



BRAC ANNUAL REPORT 2006

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The year 2006 was the busiest in BRAC's history.

Following the success of BRAC's international initiatives in Afghanistan and Sri Lanka, BRAC launched development programmes in Tanzania and Uganda and was registered in Southern Sudan. In Africa, BRAC will implement its unique integrated development approach to poverty reduction by incorporating education, health, water and sanitation components along with microfinance. In order to underline BRAC's long-term commitment to Africa, BRAC pledged to raise and spend at least \$250 million over the next ten years in Africa at the Clinton Global Initiative meeting in New York in September 2006.

In order to help finance BRAC's global expansion, two non-profit resource-mobilisation organisations, in the UK and the USA, were set up, each with its own Board of Trustees/Governors.

BRAC's international programmes in Asia also expanded, BRAC Pakistan having been registered and the Afghanistan programme greatly expanding in size. A new, full service commercial bank, the BRAC Afghanistan Bank, was established, with a special focus on the Small and Medium Enterprise (SME) sector and is already operational in Kabul with one branch.

The deepening of BRAC's existing programmes in Bangladesh continues. The 1st phase of BRAC's ultra poor programme, working with 100,000 members in 15 districts of the country, was completed at year end. The five-year plan for the 2nd phase of the programme outlines an expansion that will more than double its reach, to 40 districts, and vastly expand its coverage to 800,000 members by 2011.

In 2006, BRAC launched the world's first microcredit securitization transaction to help finance its growing microfinance portfolio. Structured by RSA Capital, Citigroup, FMO and KfW, the transaction, denominated in Bangladeshi Taka, will provide an aggregate of Tk.12.6 billion (US \$180 million) of financing for BRAC over a period of six years.

Chairperson's Statement

Two new national health programmes, the Maternal, Neonatal and Child Health (MNCH) Programme and the Water, Sanitation and Hygiene (WASH) Programme, were also introduced in 2006. MNCH is a community health care initiative which aims to reach 8 million people over a 5-year period to reduce maternal, neonatal and child mortality in the urban slums of Bangladesh through the development of effective models of health care delivery. The WASH programme will reach more than 37 million people in 150 sub-districts of the country with the main objectives of providing sustainable and integrated water, sanitation and hygiene services and inducing safe and hygienic behavior to break the contamination cycle.

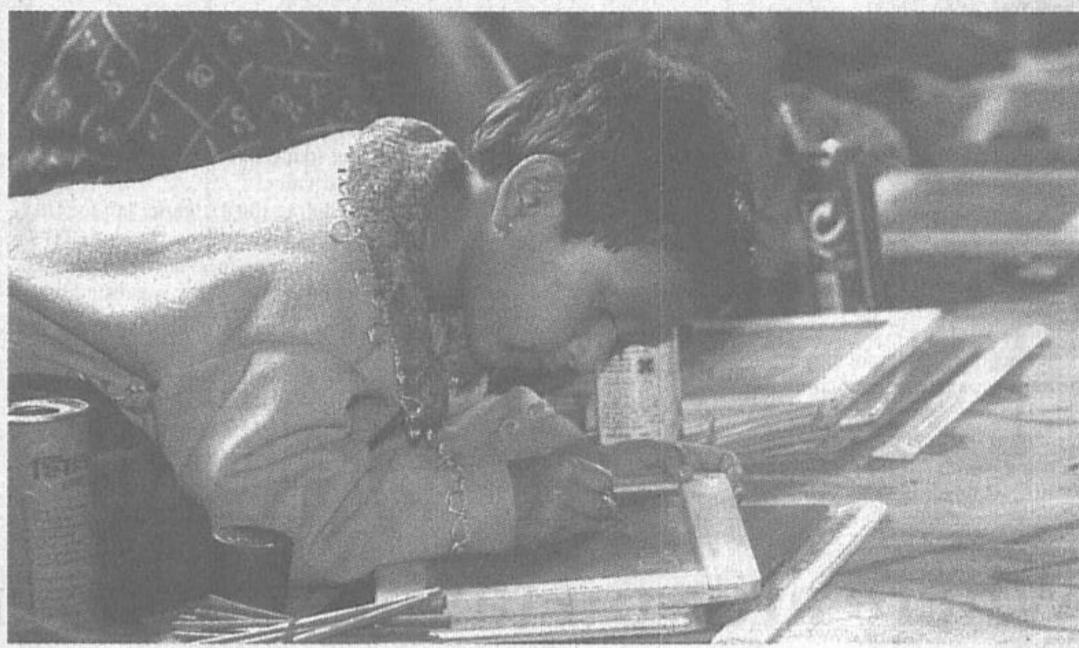
In the face of national and international expansion, BRAC responded to the need for capacity development of its mid-career staff through the introduction of the Leadership for Advancing Development (LeAD) Programme which focuses on strengthening managerial competencies and preparing BRAC staff for greater responsibilities. It was also felt by BRAC's upper management that a large number of employees at BRAC were not being adequately supported by their supervisors, resulting in low employee morale and motivation. Following the submission of a report by a committee formed to investigate into possible causes, an Executive Management Team was created to oversee the implementation of its recommendations.

