTAL ASSETS</b>		<b>199,691,339,559</b>	<b>164,564,196,316</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Liabilities for expenses and materials	12	7,289,576,607	6,359,703,947
Bank overdrafts	13	13,479,844,500	14,388,244,446
Term loans	14	32,992,032,670	26,431,425,075
Members' savings deposits	15	50,118,837,575	40,228,457,331
Grants received in advance	16	1,214,294,835	971,166,244
Deferred income	17	456,219,613	200,469,723
Other long term liabilities	18	12,056,575,743	11,251,247,075
Provision for taxation		2,037,941,030	1,551,941,030
<b>TOTAL LIABILITIES</b>		<b>119,645,322,573</b>	<b>101,382,654,871</b>
<b>NET ASSETS</b>			
Unrestricted		78,907,318,888	62,043,960,522
Temporarily restricted		1,138,698,098	1,137,580,923
		80,046,016,986	63,181,541,445
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>199,691,339,559</b>	<b>164,564,196,316</b>

The annexed notes form an integral part of these statements.

  
Chairperson, Governing Body  
BRAC  
Dhaka, March 15, 2017

  
Chief Financial Officer  
BRAC

  
Executive Director  
BRAC

**BRAC**  
(Registered in Bangladesh under the Societies Registration Act, 1860)  
**Statement of Income and Expenditure**  
for the year ended 31 December 2016

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2016 Taka
<b>Income</b>				
Donor grants	19	-	10,576,643,869	10,576,643,869
Social Enterprises	20	14,149,911,220	-	14,149,911,220
Microfinance Programme	21	31,937,554,303	-	31,937,554,303
Self-financing Social Development Programmes	22	360,359,527	-	360,359,527
Investment Income	23	2,147,416,695	-	2,147,416,695
Community contributions	24	-	1,277,068,747	1,277,068,747
House Property		88,616,754	-	88,616,754
<b>Total income</b>		<b>48,683,858,499</b>	<b>11,853,712,616</b>	<b>60,537,571,115</b>
<b>Expenditure</b>				
Social Enterprises		12,316,093,802	-	12,316,093,802
Micro Finance Programme		18,286,281,951	-	18,286,281,951
House Property		47,388,905	-	47,388,905
Agriculture and Food Security		-	152,339,096	152,339,096
Community Empowerment Programme		4,513,947	373,769,948	378,283,895
Education Programme		224,993,467	4,007,403,450	4,232,396,917
Gender, Justice and Diversity		-	151,869,846	151,869,846
Health Programme		4,574,480	3,736,352,197	3,740,926,677
Human Rights and Legal Aids Services		-	275,116,681	275,116,681
Policy Advocacy		-	151,053,311	151,053,311
Water, Sanitation and Hygiene Programme		-	204,137,601	204,137,601
Ultra Poor Programme		-	2,053,016,421	2,053,016,421
Other Development Projects		347,476,077	896,337,441	1,243,813,518
<b>Total expenditure</b>		<b>31,231,322,629</b>	<b>12,001,395,992</b>	<b>43,232,718,621</b>
Surplus/(deficit) of income over expenditure		17,452,535,870	(147,683,376)	17,304,852,494
BRAC Contribution to support Donor Funded Programmes	26	(148,800,551)	148,800,551	-
Surplus of income over expenditure before taxation		17,303,735,319	1,117,175	17,304,852,494
Taxation	27	(486,000,000)	-	(486,000,000)
<b>Net surplus for the year</b>		<b>16,817,735,319</b>	<b>1,117,175</b>	<b>16,818,852,494</b>

The annexed notes form an integral part of these statements.

  
Chairperson, Governing Body  
BRAC  
Dhaka, March 15, 2017

  
Chief Financial Officer  
BRAC

  
Executive Director  
BRAC

**BRAC**  
(Registered in Bangladesh under the Societies Registration Act, 1860)  
**Statement of Income and Expenditure**  
for the year ended 31 December 2015

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2015 Taka
<b>Income</b>				
Donor grants	19	991,300	13,785,000,917	13,785,992,217
Social Enterprises	20	13,345,427,760	-	13,345,427,760
Microfinance Programme	21	26,682,363,975	-	26,682,363,975
Self-financing Social Development Programmes	22	995,628,970	-	995,628,970
Investment Income	23	1,739,681,517	-	1,739,681,517
Community contributions	24	60,252,181	-	60,252,181
House Property		92,370,223	-	92,370,223
<b>Total income</b>		<b>42,916,715,926</b>	<b>13,785,000,917</b>	<b>56,701,716,843</b>
<b>Expenditure</b>				
Social Enterprises		11,747,263,079	-	11,747,263,079
Micro Finance Programme		15,244,367,848	-	15,244,367,848
House Property		99,443,136	-	99,443,136
Agriculture and Food Security		-	334,185,896	334,185,896
Community Empowerment Programme		12,604,271	352,315,317	364,919,588
Education Programme		483,819,965	5,085,394,082	5,569,214,047
Gender, Justice and Diversity		14,269,674	388,363,870	402,633,544
Health Programme		46,625,417	4,532,330,758	4,578,956,175
Human Rights and Legal Aids Services		-	271,203,344	271,203,344
Policy Advocacy		-	170,883,319	170,883,319
Water, Sanitation and Hygiene Programme		-	1,218,247,312	1,218,247,312
Ultra Poor Programme		-	2,779,602,037	2,779,602,037
Other Development Projects		133,756,644	717,554,776	851,311,420
<b>Total expenditure</b>		<b>27,782,150,034</b>	<b>15,850,080,711</b>	<b>43,632,230,745</b>
Surplus of income over expenditure before taxation		15,134,565,892	(2,065,079,794)	13,069,486,098
BRAC Contribution to Support Donor funded Programmes		(2,103,410,534)	2,103,410,534	-
		13,031,155,358	38,330,740	13,069,486,098
Taxation	27	(165,000,000)	-	(165,000,000)
<b>Net surplus for the year</b>		<b>12,866,155,358</b>	<b>38,330,740</b>	<b>12,904,486,098</b>

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 31 December 2016

	Net Assets		Total Net Assets Taka
	Unrestricted Taka	Temporarily Restricted Taka	
At 1 January 2015	49,131,940,934	1,099,250,183	50,231,191,117
Net surplus for the year	12,866,155,358	38,330,740	12,904,486,098
Share of non operating changes in net assets in related undertakings	45,864,230	-	45,864,230
At 31 December 2015	<b>62,043,960,522</b>	<b>1,137,580,923</b>	<b>63,181,541,445</b>
At 1 January 2016	62,043,960,522	1,137,580,923	63,181,541,445
Net surplus for the year	16,817,735,319	1,117,175	16,818,852,494
Share of non operating changes in net assets in related undertakings	45,623,047	-	45,623,047
At 31 December 2016	<b>78,907,318,888</b>	<b>1,138,698,098</b>	<b>80,046,016,986</b>

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 31 December 2016

	Notes	2016 Taka	2015 Taka
<b>Cash flows from operating activities:</b>			
Surplus of income over expenditure before taxation		17,304,852,494	13,069,486,098
Adjustments to reconcile changes in net assets to net cash provided by operating activities:			
Loan loss provision	7	2,011,313,856	1,055,886,221
Depreciation	11	793,321,425	704,408,539
Gain on disposal of BRAC Banskhalhi Tea Company Ltd	10	-	(787,320,202)
Gain on disposal of property, plant and equipment		(4,526,383)	(3,026,358)
Share of results in related undertakings	23	(1,955,862,048)	(793,099,927)
Donor grants - amortisation of investment in property, plant and equipment and motorcycle replacement fund	17	(70,011,613)	(63,516,033)
Interest on fixed deposits and bank accounts	25	(808,132,598)	(1,298,951,999)
Adjustments for other accounts:			
Increase in service charge outstanding on microfinance loans		(548,529,321)	(484,755,823)
Increase in inventories		(249,084,352)	(41,522,293)
Increase in advances, deposits and prepayments		(3,219,021,561)	(779,400,543)
(Increase)/decrease in accounts receivable		(396,140,179)	134,876,747
Decrease/(increase) in motorcycle loans		3,958,613	(10,017,533)
Increase in liabilities for expenses and materials		929,872,660	760,104,768
Increase in deferred income		325,761,503	28,485,740
Net cash provided by operating activities		<u>14,117,772,496</u>	<u>11,491,637,402</u>
<b>Cash flows from investing activities:</b>			
Increase in microfinance loans		(28,959,025,974)	(23,232,614,537)
Decrease in fixed deposits pledged with financial institutions		2,465,640	601,984,893
Increase in investments in related undertakings		(186,416,110)	(535,909,621)
Interest received on fixed deposits and bank accounts		732,720,273	1,298,951,999
Purchase of property, plant and equipment		(2,442,102,321)	(3,306,546,008)
Proceeds from Banskhalhi Tea Company Ltd	10	-	602,500,000
Proceeds from disposal of property, plant and equipment		7,219,128	20,809,285
Dividends received from related undertakings		858,640,057	702,215,772
Realisation of investment in securities and others		(6,651,300)	(325,800,000)
Net cash used in investing activities		<u>(29,993,150,607)</u>	<u>(24,174,408,217)</u>

**BRAC**  
(Registered in Bangladesh under the Societies Registration Act, 1860)  
**Statement of Cash Flows**  
for the year ended 31 December 2016

	Notes	2016 Taka	2015 Taka
<b>Cash flows from financing activities:</b>			
Grants received during the year		10,927,094,180	7,801,946,598
Grants utilised during the year for:			
- operational expenditure & micro-finance		(10,498,600,286)	(13,666,856,999)
- investment in property, plant and equipment		(321,822,612)	(23,785,870)
- motorcycle replacement funds		(3,938,891)	(4,699,870)
Increase in term loans		6,560,607,595	7,356,163,715
Increase in members savings deposits		9,890,380,244	6,047,647,885
Increase in other long term liabilities		805,328,668	631,663,766
Net cash provided by financing activities		<u>17,359,048,898</u>	<u>8,142,079,225</u>
Net increase/(decrease) in cash and cash equivalents		1,483,670,787	(4,540,691,590)
Cash and cash equivalents, beginning of the year		2,113,628,436	6,654,320,026
Cash and cash equivalents, end of the year	3.4	<u>3,597,299,223</u>	<u>2,113,628,436</u>

The annexed notes form an integral part of these statements.

**(Registered in Bangladesh under the Societies Registration Act, 1860)**  
**Notes to Financial Statements**  
**for the year ended 31 December 2016**

### Introduction

BRAC, a 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 Printing Pack, BRAC Dairy and Food project, BRAC Tea Estates, and various programme support enterprises such as poultry farms, feedmills, seedmills, sericulture and prawn hatcheries.

### 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.

The significant accounting policies, which have been materially consistent over the years, as applied and followed in the preparation and presentation of these financial statements are summarized below:

#### 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 10 in which BRAC has equity interests through which it exercises control or significant influence. As stated in Note 2.5, 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 or provides donor liaison assistance to certain organisations that, in some instances, may bear names with resemblance to BRAC, viz BRAC University, BRAC International Holding B.V, Stichting BRAC International, BRAC Afghanistan, BRAC Myanmar, BRAC Tanzania, BRAC Uganda, BRAC Southern Sudan, BRAC Pakistan, BRAC Liberia, BRAC Sierra Leone, BRAC Philippines and BRAC Nepal. However, no equity is held in these entities, and BRAC's financial statements therefore do not include the financial information 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 case 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 include amongst others, amounts designated by BRAC for income generating activities, programme support enterprises, micro-financing activities and self-financing social development activities.

