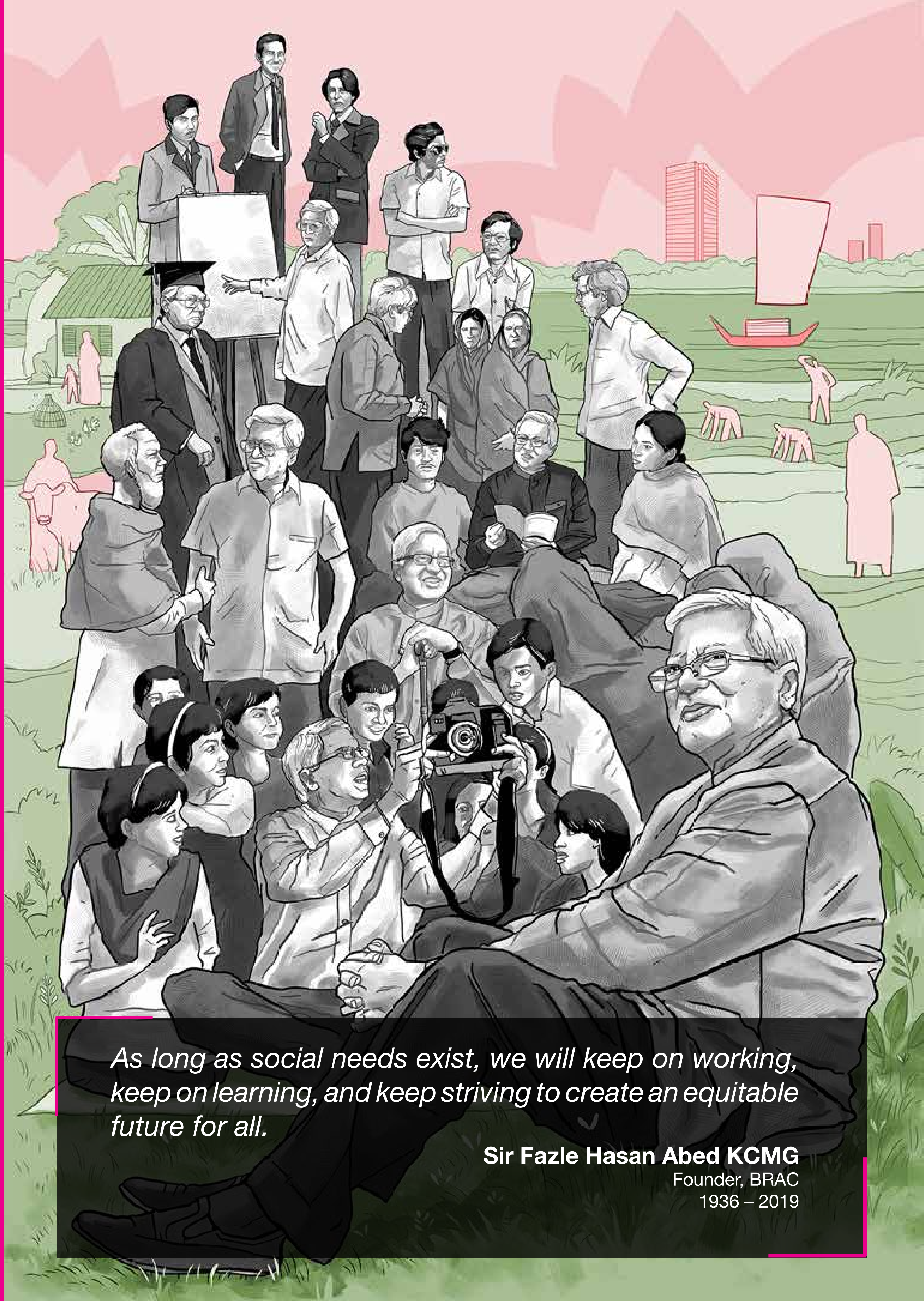
ANNUAL REPORT 2020

BRAC PHILIPPINES



As long as social needs exist, we will keep on working, keep on learning, and keep striving to create an equitable future for all.