In 2006, a number of steps were taken to consolidate BRAC's expansion through capacity building measures such as human resource development, improved risk management and automation of BRAC's remote rural offices. At the end of the year, BRAC's full-time staff size had grown to over 40,000 and the annual expenditure was \$338 million.

Fazle Hasan Abed
Founder and Chairperson, BRAC

Vision

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



Social Development Program:

BRAC started the Social Development, Human Rights and Legal Services Program to empower women to protect themselves from social discrimination and exploitation. BRAC's Human Rights and Legal Education classes, which all members are strongly encouraged to attend, use innovative participatory approaches to disseminate knowledge and create awareness on many social as well as personal issues affecting the everyday lives of poor women. These include family and inheritance laws, land laws and citizen's rights. BRAC's Social Development program also offers legal services to the poor through legal aid clinics, in collaboration with other NGOs working on legal empowerment of the poor. These clinics provide legal advice and assistance to help resolve conflicts, either through local arbitration or through the formal legal system. External services such as access to lawyers are also offered through these clinics.

Education Program:

BRAC's Education Program currently operates 20,000 pre-primary and 32,000 non-formal primary schools, reaching out to children who have been left out of the formal education system due to poverty and gender bias. The pre-primary schools, which were created to assist children of households in which both parents are illiterate, have students between four and six years of age. The primary schools are for children who are between the ages of eight and fourteen. Each BRAC primary school typically consists of 33 students, over 65% of whom are girls, and one teacher who teaches them the normal five year primary education course in four years. The core subjects are Bengali, Mathematics, Social Studies and English. The students also participate in a number of extra-curricular activities that make learning an enjoyable experience. BRAC employs one Program Organizer for every twelve schools who visits each school at least twice a week. The teachers take part in regular refresher courses at the BRAC field offices. The school's interactive teaching methods and appropriate supervision have ensured a drop-out rate of less than 5%. Nearly a million children are currently enrolled in BRAC schools and more than 3 million have already graduated, over 90 percent of whom have moved on to formal schooling at the secondary level.

BRAC's Education Program has also reached out to children of ethnic minority groups and children with physical disabilities. So far nearly 17,000 children with disabilities have been enrolled in over 11,000 BRAC schools and more than 2,200 ethnic schools have been established that have a total of 57,645 students.

BRAC's Adolescent Development Program (ADP) has established more than 8,500 adolescent centers called Kishori Kendros to encourage adolescents to retain their literacy as well as to influence a change in social patterns such as early marriage and dowry practice. Equipped with a variety of reading materials, the Kishori Kendros serve as a safe place for girls to socialize, play indoor games, exchange ideas, and through a peer support network be informed and educated about issues such as reproductive health, women's legal rights and HIV/AIDS. BRAC has also set up over 1,200 Community Libraries, known as Gonokendros, 336 of which are equipped with computers. By the year 2009, BRAC plans to establish more than 1,500 community libraries, each equipped with IT facilities, and a further 1,000 adolescent centers.