### 2.2 Reporting period

These financial statements has been prepared for the period from 1 January to 31 December 2016.

### 2.3 Functional and presentation currency

These financial statement are presented in Bangladesh Taka, which is BRAC's functional currency. Except as indicated, the figures have been rounded off to the nearest Taka.

### 2.4 Use of estimates and judgments

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

### 2.5 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 2.14, together with related undertakings in which BRAC has significant influence and/or where effective equity interests are between 20% and 50%.

### 2.6 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 property, plant and equipment, 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.

## 2. Summary of Significant Accounting Policies (contd.)

### 2.6 Donor grants (contd.)

All donor grants received are initially recorded 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.

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 subsequent 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.

### 2.7 Revenue recognition

#### *Social Enterprise projects*

Social enterprise projects comprise Aarong Rural Craft Centre, BRAC Printers and Printing Pack and BRAC Dairy and Food Project, poultry farms, feedmills, seedmills, fish and prawn hatcheries, horticulture nurseries, chilling centres, broiler rearing and meat marketing, salt production and marketing, recycle paper production and health product related activities.

#### *Revenue from sale of goods*

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, discount and VAT. Revenue is recognized at the time, when significant risks and rewards of ownership have been transferred to the buyer and recovery of consideration is probable. Transfer of risks and rewards occur, when the goods are delivered to the distributor/customers along with dispatch documents and invoices.

#### *Service charge on microfinance loans*

Service charges on microfinance loans 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 2.12. Service charge is included in income thereafter only when it is realized. Loans are returned to the accrual basis only when the full amount of the outstanding arrears of loans received and future collectability is reasonably assured.

#### *Interest on bank accounts, fixed deposits, bonds*

Interest income is recognised on an accrual basis.

#### *House property income*

House property income is recognised on an accrual basis whether cash is received or not.

#### *Other income*

Other income is recognized when BRAC's right to receive such income has been reasonably determined.

#### *Community contributions*

Community contributions represent fees charged to participants of selected programmes and activities run by BRAC and is recognised when BRAC's right to receive such income has been reasonably determined.

### 2.8 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 7% to 10% of their costs, based on agreement with donors or management's judgement.

## 2. Summary of Significant Accounting Policies (contd.)

### 2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if all the following conditions are met:

- it is probable that future economic benefits will flow to BRAC
- the cost of the item can be measured reliably and exceeds Taka. 2,000
- it is expected to be used for more than 3 years

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation respectively.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets at the following annual rates which are consistent with the prior year:

<b>Item</b>	<b>Annual Depreciation Rate (%)</b>
Buildings	4 - 10
Furniture & Fixtures	10 - 20
Equipment	15 - 33.3
Computer	20 - 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

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of income and expenditure in the year the asset is derecognized.

### 2.10 Microfinance loans

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

## 2. Summary of Significant Accounting Policies (contd.)

### 2.11 Provision for loan losses

Management regularly assesses the adequacy of the loan loss provision based on the age of the loan portfolio and calculates the required provision for loan losses based on the loan classification and following the provisioning methodology which is shown below:

<u>Loan Classification</u>	<u>Days in Arrears</u>	<u>Provision required</u>
Standard	Current (no arrears)	1%
Watch list	1 - 30	5%
Substandard	31 - 180	25%
Doubtful	181 - 350	75%
Loss	Over 350	100%

### 2.12 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 are classified as "Non-Interest Bearing Loans" (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.

### 2.13 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.

### 2.14 Investment in related undertakings

Related undertakings refer to separately-established undertakings in which BRAC has significant influence and/or effective equity interests. Details of these undertakings are disclosed in Note 10.

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. On disposal, gains or losses representing the difference between the proceeds on disposal and the carrying value of the undertakings at the date of disposal are recognised in the statement of income and expenditure. Gains or losses on dilution of interest in related undertakings, representing the difference in BRAC's share of net assets before and after the dilution concerned is also recognised in the statement of income and expenditure. Any changes in the net assets in the related undertakings other than by the effect of operating results are directly accounted for as a separate item in the statement of net assets with corresponding increase/decrease in the investment. Provision is also made for any impairment if the carrying amount of an investment exceeds its recoverable amount.

### 2.15 Investment in securities and others

All investments other than investment in associated undertakings 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.

## 2. Summary of Significant Accounting Policies (contd.)

### 2.15 Investment in securities and others (contd.)

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.

### 2.16 Accounts receivable

Accounts receivable arise principally from BRAC's income generating activities and programme support enterprises, and are stated net of provision for doubtful debts. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date. Bad debts are written off when identified.

### 2.17 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.

### 2.18 Motorcycle replacement fund

Applicable donor funds are utilized for providing motorcycles to project or programme staffs, and these funds are held in a replacement fund. The cost of providing motorcycles to staff 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 five years, being the average estimated useful life of the motorcycles.

### 2.19 Self-insurance fund

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', as depicted in Note 18, and is not externally funded.

BRAC also sets aside monthly amounts equivalent to 1% 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, also within 'Other long term liabilities' 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 immediate following financial periods have been determined based on actuarial valuations carried out in 2014 in respect of the funds, and are disclosed in Note 18 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 the fund.

**2. Summary of Significant Accounting Policies (contd.)**

**2.20 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', as depicted in Note 18, 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.

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediate following financial periods have been determined based on actuarial valuation carried out in 2014, as disclosed in Note 18 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 the fund.

**2.21 Employee provident fund**

BRAC makes contribution to a recognised contributory provident fund for its eligible employees which is operated by a Board of Trustees. The contribution by BRAC is 10% of the basic salary of each confirmed employees and this is equivalent to the contribution by each eligible employee. Contributions to this fund are recognised as an expenses in the period in which the employee services are performed.

**2.22 Foreign currencies**

Foreign currency transactions are converted into equivalent Taka at the ruling exchange rates on the respective dates of such transactions.

Monetary assets and liabilities denominated in foreign currencies as at 31 December 2016 have been converted into Taka at the exchange rates prevailing at that date.

The resulting exchange translation gains and losses are recognised in the statement of income and expenditure.

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

	<b>2016 Taka</b>	<b>2015 Taka</b>
United States Dollars	78.10	77.90
Euro	80.73	84.38
Great Britain Pound	93.58	113.45
Australian Dollars	54.48	55.14

BRAC's foreign currency denominated assets and liabilities are disclosed in Note 28.

**2.23 Taxation**

Income tax liabilities for the current period are measured at the amount expected to be paid to the taxation authorities in accordance with the Income Tax Ordinance, 1984 (Amended) for activities by which BRAC generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**2. Summary of Significant Accounting Policies (contd.)**

**2.24 Borrowing costs**

Borrowing costs are interest and other costs that BRAC incurs in connection with the borrowing of funds.

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.

**2.25 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 in the statement of income and expenditure when the impairment losses recognised for the asset no longer exists or have decreased.

**2.26 Goodwill**

Goodwill represents the excess of the cost of acquisition over BRAC's interest in the fair value of the identifiable assets and liabilities of investments in related undertakings at the date of acquisition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.25 above except that an impairment loss for goodwill is not reversed unless the specific external events that caused the impairment loss is reversed by a subsequent external event. Goodwill arising on the acquisition of related undertakings is included within the respective carrying amounts of the related undertakings concerned.

**2.27 Financial instruments**

Financial instruments are recognised in the balance sheet when BRAC 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 2.25
- b) *Investments in securities and others*  
Investments in securities and others are stated at cost, subsequently adjusted for fair value or at amortized cost. The policy for recognition and measurement of impairment losses is in accordance with Note 2.25.
- c) *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.
- d) *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.

## 2. Summary of Significant Accounting Policies (contd.)

### 2.27 Financial instruments (contd.)

#### e) Interest-bearing borrowings

Interest-bearing bank loans, overdrafts and securitised financing are recorded at the amount of proceeds received, net of transactions costs. For borrowings made specifically for the purpose of acquiring a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investments of funds drawn down from that borrowing facility.

All borrowing costs are recognized as an expense in the statement of income and expenditure in the period in which they are incurred. The carrying values of these financial instruments approximate their fair values due to their short term maturities.

### 2.28 Cash and cash equivalents

Cash and cash equivalents for the purposes of the statement of cash flows comprises cash and bank balances and unpledged fixed deposits, against 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.

### 2.29 Contingent liabilities

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of BRAC; or any present obligation that arises from past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognized in the financial statements as this may result in the recognition of income which may never be realized.

### 2.30 Events after the balance sheet date

Events after the balance sheet date that provide additional information about the organization's position at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed.

### 2.31 Segmental Reporting

BRAC is organised into operating segments based on projects and programmes which are independently managed by the respective program managers responsible for the performance within the operating segments.

The programme managers report directly to the management of BRAC who regularly review the segment results in order to assess segment performance. Additional disclosures on each of these segments are shown in notes 31 and 32 respectively. BRAC provides segment information voluntarily.

## 3. Cash and bank balances

Cash in hand and at banks (Note 3.1)  
Deposits (Note 3.2)

2016 Taka	2015 Taka
3,808,189,622	2,530,935,525
13,681,382,131	14,385,831,027
<u>17,489,571,753</u>	<u>16,916,766,552</u>

### 3.1 Cash in hand and at banks:

Cash in hand  
Cash at banks

2016 Taka	2015 Taka
500,381,151	390,562,703
3,307,808,471	2,140,372,822
<u>3,808,189,622</u>	<u>2,530,935,525</u>

### 3.2 Deposits:

Fixed deposits pledged with financial institutions (Notes 13 and 14)  
Fixed deposits unpledged  
Short term deposits unpledged

2016 Taka	2015 Taka
412,428,030	414,893,670
9,334,633,658	9,091,258,086
3,934,320,443	4,879,679,271
<u>13,681,382,131</u>	<u>14,385,831,027</u>

Included in the above balances are amounts placed with related undertakings as follows:

#### No. Name of Related Party

#### Nature of balances

1 BRAC Bank Ltd.

Fixed deposits pledged  
Fixed deposits unpledged  
Short term deposits unpledged  
64 Bank Accounts (2015: 67)

2016 Taka	2015 Taka
412,428,030	414,893,670
2,782,302,390	157,856,330
3,934,320,443	4,775,489,492
1,758,143,975	2,755,932,845

### 3.3 Deposits analysed by programme:

Microfinance Programme  
Grant based projects  
Other Programmes

2016 Taka	2015 Taka
9,715,228,162	12,310,857,416
-	104,189,779
3,966,153,969	1,970,783,832
<u>13,681,382,131</u>	<u>14,385,831,027</u>

### 3.4 Cash and cash equivalents

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  
Fixed deposits unpledged  
Short term deposits unpledged  
Bank overdrafts (Note 13)

2016 Taka	2015 Taka
3,808,189,622	2,530,935,525
9,334,633,658	9,091,258,086
3,934,320,443	4,879,679,271
(13,479,844,500)	(14,388,244,446)
<u>3,597,299,223</u>	<u>2,113,628,436</u>

#### 4. Advances, deposits and prepayments

	2016 Taka	2015 Taka
Advances:		
Employees	903,768,681	437,230,657
Suppliers	571,824,577	404,502,296
Advance for tax	4,807,077,668	2,333,171,524
	<u>6,282,670,926</u>	<u>3,174,904,477</u>
Deposits:		
Deposits for facilities and utilities	14,127,570	11,862,430
Prepayments	998,942,095	889,952,123
	<u>7,295,740,591</u>	<u>4,076,719,030</u>

#### 5. Inventories

	2016 Taka	2015 Taka
Seeds and feed	545,347,356	842,297,023
Medical supplies and consumables	74,016,374	100,020,012
Printing and stationery	67,824,473	89,857,978
Handicraft goods	2,773,278,731	2,140,424,077
Dairy products	141,825,887	140,321,050
Programme materials	165,773,932	206,062,261
	<u>3,768,066,753</u>	<u>3,518,982,401</u>

#### 6. Grants and accounts receivable

	2016 Taka	2015 Taka
Grants receivable (Note 16)	316,317,153	175,920,953
Interest receivable on fixed deposits and bank accounts	594,816,869	519,404,544
Other accounts receivable	1,564,204,492	1,156,112,905
	<u>2,475,338,514</u>	<u>1,851,438,402</u>
Provision for doubtful debts	(68,046,225)	(56,094,816)
	<u>2,407,292,289</u>	<u>1,795,343,586</u>

Included in interest receivable on fixed deposits is Taka. 173,836,949 (2015: Taka.83,927,133) receivable after 12 months.