Sir Fazle Hasan Abed KCMG
Founder, BRAC
1936 – 2019

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LETTER FROM **EXECUTIVE DIRECTOR**

RESILIENCE IN TIMES OF CRISIS

As I write this letter, we continue to navigate through a global pandemic, climate crisis, social injustice, and more. While we began the year 2020 mourning the passing of our founder, Sir Fazle Hasan Abed, we turned that loss into renewed commitment by building on the vision he left behind for us. Sir Fazle said, "We must strive to continuously find solutions to emerging and re-emerging social challenges. We must reach out to those in need". At BRAC, we feel proud to continue carrying the baton that he handed over to us.

2020 was a year full of challenges and transitions for BRAC International. The COVID-19 pandemic affected the health and wellbeing of millions of people worldwide; it led to drastic loss of human lives and pushed people back into poverty. Many were unable to feed themselves, and children, especially girls, missed out on crucial years of schooling. However, CY 2020 was also a year full of opportunity and learning, from which we were able to renew our commitment to pursue BRAC's global strategic vision, reach out to the people we work with and give them the hope that BRAC stands with them in and in-between crises, while ensuring the safety and health of our own staff and their families.

The pandemic upended the lives of the people whom we work with in 10 countries across Asia and Africa; as of December 2020, a total of 963,847 people tested COVID-positive in the countries we operate. Our teams on the ground were able to reach over 49 million people across two continents by delivering services and support, using recommended infection control measures, case management support, and socio-economic recovery interventions. We carried out these programme activities by partnering with governments, community leaders, and local and international NGOs. In addition, our team developed innovative approaches for programming,

DR MUHAMMAD MUSA
Executive Director
BRAC International

> *As we build on our work and learning of 2020, and continue our programmatic interventions in 2021, we remain committed to working with communities to rebuild and emerge stronger than before. We believe that those living in poverty and inequality are not only resilient but that they are able to take control of their own lives*

collaborating, and mobilising resources that included the co-creation of strategies and proposals with our funding partners. We pursued social impact and outcome-based approaches, as well as partnerships with multilateral organisations including the United Nations. We also focused on strengthening our organisation based on past learnings, starting with our safeguarding policies, as well as programme design and quality.

CY 2020 also afforded us the opportunity to redouble our efforts and develop innovative solutions to deliver services to our programme participants:

- Through our radio-based Play Lab model in Uganda and Tanzania, we reached over 18,763,540 parents and caregivers to help support their children learn from home.
- Our Microfinance programme provided services to 654,845 clients, 96% of whom are women, as of December 2020.
- Our Health programme provided basic healthcare services to 4,789,590 people in vulnerable situations in Asia and Africa.
- BRAC's Early Childhood Development model, non-formal Education programme, and Youth Empowerment interventions supported the growth and development of more than 601,826 children and youths.
- Through our Agriculture, Food Security and Livelihood programme, we provided direct assistance to over 22,035 farmers and their families, who in turn shared their knowledge with a larger number of their neighbours and peer farmers.

With the goal of expanding our reach and impact to those living in poverty, inequality and injustice, we engaged in several global-level initiatives. Our participation in the Global Commission on Adaptation enabled BRAC International to take a stronger role in advancing Locally Led Adapation and promoting more sustainable and community based resilience-building to address Climate Change and its consequences. We joined coalitions working for Early Childhood Development to advance policies and mobilise resources in favor of positive childhood promotion. We also became members of Humanitarian forums to support cutting-edge innovations, discuss global trends, and unveil ground-breaking solutions to improve the lives of millions in need.

As we build on our work and learning of 2020, and continue our programmatic interventions in 2021, we remain committed to working with communities to rebuild and emerge stronger than before. We believe that those living in poverty and inequality are not only resilient but that they are able to take control of their own lives.

I take this opportunity to express heartfelt gratitude to our staff members who worked hard during this difficult period and managed family and home-struggles while reaching out to millions of people. I also thank our Supervisory Board for its guidance and support throughout the year.

On behalf of BRAC International, I wholeheartedly thank our funding partners, government counterparts, affiliates, and key stakeholders for supporting us as we stand beside the world's most vulnerable people.