Health Program:

Over the years, BRAC has made substantial contributions in the field of public health in Bangladesh. BRAC's Health Program serves the basic healthcare needs of the poor. By utilizing members from its village organizations as health volunteers, BRAC has found a way to overcome the human resource constraint in the health sector. These health volunteers, or shasthyo shebikas, currently numbering over 68,000, are given basic training so that they are able to provide door-to-door health education, sell essential health commodities, treat basic ailments, collect health information and refer patients to health centers when necessary.

A cadre of female community health paramedics called shasthyo komis have also been recruited and trained to strengthen the work of the volunteers. In addition, these paramedics conduct monthly health forums, which are open to the whole community, where among other things people learn about family

planning and the need for spacing between pregnancies. The paramedics also provide antenatal care for pregnant women and post natal care for new mothers, giving advice on proper nutrition and testing for danger signs during pregnancy and up to 3 months after birth. The paramedics also carry out immunization programs to protect infants from the six deadly diseases of Tuberculosis, Tetanus, Diphtheria, whooping cough, polio and measles. BRAC's health program emphasizes the importance of clean water and good sanitation.

BRAC's innovative approaches to the rapid scaling up of effective programs have been cornerstones of its success in combating poverty and disease. For example, in the 1980s, BRAC's oral re-hydration workers led a nation-wide campaign to teach how to make home-made oral saline to prevent dehydration and death from diarrhea. In ten years they covered 13 million households and were able to teach the method to at least one member of each household. Today, Bangladesh has the highest rate of oral saline usage in the world and this has contributed substantially to the dramatic reduction of child mortality in the country. In 1984, BRAC started a tuberculosis detection and treatment project, which in 2004 was expanded into a nationwide Directly Observed Therapy Short-course (DOTS) program, in partnership with the government and other NGOs, with BRAC's health volunteers taking TB detection and treatment door to door all over the country. The population coverage of the DOTS program for TB treatment is over 83 million.

BRAC has also launched the Maternal, Neonatal and Child Health (MNCH) initiative in the northern part of rural Bangladesh. This program has intense community based interventions linking community to health facilities with strong and accountable community health actions. This MNCH initiative, which has provided ante natal care to 27,447 mothers and post natal care to 4,456 mothers between August 2005 and June 2006, will be expanded to cover all 64 rural districts to reduce maternal, neonatal and child deaths.

BRAC's Water, Sanitation and Hygiene (WASH) program plans to achieve the target set forth by the government of Bangladesh to achieve the Millennium Development Goal of improved hygiene practices and supply of safe water by the year 2015. With funding Government of the Netherlands, BRAC is constructing sanitary latrines, renovating existing water sources like ponds, boreholes and pumps, and installing tube-wells and rural piped-water schemes.

Support Programs:

In 1975, BRAC became one of the first NGOs in Bangladesh to establish its own Research and Evaluation Division (RED). RED undertakes wide-ranging research for the purpose of designing programs, monitoring progress, and documenting their achievements. In addition, RED is currently involved in a large number of studies related to maternal, newborn and child health, arsenic testing and mitigation, sustainability of immunization programs, the impact of iron supplementation on anemia, levels and influences on child mortality, the prevention of HIV/AIDS awareness activities, and the prevalence of rickets, to mention only a few.

Training of BRAC staff and members is key to ensuring the effectiveness and sustainability of BRAC's programs. BRAC's first Training and Resource Center was set up in 1978. Today, 24 such Training and Resource Centers dispersed throughout the country provide intensive training to BRAC staff. The training division recently started a Leadership for Advancing Development (LeAD) program, designed to develop the capacity of BRAC's mid-level management.