#### 7. Microfinance loans

	Principal outstanding Taka	Service charge receivable Taka	Loan loss provision Taka	Total Taka
At 1 January 2016	112,170,181,191	936,259,452	(4,764,190,901)	108,342,249,742
Additions	243,027,789,000	31,552,879,894	(2,011,313,856)	272,569,355,038
Realisation	(214,068,763,026)	(31,004,350,573)	-	(245,073,113,599)
Write-off	(1,567,849,461)	(243,439,042)	1,811,288,503	-
At 31 December 2016	<u>139,561,357,704</u>	<u>1,241,349,731</u>	<u>(4,964,216,254)</u>	<u>135,838,491,181</u>

#### 7. Microfinance loans (contd.)

Loans to members bear annual service charges ranging from 18% to 25% (2015: 18% to 26%) on a declining balance method. Repayments are made in weekly/monthly instalments. The loan loss provision rate during the year was 1% (2015: 1%).

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

Loan Classification	Days in Arrears	Loan Outstanding 2016 Taka	Loan loss Provision 2016 Taka	Loan Principal 2015 Taka	Loan loss Provision 2015 Taka
Standard	Current (no arrears)	134,083,888,019	1,340,838,880	106,953,997,598	1,069,539,976
Watchlist	1 - 30	921,443,594	46,072,180	967,900,310	48,395,015
Substandard	31 - 180	1,259,898,552	314,974,638	717,650,763	179,412,691
Doubtful	181 - 350	135,187,933	101,390,950	255,157,204	191,367,903
Loss	Over 350	3,160,939,606	3,160,939,606	3,275,475,316	3,275,475,316
		<u>139,561,357,704</u>	<u>4,964,216,254</u>	<u>112,170,181,191</u>	<u>4,764,190,901</u>

#### 8. Motorcycle loans

	2016 Taka	2015 Taka
At 1 January 2016	807,014,427	796,996,894
Additions during the year	34,346,272	45,070,000
Loan realisation during the year	(38,304,885)	(35,052,467)
At 31 December 2016	<u>803,055,814</u>	<u>807,014,427</u>

#### 9. Investments in securities and others

	2016 Taka	2015 Taka
DBH 1st Mutual Fund	43,800,000	29,400,000
AB Bank Ltd. Subordinated Bond	1,000,000,000	1,000,000,000
MTB Subordinated Bond	250,000,000	250,000,000
Bangladesh Sanchay Patra (BSP)	330,000,000	337,750,000
BRAC EPL investments Ltd	1,300	-
	<u>1,623,801,300</u>	<u>1,617,150,000</u>

Market value of DBH 1st Mutual Fund at 31 December 2016 was Taka. 7.30 per unit (2015: Taka. 4.90) and Taka. 7.30 per unit (2015: Taka. 4.90) on the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) respectively.

The AB Bank Ltd. Subordinated Bond maturity date will be on 25 August 2021 with effective interest rate ranging from 11% to 13% (2015: 11% to 13%) per annum.

The maturity date of the Mutual Trust Bank Subordinated Bond will be on 19 October 2022 with effective interest rate ranging from 10.5% to 13.5% (2015: 10.5% to 13.5%) per annum.

The Bangladesh Sanchay Patra (BSP) earned interest at 8.5% to 13.45% (2015: 10.5% to 13.45%) per annum respectively during the year.

10. Investments in related undertakings

Related undertakings	2016				
	Cost of Investment Taka	Share of Reserves Taka	Loans Taka	Provision for impairment in value Taka	Total Taka
BRAC Bank Ltd.	4,760,329,616	6,092,445,194	-	-	10,852,774,810
BRAC Industries Ltd.	24,999,900	5,652,931	-	-	30,652,831
BRAC BD Mail Network Ltd.	186,161,000	(79,360,692)	-	-	106,800,308
BRAC IT Services Ltd.	34,300,000	(61,446,865)	108,812,204	-	81,665,339
BRAC Services Ltd.	10,000,000	(157,633,542)	225,026,063	(18,211,239)	59,181,282
Delta BRAC Housing Finance Corp. Ltd.	40,000,000	557,002,930	-	-	597,002,930
BRAC Karnafuli Tea Company Ltd.	243,908,025	(222,705,938)	1,116,252,588	-	1,137,454,675
BRAC Kaiyachara Tea Company Ltd.	63,300,695	76,215,905	233,252,099	-	372,768,699
BRAC Kodala Tea Company Ltd.	81,680,954	(37,177,711)	353,652,547	-	398,155,790
Bangladesh Netting Factory Ltd.	17,071,429	33,562,819	29,032,361	-	79,666,609
BRAC Assets Management Company Ltd.	13,000,000	3,099,825	-	-	16,099,825
BRAC Impact Ventures Ltd.	10,200,000	(9,203,732)	-	-	996,268
BRAC Environmental Enterprises Ltd.	90,000,000	(70,907,143)	124,717,808	-	143,810,665
Industrial Promotion and Development Company of Bangladesh Ltd.	759,023,000	93,868,173	-	-	852,891,173
	<u>6,333,974,619</u>	<u>6,223,412,154</u>	<u>2,190,745,670</u>	<u>(18,211,239)</u>	<u>14,729,921,204</u>

Related undertakings	2015				
	Cost of Investment Taka	Share of Reserves Taka	Loans Taka	Provision for impairment in value Taka	Total Taka
BRAC Bank Ltd.	4,760,329,616	5,070,759,128	-	-	9,831,088,744
BRAC Industries Ltd.	24,999,900	5,116,961	-	-	30,116,861
BRAC BD Mail Network Ltd.	186,161,000	(84,301,811)	-	-	101,859,189
BRAC IT Services Ltd.	34,300,000	(57,716,253)	88,757,762	-	65,341,509
BRAC Services Ltd.	10,000,000	(118,944,075)	161,920,937	(18,211,239)	34,765,623
Delta BRAC Housing Finance Corp. Ltd.	40,000,000	468,678,277	-	-	508,678,277
BRAC Karnafuli Tea Company Ltd.	243,908,025	(203,079,016)	1,036,934,458	-	1,077,763,467
BRAC Kaiyachara Tea Company Ltd.	63,300,695	47,581,843	227,656,313	-	338,538,851
BRAC Kodala Tea Company Ltd.	81,680,954	(22,447,706)	331,425,381	-	390,658,629
Bangladesh Netting Factory Ltd.	17,071,429	33,813,846	33,064,297	-	83,949,572
BRAC Assets Management Company Ltd.	13,000,000	2,909,688	-	-	15,909,688
BRAC Impact Ventures Ltd.	10,200,000	(9,112,585)	-	-	1,087,415
BRAC Environmental Enterprises Ltd.	90,000,000	(70,787,715)	124,570,412	-	143,782,697
Industrial Promotion and Development Company of Bangladesh Ltd.	759,023,000	18,096,533	-	-	777,119,533
	<u>6,333,974,619</u>	<u>5,080,567,115</u>	<u>2,004,329,560</u>	<u>(18,211,239)</u>	<u>13,400,660,055</u>

2016 Taka	2015 Taka
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Represented by:

Share of net tangible assets	12,329,569,580	11,186,724,541
Goodwill on acquisition	209,605,954	209,605,954
Loans	2,190,745,670	2,004,329,560
	<u>14,729,921,204</u>	<u>13,400,660,055</u>

10. Investments in related undertakings (contd.)

Related undertakings (All Incorporated in Bangladesh)	2016	2015	Principal activities
BRAC Bank Ltd.	44.64	44.64	Banking business, listed on the Dhaka and Chittagong Stock Exchanges
BRAC Industries Ltd.	99.99	99.99	Cold storage
BRAC BD Mail Network Ltd.	19.99	19.99	Internet service provider
BRAC IT Services Ltd.	48.67	48.67	Software development
BRAC Services Ltd.	100.00	100.00	Hospitality
Delta BRAC Housing Finance Corp. Ltd.	18.39	18.39	Housing finance, listed on the Dhaka and Chittagong Stock Exchanges
BRAC Karnafuli Tea Company Ltd.	99.94	99.94	Tea plantation
BRAC Kaiyachara Tea Company Ltd.	99.85	99.85	Tea plantation
BRAC Kodala Tea Company Ltd.	99.12	99.12	Tea plantation
Bangladesh Netting Factory Ltd.	93.94	93.94	Poultry processing
BRAC Assets Management Company Ltd.	26.00	26.00	Management of assets and portfolio investment
BRAC Impact Ventures Ltd.	51.00	51.00	Sustainable, conscious, green and ethical investment
BRAC Environmental Enterprises Ltd.	90.00	90.00	Waste management services
Industrial Promotion and Development Company of Bangladesh Ltd.	25.00	25.00	Financial services

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 6% - 12% (2015: 12%) interest per annum. These loans are unsecured and have no fixed repayment terms.

The market value of BRAC Bank Ltd. shares at 31 December 2016 was Taka. 64.10 per share (2015: Taka. 48.40) and Taka.63.60 per share (2015: Taka. 47.70) on the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) respectively.

The market value of Delta BRAC Housing Finance Corporation Ltd. shares at 31 December 2016 was Taka.102.20 per share (2015: Taka.114.00) and Taka.102.20 per share (2015: Taka.110.10) on the DSE and CSE respectively.