We remain committed to building a more equitable and inclusive world.

MESSAGE FROM THE **COUNTRY FOCAL**

The Bangsamoro Autonomous Region of Muslim Mindanao (BARMM) where BRAC Philippines has been working primarily in the education sector since 2012 has the highest rates of out-of-school and at-risk populations in the country, a lack of public schools and learning resources and the lowest literacy rates in the country (71.6% compared to 96.5% in Metro Manila).

We have also supported an Ultra Poor Graduation Initiative (UPGI) intervention called the DOLE Graduation Project which was implemented in Victorias City, Talisay City, Silay City, Municipality of EB Magalona and Municipality of Murcia, in the province of Negros Occidental.

Like the rest of the world, BRAC Philippines faced a challenging year in 2020 due to the worldwide COVID-19 pandemic. However, while it was a difficult year, it was also a milestone year for us as we were able to launch a new intervention to serve the Bangsamoro region in partnership with the Ministry of Basic, Higher and Technical Education (MBHTE) by supporting the Alternative Delivery Model - Accessible and Contextually Appropriate Elementary Education System (ADM-ACCESS) programme.

BRAC's success in the implementation of the education Alternate Delivery Model (ADM) from 2012 to 2018 is well recognised by partners; and which has materialised into a flagship programme of the Ministry of Education as the Abot Kaalaman sa Pamilyang (AKAP) Bangsamoro or "Bringing Education Closer to Bangsamoro Communities" Programme that provides education access to out of reach children aged between 5 to 7 living in 93 unserved barangays in BARMM.

Janifa Camama-Bangcola
Country Focal
BRAC Philippines

We are grateful for the support and assistance provided by BRAC International, its affiliates, donors and key government and community partners for the never-ending support provided to the country office.

BRAC Philippines very quickly adapted its operations to the COVID-19 restrictions by providing technical expertise in innovative teaching and learning methods such as introducing home-based learning and practice-based teaching to the Learning Facilitators to engage learners through clustering of classes, distribution of age-appropriate materials and coaching of parents.