Since its inception a number of donors from abroad have assisted BRAC. Each year, however, BRAC is becoming less donor dependant. For 2006 the total annual expenditure of BRAC reached \$330 million and BRAC generated 70% of this from its own resources.

A number of commercial ventures have been set up by BRAC that have contributed towards making the organization self-sustaining. Profits from these projects are diverted to its poverty alleviation programs. Such commercial ventures are also strategically linked to BRAC's development programs and act as safety nets, protecting BRAC's members from facing market failures. For example, BRAC has established a chain of urban retail outlets called Aarong.

to market the various crafts produced by rural artisans who are guided and financed by BRAC. Another example of such a linkage is the BRAC Dairy and Food Project, which provides a market for BRAC's Village Organization members who have invested their loans on cows. By buying milk from these women at a fair price, the Dairy and Food Project ensures that there is a constant and steady demand for the output of these rural entrepreneurs. A cold storage, a printing press, an iodized salt factory, a tissue culture laboratory and a bull station to improve cattle breeds through artificial insemination are also among BRAC's program support enterprises.

BRAC has consistently maintained high levels of transparency in all its operations since it was established. BRAC was the first NGO to establish an office of the Ombudsman in 2004 and its extraordinary efforts towards financial transparency were recognized in 2005 when it won the CGAP (Consultative Group to Assist the Poor) award for financial transparency. To further enrich BRAC's strategic planning and governance, BRAC invited three foreign nationals, Dr. Timothy G. Evans, Ms. Shabana Azmi and Ms. Maria Otero, to join the BRAC Governing Board in 2005.

Related Institutions:

In 2001, BRAC established a full-service commercial bank, which focuses on providing financial services to Small and Medium Enterprises (SME), which otherwise have little access to institutional credit. BRAC Bank currently operates through 22 branches and more than 320 SME unit offices all over Bangladesh.

Also established in 2001, BRAC University was founded with the mission to build capacity on a national level. In addition to providing a comprehensive liberal education, BRAC University has established several institutes for post-graduate research and training to strengthen human capacity in several key areas critical to national development. Among them are the James P. Grant School of Public Health and the Center for Governance studies, which offers a Masters program in Governance and Development for mid-level civil servants in order to strengthen the public sector.

BRAC Abroad:

With its years of experience in post-war and post-disaster development in Bangladesh, BRAC has answered the call of neighboring countries in distress, taking its knowledge and understanding to Afghanistan and Sri Lanka.

BRAC Afghanistan, set up in 2002, has reached out to more than 140 thousand Afghans, covering 24 out of the 34 provinces. More than 94% of the over 3,600 employees of BRAC Afghanistan are Afghan nationals. So far, a cumulative \$52 million has been disbursed to over 160,000 borrowers.

BRAC Sri Lanka, set up in 2005, is working on the reconstruction and rehabilitation of four provinces in Sri Lanka that were the most affected by the Asian Tsunami.

BRAC in Africa:

After the successful introduction of BRAC's international initiatives in Afghanistan and Sri Lanka, BRAC launched its development programs in eastern Africa in June 2006.

BRAC has started programs in Tanzania and Uganda and Southern Sudan. It has set up ten branch offices in two regions in each of Tanzania and Uganda. The micro-finance program is already on the ground with over 4,000 beneficiaries in these two countries. In each country, BRAC targets to open 25 branch offices by early 2007 and reach over 20,000 beneficiaries by June 2007. BRAC will introduce its unique integrated development approach for poverty reduction in these countries by incorporating health, water and sanitation components along with micro-finance schemes.

The health component of BRAC Foundation in East Africa will focus on malaria and tuberculosis control, access to antiretroviral (ARV) therapy and information, and education and communication (IEC) approach to deal with HIV/AIDS. Provision of safe and reliable source of drinking water and sanitation facilities will also be integral parts of BRAC's Health Program.