Significant transactions with related undertakings are as follows:

Related undertakings	Nature of transaction	2016 Taka	2015 Taka
BRAC Bank Ltd.	Interest on fixed deposits and bank balance	83,892,343	26,202,844
Delta BRAC Housing Finance Corp. Ltd.	Interest on fixed deposits	55,116	37,373
BRAC Services Ltd.	Service facilities	55,744,693	33,290,623

11. Property, plant and equipment

Group of fixed assets	Cost			Depreciation			Amount in Taka			
	Opening balance 01-01-2016	Additions during the year	Transferred during the year	Disposals during the year	Closing balance 31-12-2016	Charged during the year	Adjustment/disposals during the year	Closing Balance 31-12-2016	Written down value 31-12-2016	Written down value 31-12-2015
Freehold land	7,890,865,292	687,760,542	-	-	8,578,645,834	-	-	-	8,578,645,834	7,890,865,292
Buildings	4,891,911,222	-	1,280,401,255	(6,997,246)	6,165,315,231	163,524,325	(6,997,246)	2,089,357,119	4,075,958,112	2,959,081,182
Furniture & fixtures	1,381,449,329	254,089,126	-	(34,257,422)	1,601,281,033	143,785,811	(32,983,149)	902,725,078	698,555,955	589,526,913
Equipment	1,691,526,498	389,594,743	-	(30,073,998)	2,051,047,243	174,298,149	(29,188,841)	1,346,059,609	704,987,634	490,576,197
Computer	641,474,147	160,885,348	-	(23,901,679)	778,457,816	97,802,850	(23,368,364)	522,723,423	255,734,393	193,185,190
Vehicles	920,458,497	136,248,427	-	(12,623,760)	1,044,083,164	118,936,898	(12,623,760)	731,541,793	312,541,431	295,229,902
Bicycles	15,803,359	3,438,098	-	(4,664,001)	14,577,456	1,587,029	(4,664,001)	8,878,939	5,698,517	3,847,448
Machineries	1,069,508,724	108,597,291	-	(67,909)	1,178,036,106	35,661,991	(67,909)	876,032,134	302,005,972	229,070,672
Deep tube wells and tanks	30,201,020	7,095,225	-	-	37,296,245	21,778,235	-	24,351,922	12,944,323	8,422,785
Hatcheries	15,854,059	1,122,424	-	-	16,976,483	15,054,204	-	16,956,691	19,792	798,855
Camp/Poultry/Livestock sheds	288,073,346	-	-	-	288,073,346	10,562,688	-	209,495,115	78,578,231	89,140,919
Motorcycles	2,443,036	2,760,542	-	-	5,203,578	-	-	2,443,036	2,760,542	-
Construction work-in-progress	1,257,192,814	630,257,796	(1,280,401,255)	-	607,049,355	-	-	334,061,737	607,049,355	1,257,192,814
Crates/Mannequins/Samples/Antiques	373,747,561	60,232,759	-	-	433,980,320	42,685,530	-	99,918,583	99,918,583	82,371,354
Total 2016	20,470,506,904	2,442,102,321	-	(112,586,015)	22,800,025,210	793,321,425	(109,893,270)	7,064,626,536	15,735,398,674	14,089,310,523
Total 2015	17,424,363,015	3,306,546,008	-	(260,400,119)	20,470,506,904	704,408,539	(242,617,191)	6,381,198,381	14,089,310,523	-

Allocation of depreciation:

	2016 Taka	2015 Taka
i) included in cost of sales of commercial projects	112,296,702	80,930,188
ii) included in programme related expenses	681,024,723	623,478,351
	793,321,425	704,408,539

An amount of Taka. 325,761,503 (2015: Taka. 53,946,525) 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 17 & 19.

12. Liabilities for expenses and materials

	2016 Taka	2015 Taka
Liabilities for expenses	3,973,173,721	3,796,975,972
Liabilities for goods	659,410,732	606,770,565
Advances received for training, publications, supplies etc.	2,765,759,681	2,048,071,341
	7,398,344,134	6,451,817,878
Provision for stock loss	(108,767,527)	(92,113,931)
	7,289,576,607	6,359,703,947

13. Bank overdrafts

	2016 Taka	2015 Taka
AB Bank Ltd.	-	-
Agrani Bank Ltd.	205,623,619	89,456,983
Bank Alfalah	186,542,482	188,801,780
Bank Asia Ltd.	24,536,924	26,930,418
Dhaka Bank Ltd.	1,392,262,247	1,645,002,580
Dutch Bangla Bank Ltd.	15,775,419	13,537,798
Eastern Bank Ltd.	6,596,507	5,070,474
Habib Bank Ltd	388,552,492	389,220,376
HSBC	543,403	469,883
IFIC Bank Ltd.	26,264,861	8,136,356
Jamuna Bank Ltd.	545,875,456	38,413,625
Janata Bank Ltd.	5,868,624	32,783,210
Mutual trust Bank Ltd.	266,097,427	3,800,862
Prime Bank Ltd.	1,824,623,404	1,909,025,395
* Pubali Bank Ltd.	5,517,411,740	5,785,976,999
Rupali Bank Ltd.	25,506,723	44,992,182
Sonali Bank Ltd.	237,506,768	1,815,183,170
Southeast Bank Ltd.	1,889,336	1,371,456
Standard Bank Ltd.	4,033,501	3,309,789
The Trust Bank Ltd.	9,695,350	48,280,117
United Commercial Bank Ltd.	1,721,340	1,343,306
Uttara Bank Ltd.	2,792,916,877	2,337,137,687
	13,479,844,500	14,388,244,446

\* The bank overdraft is secured by fixed deposits amounting to Taka. 412,215,409 (2015: Taka. 414,710,523).

The bank overdrafts were obtained for BRAC's micro-finance programme and to finance working capital requirements. The bank overdrafts bear interest at 5.00% to 12.00% (2015: 5.5% to 12.5%) per annum, and are repayable within 12 months.

#### 14. Term loans

	2016 Taka	2015 Taka
Bangladesh Bank	5,187,690,000	5,566,390,000
Bank Alfalah	200,000,000	200,000,000
BASIC Bank Ltd.	1,075,543,685	1,160,705,020
BRAC Bank Ltd.	2,886,764,654	2,896,786,692
Citibank, N.A.	500,000,000	500,000,000
Commercial Bank of Ceylon PLC	1,000,000,000	1,000,000,000
Dhaka Bank Ltd.	599,745,001	-
Eastern Bank Ltd.	2,783,716,167	2,106,316,967
IFIC Bank Ltd.	2,299,989,758	1,599,822,222
Jamuna Bank Ltd.	999,999,660	1,000,000,000
NCC Bank Ltd	1,999,987,500	-
Prime Bank Ltd.	2,000,000,000	1,999,532,109
* Rajshahi Krishi Unnayan Bank (RAKUB)	360,000,000	365,000,000
Rupali Bank Ltd	500,000,000	-
SABINCO	307,134,137	462,965,620
Shahjalal Islami Bank Ltd.	1,900,000,000	1,533,916,647
Standard Chartered Bank (SCB)	4,340,000,000	4,340,000,000
The City Bank Ltd	2,200,000,000	-
The Premier Bank Ltd	1,699,986,859	1,699,989,798
The UAE-Bangladesh Investment Company Ltd	151,475,249	-
	<u>32,992,032,670</u>	<u>26,431,425,075</u>

Term Loans are analysed as follows:

Amount repayable within 12 months	31,274,265,971	24,023,993,293
Amount repayable after 12 months:		
- Repayable after 12 months and within 24 months	970,249,180	1,959,893,143
- Repayable after 24 months and within 36 months	747,517,519	447,538,639
	<u>1,717,766,699</u>	<u>2,407,431,782</u>
	<u>32,992,032,670</u>	<u>26,431,425,075</u>

\* Secured by fixed deposits amounting to Taka. 212,540 (2015: Taka. 183,147).

All repayment obligations in respect of the term loans were met and no amounts were in arrears as at 31 December 2016.

The term loans were obtained to support various micro finance and development projects undertaken by BRAC and for working capital purposes. The loans are repayable at various intervals, i.e. monthly, quarterly, half-yearly, bi-annually and annually and bear 5% to 8.25% (2015: 5% to 11.50%) interest rates.

#### 15. Members' savings deposits

	2016 Taka	2015 Taka
At 1 January 2016	40,228,457,331	34,180,809,446
Deposits during the year	32,187,328,362	30,521,109,555
Withdrawals during the year	(22,296,948,118)	(24,473,461,670)
At 31 December 2016	<u>50,118,837,575</u>	<u>40,228,457,331</u>
Compulsory savings	40,906,276,123	32,170,932,001
Voluntary savings	6,139,207,569	4,863,588,623
Term deposits	3,073,353,883	3,193,936,707
At 31 December 2016	<u>50,118,837,575</u>	<u>40,228,457,331</u>

#### 15. Members' savings deposits (contd.)

The rate of interest paid in respect of savings deposits by members was 6% - 10% (2015: 6% - 10%) per annum.

BRAC has three types of savings initiatives, namely (a) Compulsory savings (b) Voluntary savings and (c) Term deposits, with a view to facilitating and encouraging savings by members in rural areas.

##### (a) Compulsory savings

- Each member deposits a minimum amount of Taka. 10 in a weekly meeting. The amount to be deposited weekly is fixed by the member at the inaugural meeting of the year. The interest rate is 6% per annum.
- A member can withdraw the entire amount of savings after the loan outstanding balance including service charges thereon has been fully repaid.
- BRAC is allowed to offset the amount of loan balance with the equivalent savings balance of the loanee in the event of default.

##### (b) Voluntary savings

- Each member can save for periods ranging from 3 years to 10 years on a monthly basis. The voluntary savings range from Taka. 100 to Taka. 1,000. The interest rate ranges from 7% for a 3 years period to 10% for a 10 year period.
- Any member can withdraw his/her savings by giving a seven (7) days written notice.

##### (c) Term deposits

Each member can save for a period 1 to 10 years for a fixed time period. The amount of deposit can range from Taka. 10,000 to 100,000. Interest rate for the maturity period range from 7% in the first year to 10% for 10 years.

#### 16. Grants received in advance

	Notes	2016 Taka	2015 Taka
At 1 January 2016		971,166,244	6,740,890,268
Receivables as at 1 January 2016		(175,920,953)	(52,248,836)
		<u>795,245,291</u>	<u>6,688,641,432</u>
Donations received during the year	30	10,927,094,180	7,801,946,598
Transferred to deferred income:			
- Investment in property, plant and equipment	17	(321,822,612)	(23,785,870)
- Motorcycle replacement fund	17	(3,938,891)	(4,699,870)
Transfer to Statement of Income and Expenditure for expenditure during the year	19	(10,498,600,286)	(13,666,856,999)
		<u>897,977,682</u>	<u>795,245,291</u>
Grants receivable	6	316,317,153	175,920,953
At 31 December 2016		<u>1,214,294,835</u>	<u>971,166,244</u>

**17. Deferred income**

Notes	Investment in Fixed Assets Taka	Motorcycle Replacement Fund Taka	Total Taka
At 1 January 2016	174,076,090	26,393,633	200,469,723
Transferred from Grants received in advance	16 321,822,612	3,938,891	325,761,503
Amortization to Statement of Income and Expenditure	19 (61,866,455)	(8,145,158)	(70,011,613)
At 31 December 2016	<u>434,032,247</u>	<u>22,187,366</u>	<u>456,219,613</u>

**18. Other long term liabilities**

	2016 Taka	2015 Taka
Employee gratuity and redundancy fund	10,150,892,777	9,456,164,710
Self-insurance fund		
- Employees	458,825,614	422,641,872
- BRAC properties and motorcycles	776,413,656	733,694,168
	<u>1,235,239,270</u>	<u>1,156,336,040</u>
Other funds		
- Special fund for scholarship	5,977,099	5,765,565
- Relief and rehabilitation fund	629,936,836	583,877,320
- Staff welfare fund	34,529,761	49,103,440
	<u>670,443,696</u>	<u>638,746,325</u>
	<u>12,056,575,743</u>	<u>11,251,247,075</u>

An actuarial valuation of the employee gratuity and redundancy fund as at 31 December 2014 was performed by an independent professional actuary. Based on the valuation, there was an excess provision of Taka. 423,900,000. The principal assumptions applied in the actuarial valuation, were similar to those applied in the previous years. Similarly, an actuarial valuation of the self-insurance fund for employees as at 31 December 2014 was performed by an independent professional actuary. Based on the valuation, there was an excess provision of Taka. 216,000,000. The principal assumptions applied in the actuarial valuation, were consistent with those applied in previous years. The indicative excess provisions in respect of the above funds, have not been written back, but will be considered in determining future provisions for the respective funds. Such determination would include further consideration given to the probability of unforeseen adverse events which may cause strain on the funds concerned.