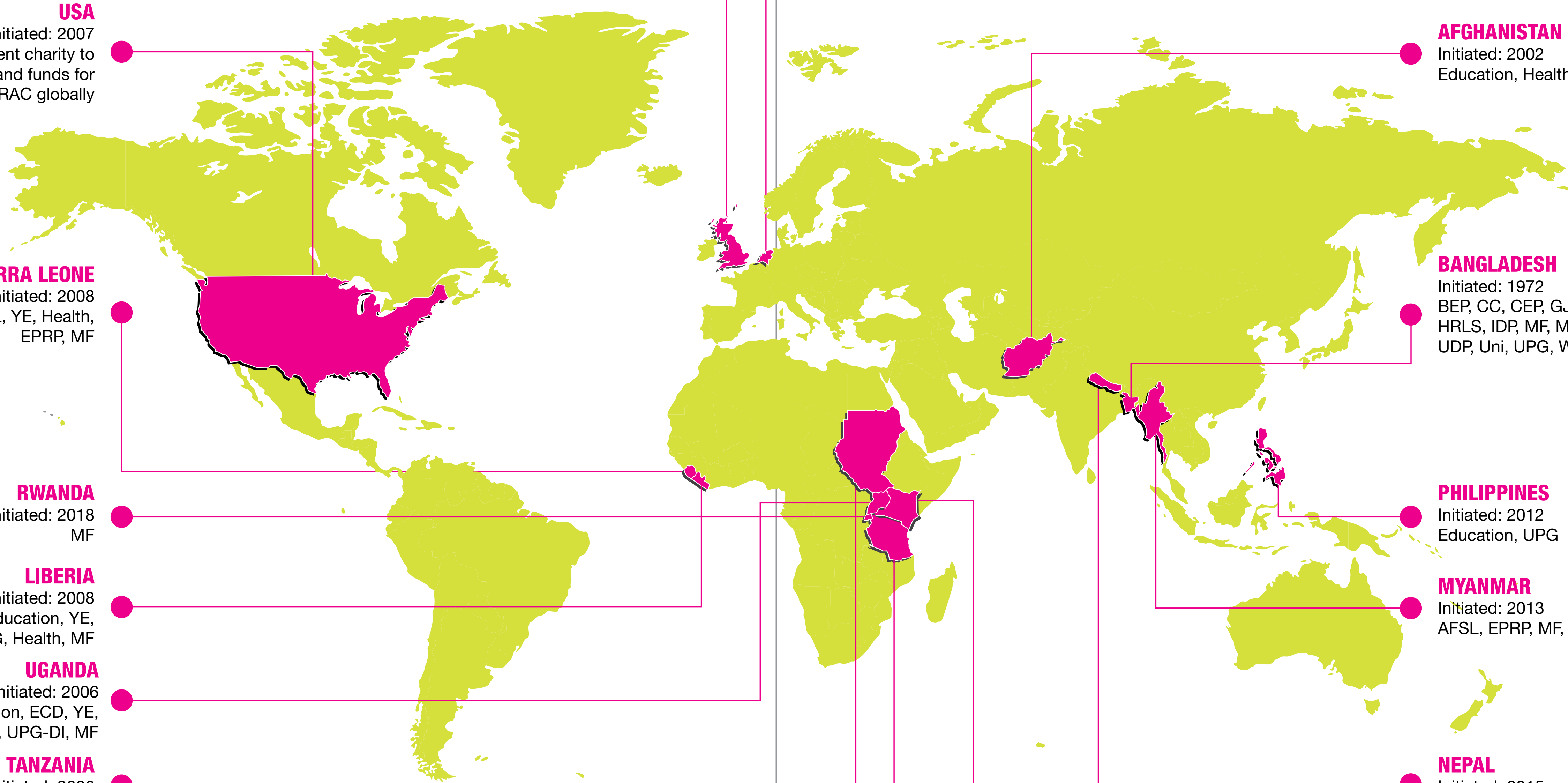
This year we enrolled 2,719 kindergarten learners in the AKAP programme, provided them with Early Childhood Development (ECD) interventions and secured inclusion of these out of reach learners in the government education system. In addition, 93 Learning Facilitators were capacitated in teaching and MBHTE's personnel were coached and mentored during the implementation of the ADM-ACCESS programme. By December 2020, we reached 6,776 programme participants including children, parents, community members and other stakeholders.

Under the UPGI intervention, between 2018 to 2020, we managed the hiring of community facilitators that provided training, coaching and mentoring to 1,431 households in Negros Occidental. The team also facilitated the procurement and delivery of livelihood assets to 1,202 programme participants for the same project.

BRAC Philippines will continue to support the Ministry of Education in seeking solutions to address the key educational needs of the BARMM region. We will continue to support UPGI interventions in scaling up their programs in livelihood and ultra-poor graduation by helping them facilitate the implementation of the Padayon SLP Project with the Department of Social Welfare and Development. The Padayon SLP Project aims to cover 3,000 households spread across the provinces of Iloilo, Bukidnon and Sultan Kudarat. In addition, we will look to expand our interventions into youth empowerment and skills development in 2021 and beyond.

We are grateful for the assistance provided by BRAC International, its affiliates, donors and key government and community partners for the never-ending support provided to the country office.

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

SIERRA LEONE
Initiated: 2008
AFSL, YE, Health, EPRP, MF

RWANDA
Initiated: 2018
MF

LIBERIA
Initiated: 2008
AFSL, Education, YE, UPG, Health, MF

UGANDA
Initiated: 2006
AFSL, Education, ECD, YE, EPRP, Health, UPG-DI, MF

TANZANIA
Initiated: 2006
ECD, YE, WESOLVE, MF

SOUTH SUDAN
Initiated: 2007
AFSL

NETHERLANDS
Initiated: 2009
Stichting BRAC International registered as a foundation