BRAC has also designed a special education program for out of school children in the conflict region of Northern Uganda.



BRAC: An Overview

Introduction:

Through its years of struggle with chronic deprivation, hunger and injustice, Bangladesh has been home to many innovations in tackling poverty. BRAC, a development organization founded by Fazle Hasan Abed in February 1972, soon after the liberation of Bangladesh, has acted as both the initiator and catalyst for many such innovation and change. BRAC's initial focus was on the returning refugees from India. In 1973, it shifted its focus to long-term community development.

Over the course of its evolution BRAC has established itself as a pioneer in recognizing and tackling the different dimensions of poverty. BRAC's unique, holistic approach to poverty alleviation and empowerment of the poor encompasses a range of programs in health, education and social development in addition to micro-finance. Today, BRAC is the largest southern NGO and employs more than 95,000 staff members, 65% of whom are women, and reaches over a 110 million people with its development interventions in Asia and Africa.

Economic Development Program:

Since inception, BRAC was quick to recognize that destitute rural women, while being the worst affected by poverty, could play a crucial role as agents of change. BRAC therefore started its work with poor rural women, forming Village Organizations (VOs), each with 30 to 40 members, which are at the core of its development initiatives. BRAC has so far organized over 5 million women into more than 170,000 village organizations.

Recognizing that there are different degrees of poverty, BRAC's Microfinance Program offers different types of loans to its VO members. BRAC's micro-finance program has so far disbursed nearly \$4 billion in small loans to over 5 million borrowers, who have been successful at maintaining a repayment rate of 99%.

BRAC also gives training and support to the borrowers so that they can use the money productively and effectively. The loans are used to support a wide range of activities that the poor engage in to sustain their livelihoods. These range from agricultural activities such as growing rice, maize or vegetables and livestock rearing to non-farm activities such as running a restaurant or grocery store. For each of these activities, BRAC has developed an integrated set of services including training on improved techniques, provision of improved breeds and technology, supply of technical assistance and inputs, and marketing of finished goods.

In 2002 BRAC initiated the groundbreaking Challenging the Frontiers of Poverty Reduction - Targeting the Ultra Poor (CFPR-TUP) Program, which targets the poorest 10% of the population. This segment is too poor to be eligible even for micro-credit. Through a combination of careful selection, asset transfers, enterprise development training in addition to healthcare and social support, the ultra poor program strives towards integrating the isolated extreme poor into traditional development activities such as micro-finance. Currently reaching over 100,000 households, CFPR-TUP plans to expand to over 800,000 additional families by 2011.

BRAC at a glance

Programme Coverage		Development Programme	
Districts	64	Village Organisations	170,277
Upazila/ Thana	509	VO Members	5.31 million
Villages	69,421	Loan Disbursement	Tk 208,409.28 million - Cumulative (US \$ 3,721.1 million)
Urban Slums	1,716	Loan Disbursement - 2006	Tk 42,615 million (US \$ 626.70 million)
Population Covered	110 million (estimated)	Loan Outstanding	Tk 24,355 million (US \$ 358.16 million)
		Repayment Rate	99.52%
		Members' Savings	Tk 10,595 million (US \$ 155.81 million)
Human Resources		Education Programme	
Full Time Staff	42,693	Currently Enrolled in BRAC School	Nearly 1 million
BEP Teachers	53,205	Graduated (till date)	3.49 million
Community Health Volunteers	68,045		
Special Programmes for Ultra Poor		Social Development Programme	
Women received training	400,000	Legal Literacy - Courses Held	131,527
Women received grants-2006	Tk 413 million	Students Graduated	3,022,345
Ultra poor patients received financial assistance	64,481	Health Programme Coverage	
Ultra poor patients received treatment	189,371	Essential Health Care (BPS, BAPS & ESP)	31 million
		Tuberculosis Control Programme	83.2 million
		HIV Community Awareness	601,112

Annual Expenditure		
Year	Amount	Donor Contribution