BRAC also commissioned an investigation report by an independent professional actuary on the properties and motorcycles self-insurance fund as at 31 December 2014. 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 Taka. 10,000,000 would be required, which was made by BRAC in 2014.

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 the fund.

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.

**18. Other long term liabilities (contd.)**

The Relief and Rehabilitation fund for disaster and climate change represents recoveries from prior disbursements of grants for rehabilitation, as well as additional amounts accreted by BRAC as deemed appropriate and is held as a liability. This fund is utilized to meet outgoing during natural disasters and climate change and is substantially represented by separate bank balances from which interest is added to the fund.

The staff welfare fund represents deductions from the staff salary which are utilised to defray medical expenses incurred by staff and, under certain instances, their families. The fund is managed by a staff committee who decide upon the quantum to be disbursed as well as the eligibility of staff family members for benefits.

**19. Donor grants**

Notes	2016 Taka	2015 Taka
Donor grants recognised in the Statement of Income and Expenditure:		
Transferred from grants received in advance	16 10,498,600,286	13,666,856,999
Transferred from deferred income:		
Amortisation of investment in property, plant and equipment		
- unrestricted	-	683,274
- temporarily restricted	61,866,455	53,263,252
	<u>61,866,455</u>	<u>53,946,526</u>
Amortisation of motorcycle replacement fund		
- unrestricted	-	308,026
- temporarily restricted	8,145,158	9,261,481
	<u>8,145,158</u>	<u>9,569,507</u>
Total donor grants	10,568,611,899	13,730,373,032
Interest on bank accounts and fixed deposits in respect of donor funds	25 5,813,707	27,057,988
Other income - Partial reimbursements on cost of donor funded programme supplies	2,218,263	28,561,197
	<u>10,576,643,869</u>	<u>13,785,992,217</u>

**20. Social enterprises**

Revenue from sales (Note 20.1)	14,132,369,826	13,288,877,264
Other Income (Note 20.2)	17,541,394	56,550,496
	<u>14,149,911,220</u>	<u>13,345,427,760</u>
20.1. <u>Revenue from Sales</u>		
Aarong Rural Craft Centre	6,776,698,470	5,631,368,906
BRAC Printing Pack	299,942,469	295,158,054
BRAC Dairy and Food Project	3,200,642,155	2,976,347,522
Agro-based Programme Support Enterprises	3,769,744,336	4,115,676,523
Non-agrobased Programme Support Enterprises	85,342,396	270,326,259
	<u>14,132,369,826</u>	<u>13,288,877,264</u>
20.2. <u>Other Income</u>		
Gain on disposal of property, plant and equipment	436,100	10,174,037
Sale of waste materials	17,105,294	51,540,158
Foreign exchange gain	-	15,709
Less: Inter-programme interest charged during the year	-	(5,179,408)
	<u>17,541,394</u>	<u>56,550,496</u>

**21. Microfinance Programme**

	2016 Taka	2015 Taka
Service charge on microfinance loans	31,360,054,922	25,983,492,605
Bank interest against member saving deposits (Note 25)	577,499,381	780,582,091
Less: Inter-programme interest charged during the year	-	(81,710,721)
	<u>31,937,554,303</u>	<u>26,682,363,975</u>

**22. Self-financing Social Development Projects**

	2016 Taka	2015 Taka
Interest on bank accounts and fixed deposits (Note 25)	224,819,510	491,311,920
Other income (Note 22.1)	135,540,017	504,317,050
	<u>360,359,527</u>	<u>995,628,970</u>

**22.1 Other Income**

Gain/(loss) on disposal of property, plant and equipment	4,090,283	(7,555,687)
Training income	68,718,290	320,105,691
Sale of waste materials	22,138,287	53,513,856
Interest received on other loans and advances	41,449,815	52,045,467
Foreign exchange loss	(856,658)	(682,406)
Inter-programme interest received during the year	-	86,890,129
	<u>135,540,017</u>	<u>504,317,050</u>

**23. Investment income**

	2016 Taka	2015 Taka
Share of profits less losses from investments in related undertakings	1,955,862,048	793,099,927
Gain on disposal of BRAC Banshkhali Tea Company Ltd	-	787,320,202
Interest on Subordinated Bond	136,623,288	124,043,061
Interest on BSP	35,131,359	33,418,327
Gain on disposal of investment in quoted securities	19,800,000	1,800,000
	<u>2,147,416,695</u>	<u>1,739,681,517</u>

**24. Community contributions**

	2016 Taka	2015 Taka
Education Programme	1,102,255,256	60,252,181
Health Nutrition and Population Programme	156,831,516	-
Community Empowerment Programme	2,879,224	-
Agriculture and Food Security Programme	15,102,751	-
	<u>1,277,068,747</u>	<u>60,252,181</u>

Community contributions represent fees charged by BRAC to participants of certain programmes and activities.

**25. Interest on fixed deposits and bank accounts**

	2016 Taka	2015 Taka
Microfinance programme	577,499,381	780,582,091
Donor based development projects	5,813,707	27,057,988
Self-financing Social development programmes	224,819,510	491,311,920
	<u>808,132,598</u>	<u>1,298,951,999</u>

**26. BRAC Contribution to support Donor Funded Programmes**

BRAC contributed funds to meet the funding shortfall in donor funded programmes expenditure during the year in order to ensure the continued implementation and execution of such programmes.

**27. Taxation**

	2016 Taka	2015 Taka
Income tax provision for the year	486,000,000	165,000,000

Under the Income Tax Ordinance, 1984 (Amended), in addition to its commercial activities, BRAC is also subject to taxation on income derived from other non-commercial activities unless they are tax exempt. Income from microfinance and social development activities are tax-exempt.

The tax charge is in respect of taxable income arising from BRAC's taxable activities in 2016, and is subject to agreement with the tax authorities.

For years of assessment 1991-92 to 2011-12, BRAC has been issued directives requesting payment of taxes cumulatively amounting to approximately Taka. 5.5 billion. BRAC has disagreed with the basis of taxation, successfully obtaining stays of execution on the said directives, and has referred the matter to the High Court Division of the Supreme Court of Bangladesh. Similar directives for year of assessment 2012-13 amounting to Taka. 0.51 billion has been issued by the Deputy Commissioner of Taxation (DCT) for which appeal is in progress as at the date of the financial statements.

BRAC continues to be of the view that the basis of taxation contained in the abovementioned directives are inappropriate, and therefore BRAC would not be liable to taxation. Accordingly, the amounts referred to above have not been provided for in the financial statements as at 31 December 2016.

**28. Foreign currency denominated monetary assets and liabilities**

	2016 Taka	2015 Taka
Resident Foreign Currency Deposits (in USD)	608,282,940	621,859,214
Resident Foreign Currency Deposits (Euro)	15,336,001	16,024,908
Resident Foreign Currency Deposits (in GBP)	14,927,503	18,054,422
Cash at bank and in hand (in USD)	14,260,017	14,303,106
Cash at bank and in hand (in Euro)	2,251,582	2,312,465
Cash at bank and in hand (in GBP)	967,551	1,245,538
Cash at bank and in hand (in AUD)	-	14,061

29. 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 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.

(c) Foreign Exchange Risk

BRAC's foreign exchange risks comprise transaction risk which arise 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, Great Britain 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.

50. Schedule of donation received

Name of the projects	Donor	2016 Taka	2015 Taka
Yukta Bangladesh Project	ORFID BANGLADESH	2,100,000	452,049
	BRAC-UK	-	70,000
	<b>Sub Total</b>	<b>2,100,000</b>	<b>522,049</b>
Statistical Feasibility Assessment (SFA)	DFID	8,094,700,000	3,808,070,416
	DFAT	1,255,125,000	1,786,125,000
	<b>Sub Total</b>	<b>9,349,825,000</b>	<b>5,594,195,416</b>
RED BRAOU	ODI	-	817,408
	DFID	-	51,074,000
	Adem Smith International	-	6,008,270
	Royal Tropical Institute	-	1,000,440
	<b>Sub Total</b>	<b>-</b>	<b>58,899,118</b>
BRAC Education Program (BEP-II) Assistant and Support to the Victims of Floods Coordination and Change Enabling Project OPPR Phase-IV BRAC New Initiative of HFLS	CHADP/ATO	-	82,782,761
	Swedish S.L.I	-	7,288,088
	World Plan	-	3,982,727
	BRAC-USA	18,837,186	-
	OEZ	266,760	24,224,286
	Barocorell Moll Mac Donald	20,155,473	20,804,208
	AVRDC (The World Vegetable Centre)	-	22,516,886
	DFID	42,372,891	128,712,864
	The Global Fund	4,894,840,115	4,822,178,747
	University Research Company LLC.	-	28,344,288
Oral Development and Education Program Improving Income, Nutrition and Health in Bangladesh -Jewell Potato, Sweetpotato and Vegetables BRAC Water Sanitation and Hygiene Program (WASH) Reduction TB Prevalence TB CARE II Wave 3 Reduction Malaria Incidence BRAC Boat School BRAC Urban Stars School Community Safety Initiative ARISE ONE THIRTEEN PROJECT Bangladesh MYOH-House Fertilization Program BRAC Emergency Preparedness Project BRAC HFLS Property Rights Program National Food Security Nutritional Surveillance Project Changing Rural Home and Supporting Adolescent Engagement Monitoring and Evaluation of the School Nutrition Sustainable Human Development and Empowerment of Vulnerable Women affected Climate Change Urban School Nutrition Programme Engaging Communities for Behavioural Social Change in Girls' Bazaar ORFID	UNICEF	218,170,761	285,878,801
	BRAC-UK	28,628,808	25,110,728
	BRAC-QATAR	122,020,202	81,280,844
	Water World	2,401,852	4,794,688
	Family Health International	84,982,439	18,228,278
	The Global Alliance for Improved Nutrition	188,888,220	147,548,888
	BRAC-USA	-	7,227,280
	BRAC-USA	28,514,261	20,888,087
	ED	-	24,800,408
	UNICEF	92,086,884	22,844,288
Marketing Innovation for Health (MIH) Program Technology (m-artel) assessment and lean process build Segmentation for Inclusive Poverty Reduction and Sustainable Growth Building Young Women's Leadership through Sports Economic Empowerment for Poor and Vulnerable Women in Bangladesh Oxidizing Pro-Poor Investments in the House among Domestic Worker Quality and Quantity Root and Tuber Crops Research and Dev. Prog. For Food Security, Adv. and Profile Region Improving Maternal & Child Malnutrition Aquatic Agricultural System Pilot project of distributing reading glasses Sukha Project BRAC School Meal Picting Safe Migration for Bangladesh Workers Impact Assessment of Credit Program for the Tenent Farmers Early Recovery Facility at UNDP Bangladesh BRAC Innovation Fund for Digital Financial Services Developing Interactive Multimedia Digital Version of Primary Education Contents English & ICT for Adolescent Phase-2 Eating Sufficient Food & Nutrition through Media Campaign for Marginalized group of people in Bangladesh Livelihood Skills Training for Out of School Working Children Pepperless within a purpose Edu's_UOW	The Global Alliance for Improved Nutrition	20,155,473	20,804,208
	UNICEF	20,804,208	20,804,208
Pro-Poor Urban Integration Project (PPUI) Road Safety Awareness Campaign Project Sustainable Clinical Care Bangladesh Targeting The Ultra poor Nutrition Teaching & Learning Materials Research of Retirement Program BRAC Health Security Program BRAC US ITRK Project English through Mobile for Adolescent girl Generation of Resilience TB REACH PHASE 2 Increase Access to Improved Water Sanitation and Hygiene Services	University of Leeds	11,300,881	6,126,888
	Social Marketing Company	20,271,722	20,822,828
	Center for Development Research	-	781,828
	Women Win	3,001,220	10,544,499
	ED	-	17,315,884
	University of Bonn	-	1,266,027
	AVRDC (The World Vegetable Centre)	-	386,761
	WFP	3,222,351	5,254,127
	World Plan	-	254,182
	White Spine	47,871,369	14,082,088
Family Health International	51,988,293	115,888,884	
WFP	14,887,889	18,874,888	
World Bank	72,131,308	88,881,114	
Global Development Network Inc.	-	11,771,288	
UNICEF	-	478,808	
Bill and Melinda Gates Foundation	3,119,280	117,888,888	
Government of Bangladesh	4,822,770	20,487,200	
British Council	-	3,041,288	
ORFID-UK	682,262	888,888	
UNICEF	14,882,490	4,048,876	
World	-	3,291,476	
BRAC-University	-	800,000	
Orange Bangladesh	3,055,355	2,082,000	
The University of British Columbia (UBC)	15,937,080	-	
WFP	24,428,821	18,808,880	
ORF Education Trust	-	4,004,388	
Rockefeller Foundation	-	7,788,800	
The Global Alliance for Improved Nutrition	-	4,174,884	
OSMA Mobile for Dev. Foundation	-	6,004,884	
BRAC-UK	3,004,355	-	
KOOFID	-	825,188	
ORFID WFP	-	48,187,888	