AFGHANISTAN
Initiated: 2002
Education, Health, CCAP, CDP

BANGLADESH
Initiated: 1972
BEP, CC, CEP, GJD, HNPP, HRLS, IDP, MF, MG, SDP, SE, UDP, Uni, UPG, WASH, HCMP

PHILIPPINES
Initiated: 2012
Education, UPG

MYANMAR
Initiated: 2013
AFSL, EPRP, MF, FI

NEPAL
Initiated: 2015
YE, SDP, Health, AFSL

KENYA
Initiated: 2019
Africa Regional Office

AFSL: Agriculture, Food Security and Livelihood
BEP: BRAC Education Programme
CC: Climate Change
CCAP: Citizens' Charters Afghanistan Project
CEP: Community Empowerment Programme
CDP: Community Development Programme
ECD: Early Childhood Development
EPRP: Emergency Preparedness and Response Programme
FI: Financial Inclusion
GJD: Gender Justice and Diversity
HNPP: Health, Nutrition and Population Programme
HRLS: Human Resources and Legal Aid Services
HCMP: Humanitarian Crisis Management Programme
IDP: Integrated Development Programme
MG: Migration
MF: Microfinance
SE: Social Enterprises
SDP: Skills Development Programme
UDP: Urban Development Programme
Uni: University
WASH: Water, Sanitation and Hygiene
UPG: Ultra Poor Graduation
UPG-DI: Ultra Poor Graduation-Disability Inclusive
WE SOLVE: Women Entrepreneurship through Solar Value chain for Economic Development
YE: Youth Empowerment

ABOUT BRAC INTERNATIONAL

BRAC International operates in four countries in Asia (Afghanistan, Myanmar, Nepal, and the Philippines) and six countries in Africa (Liberia, Tanzania, Sierra Leone, Rwanda, South Sudan, and Uganda). Our interventions aim to achieve large scale, positive changes through economic and social programmes that enable men and women to realise their potential. In each of the countries BRAC International operates in, the entities are legally registered with relevant authorities in compliance with all applicable legal and regulatory requirements.

BRAC International Holdings B.V. was set up as a private limited liability company under the laws of the Netherlands and is a wholly-owned subsidiary of Stichting BRAC International. It is a socially responsible for profit organisation, engaging people in economic activities and creating sustainable income generating activities for themselves. It provides funding for social development programmes under Stichting BRAC International. The core focus of BRAC International Holdings B.V. is to provide microfinance services to people who are financially constrained and marginalised, and people who do not have access to the financing facilities offered by banks and other non-bank financial institutions. Our social enterprise programme currently includes seed production and distribution in Uganda.

Our affiliates were founded in 2006 to raise our profile globally. They play a critical role in building awareness, developing new business plans, mobilising resources and maintaining effective partnership with institutional donors, foundations, NGOs, research organisations as well as the media. They collaborate with international counterparts to design and implement cost-effective and evidence-based poverty innovations worldwide.

BRAC USA is our North American affiliate based in New York.

BRAC UK is our UK-based affiliate in London.

BRAC INTERNATIONAL SAFEGUARDING ACHIEVEMENTS 2020

Safeguarding practices were initiated in BRAC from the very inception of the organisation. However, many of the practices were not formalised until 2019 when the organisation produced the overarching safeguarding policy and the five sub-set policies, namely:

- Child and Adolescent Protection policy
- Sexual Harassment Elimination policy
- Prevention of Workplace Bullying and Violence policy
- Adults with Special Needs policy
- Whistleblowing policy

In 2020, all these policies were adapted in the BRAC International (BI) countries considering the country context and law by review of the Country Management Team and vetting by a legal counsellor. The policies are now implemented in all the BI Country Offices, the Africa Regional Office in Kenya, and the Dhaka Office in Bangladesh. **All staff members have received training and orientation on safeguarding and the five sub-set policies, along with guidelines on the reporting and response mechanism of the organisation.**

All BI offices now have a committee, known as the Human Resource Compliance Committee (HRCC), in place to review and address the complaints received in an appropriate manner. With awareness raising in all countries on safeguarding, whistleblowing and the reporting mechanism, the number of complaints lodged in 2020 spiked to a number of 69 from only 5 in 2019.