Name of the projects	Donor	2016 Taka	2015 Taka
Improving Educational Outcome of Female Disadvantaged School Student	MONASH University	-	2,205,421
Agri-Business for Trade Competativeness Project	KATAYLYST	-	1,000,000
Improving Demand and Referral Linkage for Injectable Long acting and permanent methods of contraceptives	Engender Health	18,211,261	19,133,935
Technology Adoption and Food Security in Rural Bangladesh	Monash University	-	3,916,978
Neuro Developmental Disability (NDD) Project	Apasen International	1,039,086	594,105
Establish Reintegration & Referral Service for Returnee migrant Workers	UN Women	-	3,389,148
Prevent and Respond to Sexual and Gender Based Violence	UNDP	12,378,609	10,530,724
BRAC Splash Wash in School	Splash International	977,500	14,565,307
Building Blocks of Early Years Learning in Bangladesh	PORTICUS	37,908,000	46,974,750
Community Based Digital Fat Testing Project	Care-Bangladesh	1,071,495	23,155,634
Community Based Intervention for the Empowerment of Women	ILO	1,833,070	5,368,194
Community Water Management for Improved food Security nutrition and livelihoods in the polders of	IRRI	-	3,088,000
Holistics Enhancement of Early Childhood Development	BRAC-USA	-	4,258,533
National Early Childhood Development Support Program	UNICEF	162,811,314	123,039,350
Promoting Maize Cultivation in Southern part of Bangladesh	EDGE Consulting Ltd.	-	2,352,522
School Feeding Program at Gaibandha	WFP	12,565,982	3,047,624
Training Program on Non Communicable Disease Control	Government of Bangladesh	-	16,042,151
Working with Children at Risk in the Slums of Dhaka	BRAC-UK	14,649,084	11,673,015
Fistula Care Plus Project	Engender Health	3,240,597	2,695,028
Strengthening Strategic Communication for Development Support to Education Priorities	UNICEF	177,145	6,813,946
Community Road Safety Programme	GOB	10,414,026	1,697,257
Skills Development and Self-Employment Program	ILO	-	1,700,000
Ensuring Long Term Medical Services & Post Award Livelihood Support f for the Victims of Rana Plaza	BRAC - USA	-	46,997,513
Building capacity to address issues of SRHR, Gender and Emotional wellbeing in technical, vocational, higher and general education	MDF-Training & Consultancy	6,634,182	7,772,697
Capacity Building to promote day-care services and women's employability in the RMG Sector"	MDF-Training & Consultancy	5,847,896	-
SUSTAIN	The International Potato Center	20,033,059	-
Delivering maternal health care through mobile biometrics in Dhaka Urban Slums	SimPrints	4,322,775	1,279,259
Technology Adoption and defusion the system of Rice Intensification and Food Security in Rural Bangladesh	Monash University	6,047,735	2,200,624
Improving mother and child nutrition in Bangladesh	Children's Investment Fund Foundation	-	54,878,589
Adolescent Sexual and Reproductive Health in Bangladesh	BRAC - USA	7,263,839	-
Agri-Business for Trade Competativeness Project	Katalyst	1,750,000	-
BRAC Chevron BPI Enterprise Development Pilot Project	BRAC - USA	79,351,960	-
BRAC Play Lab Project	BRAC - USA	46,826,583	-
Breast Feeding Promotion and Support at public Health Care	UNICEF	7,351,355	-
Chitmoloh Livelihood Development Programme Lalmonirhat	SCB	2,256,583	-
Community Fire Prevention Project	IDEO.ORG	782,500	-
Editorial and publishing Services, within the Teaching and Learning Materials Research and Refinement Programme	DFID-UK	9,206,289	-
Effect of BIO Fortified Leantiles on Iron and Selenium Status	University of Saskatchewan	4,934,100	-
END TB TARGETS	WHO	1,185,425	-
English and digital for Girl's Education	British Council	6,889,396	-
Ensuring Clean and safe Birthing through Promotion Safe Birth kits	BRAC - USA	10,557,166	-
Financial Literacy for Adolescent in Chittagong	SCB	2,285,418	-
Innovation for Improving Early Grad Reading Activity	USAID	71,921,837	-
Institutional Development Project	DFID	4,072,500	-
Non Communicable Disease Control programme	GOB	8,756,370	-
Unlocking the production Potential of "polder communities" in Coastal Bangladesh	IRRI	2,270,651	-
USAID Livestock production for Improved nutrition Program	ACDI/VOCA	3,703,479	-
Policy Advocacy Intervention of Bangladesh MIYCN Home Fortification	The Global Alliance for Improved Nutrition	9,750,000	-
BRAC Water, Sanitation and Hygiene (WASH) Programme	EKN	400,470	-
Guiding Pro-Poor Investments in the Nexus among Domestic Water Quality and Quantity	University of Bonn	1,339,225	-
Cyclone Roanu Recovery Project (CRRP)	BRAC-USA	14,915,694	-
Garments Worker Financial diaries	Microfinance Opportunities	3,142,989	-
Green Super Rice	IRRI	1,945,000	-
Bangladesh District Eye Care Programme	Sight Savers-UK	2,851,313	-
Field Evaluation of a Passive Aeration System for Aquaculture	University of Toronto	1,969,496	-
Targeting and Re-Aligning Agriculture to Improved Nutrition	International Food Policy	1,199,288	-
Unit for Body Rights Program	RHSTEP	2,593,479	-
Bangladesh Dairy Enhancement Project	Land O Lakes	24,565,950	-
Empowering Girls on Sexual and Reproductive Health Rights	Mannion Danieals Ltd.	2,619,986	-
Nutrition for Batter Livelihood and Linkage of Nutrition Messaging	DAI Global LLC.	1,169,568	-
Promoting Physical and Emotional Wellbeing of Adolescents	EKN	2,506,768	-
Skills for Employment investment Programme Project	GOB	2,541,825	-
Support to Bangladesh Justice Working Paper Series	DFID	8,684,100	-
Relief and Rehabilitation	Local Donor's	4,323,925	-
<b>Total</b>		<b>10,927,094,180</b>	<b>7,801,946,598</b>

### 31. Segmental financial information:

#### Balance Sheet as at December 31, 2016

	Unrestricted					Temporarily restricted	Total 2016				
	Aarong Rural Craft Centre	BRAC Printing Pack	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise			Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted
<b>Assets</b>											
Cash and bank balances	133,562,221	8,771,108	69,782,470	725,479,447	112,705,244	14,895,022,400	(1,318,330,713)	793,826,455	15,420,818,632	2,068,753,121	17,489,571,753
Advances, deposits and prepayments	234,158,683	192,573,162	153,541,016	143,194,783	9,410,947	335,432,402	6,042,085,224	27,681,329	7,138,077,546	157,663,045	7,295,740,591
Inventories	2,773,278,731	52,878,877	142,775,472	620,569,248	51,375,362	52,447,469	49,273,877	-	3,742,599,036	25,467,717	3,768,066,753
Grants and accounts receivable	146,272,491	29,515,658	88,293,123	513,953,700	10,485,742	274,635,213	977,429,313	-	2,040,585,240	366,707,049	2,407,292,289
Inter-programme current account	1,722,922,791	(49,888,846)	362,987,638	1,072	-	-	(2,041,635,152)	-	(5,582,497)	5,582,497	-
Microfinance loans	-	-	-	-	-	135,838,491,181	-	-	135,838,491,181	-	135,838,491,181
Motor cycle loans	594,966	-	6,157,865	10,754,395	-	410,864,277	56,027,052	-	484,388,555	318,667,259	803,055,814
Investments in securities and others	-	-	-	-	-	-	1,623,801,300	-	1,623,801,300	-	1,623,801,300
Investments in related undertakings	-	-	-	-	-	-	14,729,921,204	-	14,729,921,204	-	14,729,921,204
Property, plant and equipments	666,044,344	28,557,506	762,642,029	872,119,572	6,074,338	3,835,037,292	8,946,125,140	138,842,450	15,255,442,671	479,956,003	15,735,398,674
<b>Total Assets</b>	<b>5,676,834,227</b>	<b>262,437,465</b>	<b>1,586,179,613</b>	<b>2,886,072,217</b>	<b>190,051,633</b>	<b>155,641,920,234</b>	<b>29,064,697,245</b>	<b>960,350,234</b>	<b>196,268,542,868</b>	<b>3,422,796,691</b>	<b>199,691,339,559</b>
<b>Liabilities and net Assets</b>											
<b>Liabilities</b>											
Liabilities for expenses and materials	487,781,357	15,020,089	180,788,800	327,607,410	74,394,089	3,466,973,212	2,117,437,043	200,000	6,670,202,010	619,374,597	7,289,576,607
Bank overdrafts	34,586,553	-	-	-	-	13,445,257,947	-	-	13,479,844,500	-	13,479,844,500
Term loans	-	-	-	20,000,000	-	32,972,032,670	-	-	32,992,032,670	-	32,992,032,670
Members savings deposits	-	-	-	-	-	50,118,837,575	-	-	50,118,837,575	-	50,118,837,575
Grants received in advance account	-	-	-	-	-	508,011	5,282,441	-	5,790,452	1,214,294,835	1,214,294,835
Deferred income	-	-	-	-	-	171,732,621	11,600,784,664	-	12,056,575,743	450,429,161	456,219,613
Other long term liabilities	263,377,558	20,680,900	-	-	-	-	2,031,709,592	-	2,037,941,030	-	2,037,941,030
Provision for taxation	-	-	-	6,231,438	-	-	-	-	-	-	-
Total Liabilities	785,745,468	35,700,989	180,788,800	353,838,848	74,394,089	100,175,342,036	15,755,213,740	200,000	117,361,223,980	2,284,098,593	119,645,322,573
Net assets- Capital fund	4,891,088,759	226,736,466	1,405,390,813	2,532,233,369	115,657,544	55,466,578,198	13,309,483,505	960,150,234	78,907,318,888	1,138,698,098	80,046,016,986
<b>Total Liabilities and Net assets</b>	<b>5,676,834,227</b>	<b>262,437,465</b>	<b>1,586,179,613</b>	<b>2,886,072,217</b>	<b>190,051,633</b>	<b>155,641,920,234</b>	<b>29,064,697,245</b>	<b>960,350,234</b>	<b>196,268,542,868</b>	<b>3,422,796,691</b>	<b>199,691,339,559</b>

31. Segmental financial information (cont'd)

	Unrestricted										Temporarily restricted		Total 2015 Taka
	Aarong Rural Craft Centre Taka	BRAC Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Projects Taka	House Property (Building) Taka	Total Unrestricted Taka	Temporarily restricted			
										Donor-based Projects Taka	Taka		
<b>Balance Sheet as at December 31, 2015</b>													
<b>Assets</b>													
Cash and bank balances	66,913,026	9,100,559	39,101,705	197,173,403	122,644,413	13,512,133,115	(119,072,036)	731,690,565	14,559,684,750	2,357,081,802	16,916,766,552		
Advances, deposits and prepayments	203,633,378	193,022,855	108,614,935	137,972,925	575,604	302,968,911	2,951,448,256	27,461,387	3,925,698,251	151,020,779	4,076,719,030		
Inventories	2,140,424,077	72,580,059	141,957,364	1,007,497,953	21,838,438	64,973,065	52,150,581	-	3,500,821,537	18,160,864	3,518,982,401		
Grants and accounts receivable	93,754,355	26,603,235	71,297,655	445,186,070	20,024,997	217,659,183	737,678,488	-	1,612,205,983	183,137,603	1,795,343,586		
Inter-programme current account	1,368,159,599	(101,722,462)	487,065,477	5,065,277	-	8,544,720	(1,760,345,986)	-	6,766,625	(6,766,625)	-		
Microfinance loans	-	-	-	-	-	108,342,249,742	-	-	108,342,249,742	-	108,342,249,742		
Motor cycle loans	882,708	-	5,643,982	8,971,936	10,973	380,076,696	43,224,643	-	438,810,938	368,203,489	807,014,427		
Investments in securities and others	-	-	-	-	-	-	1,617,150,000	-	1,617,150,000	-	1,617,150,000		
Investments in related undertakings	-	-	-	-	-	-	13,400,660,055	-	13,400,660,055	-	13,400,660,055		
Property, plant and equipments	592,190,179	30,240,788	604,031,877	845,376,815	4,210,592	3,684,340,977	7,903,731,225	159,970,433	13,824,092,886	265,217,637	14,089,310,523		
<b>Total Assets</b>	<b>4,465,957,322</b>	<b>229,825,034</b>	<b>1,457,112,995</b>	<b>2,647,246,379</b>	<b>169,305,017</b>	<b>126,512,946,409</b>	<b>24,826,625,226</b>	<b>919,122,385</b>	<b>161,228,140,767</b>	<b>3,336,055,549</b>	<b>164,564,196,316</b>		
<b>Liabilities and net Assets</b>													
<b>Liabilities</b>													
Liabilities for expenses and materials	419,304,666	13,013,379	141,746,977	278,873,833	48,063,418	3,060,334,979	1,365,458,906	200,000	5,326,996,158	1,032,707,789	6,359,703,947		
Bank overdrafts	85,061,900	-	-	-	-	14,303,182,546	-	-	14,388,244,446	-	14,388,244,446		
Term loans	-	-	-	200,000,000	-	26,231,425,075	-	-	26,431,425,075	-	26,431,425,075		
Members savings deposits	-	-	-	-	-	40,228,457,331	-	-	40,228,457,331	-	40,228,457,331		
Grants received in advance account	-	-	-	-	-	-	-	-	-	971,166,244	971,166,244		
Deferred income	-	-	-	-	-	508,011	5,361,119	-	5,869,130	194,600,593	200,469,723		
Other long term liabilities	253,094,393	16,983,243	-	-	-	171,732,621	10,809,436,818	-	11,251,247,075	-	11,251,247,075		
Provision for taxation	-	-	-	6,231,438	-	-	1,545,709,592	-	1,551,941,030	-	1,551,941,030		
Total Liabilities	757,460,959	29,996,622	141,746,977	485,105,271	48,063,418	83,995,640,563	13,725,966,435	200,000	99,184,180,245	2,198,474,626	101,382,654,871		
Net assets- Capital fund	3,708,496,363	199,828,412	1,315,366,018	2,162,141,108	121,241,599	42,517,305,846	11,100,658,791	918,922,385	62,043,960,522	1,137,580,923	63,181,541,445		
<b>Total Liabilities and Net assets</b>	<b>4,465,957,322</b>	<b>229,825,034</b>	<b>1,457,112,995</b>	<b>2,647,246,379</b>	<b>169,305,017</b>	<b>126,512,946,409</b>	<b>24,826,625,226</b>	<b>919,122,385</b>	<b>161,228,140,767</b>	<b>3,336,055,549</b>	<b>164,564,196,316</b>		

31. Segmental financial information (Cont'd)

	Unrestricted										Temporarily restricted		Total 2016 Taka
	Aarong Rural Craft Centre Taka	BRAC Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Projects Taka	House Property (Building) Taka	Total Unrestricted Taka	Temporarily restricted			
										Donor-based Projects Taka	Taka		
<b>Statement of Income and Expenditure for the year ended December 31, 2016</b>													
<b>Income</b>													
Donor grants	-	-	-	-	-	-	-	-	-	10,576,643,869	-	10,576,643,869	
Social Enterprises	6,776,698,470	301,394,006	3,209,607,514	3,776,803,117	85,408,113	-	-	-	14,149,911,220	-	14,149,911,220		
Microfinance Programme	-	-	-	-	-	31,937,554,303	-	-	31,937,554,303	-	31,937,554,303		
Self-financing Social Development Programmes	-	-	-	-	-	-	360,359,527	-	360,359,527	-	360,359,527		
Investment income	-	-	-	-	-	-	2,147,416,695	-	2,147,416,695	-	2,147,416,695		
Community Contribution	-	-	-	-	-	-	-	-	-	1,277,068,747	1,277,068,747		
House Property	-	-	-	-	-	-	-	88,616,754	88,616,754	-	88,616,754		
<b>Total income</b>	<b>6,776,698,470</b>	<b>301,394,006</b>	<b>3,209,607,514</b>	<b>3,776,803,117</b>	<b>85,408,113</b>	<b>31,937,554,303</b>	<b>2,507,776,222</b>	<b>88,616,754</b>	<b>48,683,858,499</b>	<b>11,853,712,616</b>	<b>60,537,571,115</b>		
<b>Expenditure</b>													
Social Enterprises	5,594,106,073	259,658,541	3,052,851,770	3,353,304,057	56,173,361	-	-	-	12,316,093,802	-	12,316,093,802		
Micro Finance Programme	-	-	-	-	-	18,286,281,951	-	-	18,286,281,951	-	18,286,281,951		
House Property	-	-	-	-	-	-	-	47,388,905	47,388,905	-	47,388,905		
Agriculture and Food Security	-	-	-	-	-	-	-	-	-	152,339,096	152,339,096		
Community Empowerment Programme	-	-	-	-	-	-	4,513,947	-	4,513,947	373,769,948	378,283,895		
Education Programme	-	-	-	-	-	-	224,993,467	-	224,993,467	4,007,403,450	4,232,396,917		
Gender, Justice and Diversity	-	-	-	-	-	-	-	-	-	151,869,846	151,869,846		
Health Programme	-	-	-	-	-	-	4,574,480	-	4,574,480	3,736,352,197	3,740,926,677		
Human Rights and Legal Aids Services	-	-	-	-	-	-	-	-	-	275,116,681	275,116,681		
Policy Advocacy	-	-	-	-	-	-	-	-	-	151,053,311	151,053,311		
Water, Sanitation and Hygiene Programme	-	-	-	-	-	-	-	-	-	204,137,601	204,137,601		
Ultra Poor Programme	-	-	-	-	-	-	-	-	-	2,053,016,421	2,053,016,421		
Other Development Projects	-	-	-	-	-	-	347,476,077	-	347,476,077	896,337,441	1,243,813,518		
<b>Total Expenses</b>	<b>5,594,106,073</b>	<b>259,658,541</b>	<b>3,052,851,770</b>	<b>3,353,304,057</b>	<b>56,173,361</b>	<b>18,286,281,951</b>	<b>581,557,971</b>	<b>47,388,905</b>	<b>31,231,322,629</b>	<b>12,001,395,992</b>	<b>43,232,718,621</b>		
<b>Surplus/(deficit) of income over expenditure before inter-programme allocations</b>	<b>1,182,592,397</b>	<b>41,735,465</b>	<b>156,755,744</b>	<b>423,499,060</b>	<b>29,234,752</b>	<b>13,651,272,352</b>	<b>1,926,218,251</b>	<b>41,227,849</b>	<b>17,452,535,870</b>	<b>(147,683,376)</b>	<b>17,304,852,494</b>		
<b>Net surplus for the year after inter-programme allocations</b>	<b>1,182,592,397</b>	<b>41,735,465</b>	<b>156,755,744</b>	<b>423,499,060</b>	<b>29,234,752</b>	<b>13,651,272,352</b>	<b>1,926,218,251</b>	<b>41,227,849</b>	<b>17,452,535,870</b>	<b>(147,683,376)</b>	<b>17,304,852,494</b>		
<b>BRAC Contribution to support Donor Funded Programmes</b>	-	-	-	-	-	-	-	-	-	(148,800,551)	148,800,551		
<b>Surplus of income over expenditure before taxation</b>	<b>1,182,592,397</b>	<b>41,735,465</b>	<b>156,755,744</b>	<b>423,499,060</b>	<b>29,234,752</b>	<b>13,651,272,352</b>	<b>1,926,218,251</b>	<b>41,227,849</b>	<b>17,304,852,494</b>	<b>1,117,175</b>	<b>17,304,852,494</b>		
<b>Taxation</b>	-	-	-	-	-	-	(486,000,000)	-	(486,000,000)	-	(486,000,000)		
<b>Net surplus for the year</b>	<b>1,182,592,397</b>	<b>41,735,465</b>	<b>156,755,744</b>	<b>423,499,060</b>	<b>29,234,752</b>	<b>13,651,272,352</b>	<b>1,636,363,616</b>	<b>41,227,849</b>	<b>16,817,735,319</b>	<b>1,117,175</b>	<b>16,818,852,494</b>		