STAFF TRAINING ON SAFEGUARDING IS AN ONGOING PROCESS. IT IS INCLUDED IN THE INDUCTION OF ANY NEW STAFF JOINING THE ORGANISATION. A NUMBER OF INITIATIVES WERE TAKEN TO MAINSTREAM SAFEGUARDING WITH OTHER KEY SYSTEMS OF THE ORGANISATION.

An online e-course was developed in 2020 when classroom training could not take place due to the COVID-19 pandemic.

A safeguarding checklist was developed for programme design, safeguarding indicators were developed to include in the Audit Charter.

Monitoring Mechanism and risk management framework, and a checklist was developed to assess safeguarding practices in different BI Countries.

Some of the BI countries have started safeguarding awareness building for their programme participants and informed them of the contact details to report any incident violating the safeguarding policy. The safeguarding clause is included in partnership agreements and partners are also oriented on safeguarding and sub-set policies, procedures, and the reporting mechanism.

Towards the end of 2020, BI reviewed the Sexual Harassment Elimination policy to incorporate the key elements of Protection of Sexual Exploitation and Abuse (PSEA). The revised policy was reviewed and vetted by UNICEF. The BI countries have also conducted a mapping exercise to locate service providers to support victims/survivors of safeguarding incidents.

Overall, a good attempt has been made to integrate safeguarding in various systems and processes within the organisation to contribute to building a safeguarding culture. However, a lot remains to be done and much more effort needs to be given in awareness building, incident reporting, case management, risk assessments, and capacity building. There are Safeguarding Focal Points in all the offices of BI who are working relentlessly to advocate and support safeguarding initiatives and ensure the safeguarding standards are met adequately.

BRAC INTERNATIONAL PROGRAMMES

Our **Education programme** focuses on raising awareness on gender and child rights and developing a child-friendly learning atmosphere. Our programme complements the mainstream schooling system by supporting government primary and secondary schools to improve quality and strengthen capacity. We also provide training with support from local vocational and technical institutes.

Our **Early Childhood Development programme** is an investment towards breaking intergenerational cycles of poverty and facilitating economic growth. We provide early learning opportunities through our Play Labs to 3 to 6 year olds, with a low cost and play-based early learning model. Our Play Labs are safe play spaces, providing cost effective local learning materials to children in marginalised communities.

The **Agriculture, Food Security and Livelihood programme** focuses on four strategic directions - a) Strengthen pro-poor market systems, b) Make agriculture systems more resilient to climate change, c) Improve food and nutrition security, and d) Empower women and youth across the value chain.

Through our **Health programme** we partner with respective governments to reduce child mortality, improve maternal and child health, and combat diseases. We work at the community and facility level to strengthen the capacity of female community health volunteers, health workers, and doctors so that they can provide educational, preventive, and curative health services.

Through our **Youth Empowerment programme** we provide life-saving and life-transforming services to adolescent girls to prevent unintended pregnancies, improve their awareness on harmful practices, and empower them financially. We create safe spaces by establishing clubhouses for girls aged 10-21, especially those who are vulnerable, dropped out of school, and at the risk of early marriage and pregnancy.

The **Ultra-Poor Graduation** approach is a comprehensive, time-bound, integrated and sequenced set of interventions that aim to enable extreme and ultra-poor households to achieve key milestones towards sustainable livelihoods and socio-economic resilience, in order to progress along a pathway out of extreme poverty.

Through our **Emergency Preparedness and Response programme** we build local emergency preparedness and response capacities in communities, schools, and local governments. Using a participatory and inclusive approach, our interventions in urban, rural, and refugee settings prioritise the equitable participation of all groups, particularly women and youth, to ensure that they are able to mitigate risks, save lives, protect livelihoods, and build back better from disasters and crises.

With the help of **Microfinance**, we provide a range of financial services responsibly to people at the bottom of the pyramid. We particularly focus on women living in poverty in rural and hard to reach areas, to create self-employment opportunities, build financial resilience, and harness women's entrepreneurial spirit by empowering them economically.