31. Segmental financial information (Cont'd)

	Unrestricted										Temporarily restricted		Total 2015 Taka
	Aarong Rural Craft Centre Taka	BRAC Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Projects Taka	House Property (Building) Taka	Total Unrestricted Taka	Temporarily restricted			
										Donor-based Projects Taka	Taka		
<b>Statement of Income and Expenditure for the year ended December 31, 2015</b>													
<b>Income</b>													
Donor grants	-	-	-	-	-	-	991,300	-	991,300	13,785,000,917	-	13,785,992,217	
Social Enterprises	5,661,622,475	296,081,078	3,001,018,041	4,116,379,907	270,326,259	-	-	-	13,345,427,760	-	-	13,345,427,760	
Microfinance Programme	-	-	-	-	-	26,682,363,975	-	-	26,682,363,975	-	-	26,682,363,975	
Self-financing Social Development Programmes	-	-	-	-	-	-	995,628,970	-	995,628,970	-	-	995,628,970	
Investment income	-	-	-	-	-	-	1,739,681,517	-	1,739,681,517	-	-	1,739,681,517	
Community Contribution	-	-	-	-	-	-	60,252,181	-	60,252,181	-	-	60,252,181	
House Property	-	-	-	-	-	-	92,370,223	-	92,370,223	-	-	92,370,223	
<b>Total income</b>	<b>5,661,622,475</b>	<b>296,081,078</b>	<b>3,001,018,041</b>	<b>4,116,379,907</b>	<b>270,326,259</b>	<b>26,682,363,975</b>	<b>2,796,553,968</b>	<b>42,916,715,926</b>	<b>13,785,000,917</b>	<b>13,785,000,917</b>	<b>-</b>	<b>56,701,716,843</b>	
<b>Expenditure</b>													
Social Enterprises	4,805,696,851	262,362,580	2,775,000,915	3,671,618,519	232,584,214	-	-	-	11,747,263,079	-	-	11,747,263,079	
Micro Finance Programme	-	-	-	-	-	15,244,367,848	-	-	15,244,367,848	-	-	15,244,367,848	
House Property	-	-	-	-	-	-	99,443,136	-	99,443,136	-	-	99,443,136	
Agriculture and Food Security	-	-	-	-	-	-	-	-	-	334,185,896	-	334,185,896	
Community Empowerment Programme	-	-	-	-	-	-	12,604,271	-	12,604,271	352,315,317	-	364,919,588	
Education Programme	-	-	-	-	-	-	483,819,965	-	483,819,965	5,085,394,082	-	5,569,214,047	
Gender, Justice and Diversity	-	-	-	-	-	-	14,269,674	-	14,269,674	388,363,870	-	402,633,544	
Health Programme	-	-	-	-	-	-	46,625,417	-	46,625,417	4,532,330,759	-	4,578,956,176	
Human Rights and Legal Aids Services	-	-	-	-	-	-	-	-	-	271,203,344	-	271,203,344	
Policy Advocacy	-	-	-	-	-	-	-	-	-	170,883,319	-	170,883,319	
Water, Sanitation and Hygiene Programme	-	-	-	-	-	-	-	-	-	1,218,247,312	-	1,218,247,312	
Ultra Poor Programme	-	-	-	-	-	-	-	-	-	2,779,602,037	-	2,779,602,037	
Other Development Projects	-	-	-	-	-	-	-	-	-	717,554,776	-	717,554,776	
<b>Total Expenses</b>	<b>4,805,696,851</b>	<b>262,362,580</b>	<b>2,775,000,915</b>	<b>3,671,618,519</b>	<b>232,584,214</b>	<b>15,244,367,848</b>	<b>691,073,971</b>	<b>99,443,136</b>	<b>27,762,150,034</b>	<b>15,850,080,711</b>	<b>-</b>	<b>43,632,230,745</b>	
<b>Surplus/(deficit) of income over expenditure before inter-programme allocations</b>	855,925,624	33,718,498	226,017,126	444,761,388	37,742,045	11,437,996,127	2,105,477,997	(7,072,913)	15,134,565,892	(2,065,079,794)	-	13,069,486,098	
<b>Inter-programme allocations</b>	(427,962,812)	(16,859,248)	(113,008,563)	(258,090,644)	(17,429,062)	-	833,350,331	-	-	-	-	-	
<b>Net surplus for the year after inter-programme allocations</b>	427,962,812	16,859,248	113,008,563	186,670,744	20,312,983	11,437,996,127	2,838,828,328	(7,072,913)	15,134,565,892	(2,065,079,794)	-	13,069,486,098	
<b>BRAC Contribution to support Donor Funded Programmes</b>	-	-	-	-	-	-	(2,103,410,534)	-	(2,103,410,534)	2,103,410,534	-	-	
<b>Surplus of income over expenditure before taxation</b>	427,962,812	16,859,248	113,008,563	186,670,744	20,312,983	11,437,996,127	835,417,794	(7,072,913)	13,031,155,358	38,330,740	-	13,069,486,098	
<b>Taxation</b>	-	-	-	-	-	-	(165,000,000)	-	(165,000,000)	-	-	(165,000,000)	
<b>Net surplus for the year</b>	<b>427,962,812</b>	<b>16,859,248</b>	<b>113,008,563</b>	<b>186,670,744</b>	<b>20,312,983</b>	<b>11,437,996,127</b>	<b>670,417,794</b>	<b>(7,072,913)</b>	<b>12,866,155,358</b>	<b>38,330,740</b>	<b>-</b>	<b>12,904,486,098</b>	

32. Statement of Functional Expenses

	Unrestricted										Temporarily restricted		Total 2016 Taka
	Aarong Rural Craft Centre Taka	BRAC Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Projects Taka	House Property (Building) Taka	Total Unrestricted Taka	Temporarily restricted			
										Donor-based Projects Taka	Taka		
<b>Expenditure Statement for the year ended December 31, 2016</b>													
Salaries and benefits	726,747,404	11,926,619	193,978,805	191,205,348	6,295,118	7,905,523,937	58,617,151	-	9,094,294,382	5,909,340,096	-	15,003,634,478	
Travelling and transportation	69,431,278	1,273,053	102,421,138	34,805,570	1,078,747	530,645,559	4,307,153	-	743,962,498	550,075,293	-	1,294,037,791	
Teachers' salaries	-	-	-	-	-	-	-	-	-	974,977,157	-	974,977,157	
Teachers' training	-	-	-	-	-	-	-	-	-	162,408,874	-	162,408,874	
School rent and maintenance	-	-	-	-	-	-	-	-	-	176,208,164	-	176,208,164	
Stationery, rent and utilities	262,199,061	555,140	28,252,115	14,536,072	1,061,592	475,771,914	-	18,440,879	800,816,773	257,653,966	-	1,058,470,739	
Maintenance and general expenses	117,995,640	1,831,070	50,032,917	37,358,136	1,415,034	409,998,446	-	6,774,935	625,406,178	171,812,030	-	797,218,208	
Members' training	-	-	-	-	-	-	-	-	-	242,033,964	-	242,033,964	
Staff training and development	5,963,972	-	4,827,118	2,464,990	25,104	211,171,269	68,718,290	-	293,170,743	334,528,950	-	627,699,693	
Programme supplies	-	-	-	-	-	379,664,357	116,207,073	-	495,871,430	3,106,022,361	-	3,601,893,791	
Interest on members' savings deposits	-	-	-	-	-	-	-	-	2,822,895,780	-	-	2,822,895,780	
Interest on long term loans	-	-	-	-	-	-	-	-	2,171,462,277	-	-	2,171,462,277	
Bank overdraft interest and charges	47,173,017	6,963,909	-	15,294,455	-	2,171,462,277	-	-	2,171,462,277	-	-	2,171,462,277	
Cost of goods sold of social enterprises	4,173,936,984	231,863,352	2,521,106,059	2,897,920,989	45,448,613	1,213,544,716	-	-	9,870,275,997	20,599,837	-	9,870,275,997	
Publicity, advertisement and sales commissio	59,830,683	-	138,790,184	104,394,480	138,372	-	-	-	303,153,719	5,620,693	-	308,774,412	
Loan loss provision for microfinance loans	-	-	-	-	-	2,011,313,856	-	-	2,011,313,856	-	-	2,011,313,856	
Depreciation of property, plant and equipment	129,913,034	479,449	3,985,997	51,424,979	547,818	154,289,840	228,096,908	22,173,091	590,911,116	90,113,607	-	681,024,723	
Provision for bad and doubtful debts	915,000	4,765,949	9,457,437	3,899,038	162,963	-	-	-	55,611,396	-	-	55,611,396	
Allocation to self- insurance fund	-	-	-	-	-	-	-	-	50,000,000	-	-	50,000,000	
Allocation to Relief and Rehabilitation fund	5,594,106,073	259,658,541	3,052,851,770	3,353,304,057	56,173,361	18,286,281,951	581,557,971	47,388,905	31,231,322,829	12,001,395,992	-	43,232,718,821	

Included in cost of goods sold of BRAC Dairy and BRAC Printers is depreciation of property, plant and equipment amounting to Tk. 34,353,546

**32. Statement of Functional Expenses**

	Unrestricted											Temporarily restricted	
	Aarong Rural Craft Centre Taka	BRAC Printing Pack	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted	Donor-based Projects	Total 2015 Taka		
		Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka			Taka	
Salaries and benefits	589,030,138	15,513,516	163,967,098	265,633,319	9,567,226	6,849,708,494	15,936,377	-	7,909,356,168	7,278,557,304	15,187,913,472		
Travelling and transportation	43,522,676	1,286,516	91,139,699	54,742,792	808,100	530,636,362	19,249,829	-	741,385,974	624,066,160	1,365,452,133		
Teachers' salaries	-	-	-	-	-	-	-	-	-	993,927,410	993,927,410		
Teachers' training	-	-	-	-	-	-	-	-	-	294,456,179	294,456,179		
School rent and maintenance	-	-	-	-	-	-	-	-	-	200,360,323	200,360,323		
Stationery, rent and utilities	206,071,624	513,347	25,099,868	10,038,397	1,306,463	351,155,253	25,049,176	17,596,553	636,830,681	435,427,733	1,072,258,414		
Maintenance and general expenses	90,723,456	3,087,805	48,034,728	40,808,262	13,266,644	345,192,334	21,945,694	3,596,270	566,655,193	178,879,308	745,534,501		
Members' training	-	-	-	-	-	-	-	-	-	569,649,718	569,649,718		
Staff training and development	4,715,068	-	9,425,307	3,952,434	9,537	109,088,381	23,263,811	-	150,454,538	540,810,113	691,264,651		
Programme supplies	-	-	-	3,380,687	137,359	327,805,095	276,592,047	-	607,915,188	4,658,865,034	5,266,780,222		
Interest on members' savings deposits	-	-	-	-	-	2,454,440,843	-	-	2,454,440,843	-	2,454,440,843		
Interest on long term loans	-	-	-	-	-	2,208,477,508	-	-	2,208,477,508	-	2,208,477,508		
Bank overdraft interest and charges	27,255,355	6,087,108	-	13,077,396	-	883,274,390	28,925,762	-	958,620,011	-	958,620,011		
Cost of goods sold of social enterprises	3,679,657,125	231,069,122	2,347,025,582	3,083,873,805	206,009,537	-	-	-	9,547,635,171	-	9,547,635,171		
Publicity, advertisement and sales commissio	73,107,628	-	84,374,660	97,677,861	771,337	-	6,780,842	-	262,712,328	9,109,119	271,821,447		
Loan loss provision for microfinance loans	-	-	-	-	-	1,055,886,221	-	-	1,055,886,221	-	1,055,886,221		
Depreciation of property, plant and equipment	91,613,781	526,098	2,221,823	87,979,125	490,896	128,702,967	223,332,433	22,638,917	557,506,040	65,972,311	623,478,351		
Provision for bad and doubtful debts	-	4,279,068	3,712,150	10,454,441	217,115	-	-	-	18,662,774	-	18,662,774		
Allocation to self- insurance fund	-	-	-	-	-	-	-	-	55,611,396	-	55,611,396		
Allocation to Relief and Rehabilitation fund	-	-	-	-	-	-	-	-	50,000,000	-	50,000,000		
	<b>4,805,696,851</b>	<b>262,362,580</b>	<b>2,775,000,915</b>	<b>3,671,618,519</b>	<b>232,584,214</b>	<b>15,244,367,848</b>	<b>691,075,970</b>	<b>99,443,136</b>	<b>27,782,150,034</b>	<b>15,850,080,711</b>	<b>43,632,230,745</b>		

Included in cost of goods sold of BRAC Dairy, BRAC Printers and Printing Pack is depreciation of property, plant and equipment amounting to Tk. 80,930,188

**33. Comparative Figures**

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

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