OUR GLOBAL REACH BY COUNTRY, 2020

3,705,095
people reached in
AFGHANISTAN

55,846
people reached in
LIBERIA

166,353
people reached in
MYANMAR

94
people reached in
NEPAL

6,776
people reached in
PHILIPPINES

7,196
people reached in
RWANDA

6,381,646
people reached in
SIERRA LEONE

2,650
people reached in
SOUTH SUDAN

691,008
people reached in
TANZANIA

2,552,510
people reached in
UGANDA

A TOTAL OF 7,251,344 PEOPLE REACHED IN AFRICA AND ASIA IN 2020

Reporting period: January - December 2020

OUR REACH BY PROGRAMME AREA, 2020

67,138 people reached through the **Education programme** in Afghanistan, Philippines, Uganda, Tanzania, and Liberia

22,035 people reached through the **Agriculture, Food Security and Livelihood programme** in Myanmar, South Sudan, Uganda, Liberia, and Sierra Leone

4,789,590 people reached through the **Health programme** in Afghanistan, Liberia, Uganda

3,672 people reached through the **Ultra-Poor Graduation programme** in Uganda and Liberia

498,164 people reached through the **Early Childhood Development programme** in Tanzania and Uganda

36,524 people reached through the **Youth Empowerment programme** in Nepal, Tanzania, Uganda, Liberia, and Sierra Leone

6,176 people reached through the **Emergency Preparedness and Response programme** in Myanmar, Uganda, and Sierra Leone

654,845 borrowers reached through the **Microfinance programme** in Myanmar, Uganda, Liberia, Tanzania, Sierra Leone, and Rwanda

Reporting period: January - December 2020

KEY ACHIEVEMENTS IN 2020

Afghanistan

- **Over 11.5 million people were reached** across 14 targeted provinces of Afghanistan through programmatic interventions.
- **890 participants** were trained including 10 Community-based Girls School (CBGS) Master Trainers as a core team on Child Safeguarding.
- **2,066,519 people** were reached through the Citizens' Charter Afghanistan Project, **949,780 people** through the Health programme, and **69,435 participants** through the Education programme.

Myanmar

- **1,026 aqua-farmers were reached** through locally customised Nutrition Sensitive Aquaculture project.
- **486 persons with disabilities** (PWDs) were reached through the Financial Inclusion for PWDs Project.
- **140,285 people were reached** through Microfinance services.

Nepal

- BRAC Nepal launched the **disability-inclusive COVID-19 response** project, which will end in December 2020, with Handicap International and DEC Surkhet as partners.
- **94 young women** were trained as electrical technicians, with 56% of them now engaged as electricians in their communities.

Philippines

- Provided technical assistance to DOLE and ADB to launch a graduation pilot that targeted **1,812 participants** in 29 barangays (villages) across five municipalities in Negros Occidental.
- **6,776 people** were reached through Education and Ultra-Poor Graduation programmatic interventions.

Liberia

- **A total of 550,571 people's** lives were impacted through the direct provision of various social development services and indirect reach.
- **35,954 people were reached** through Microfinance services.

Rwanda

- BRMCP is **developing SMS integration** to make financial transactions more transparent for clients. The system will send real-time notifications each time a client makes a repayment or deposit.
- BRMCP received approval from the National Bank of Rwanda to **increase the number of branches by 10**, bringing the **total to 20**.
- **5,334 people were reached** through Microfinance services.

Sierra Leone

- Through the Youth Empowerment programme, **life-skills story books were translated into audio recordings** and aired on the Ministry of Education's daily radio shows.
- The Emergency Preparedness and Response Programme **expanded its activities to two new communities and schools**, and constructed water drainages which have helped greatly in reducing floods.
- The Agriculture, Food Security and Livelihood (AFSL) programme implemented two major projects and **reached a total number of 76,950 farmers**.
- **52,060 people were reached** through Microfinance services.

South Sudan

- The Emergency Food Security and Agriculture Project **targeted 1,400 flood-affected food insecure and displaced households** with **a total of 8,400 individuals**, and supported them with training and emergency supplies of vegetables and fish kits, seeds, farming tools, etc.

Tanzania

- The Early Childhood Development programme has **launched a radio show to provide young children with opportunities of early learning**, while parents and caregivers receive relevant information on children's health, nutrition, and child protection.
- **190,828 people were reached** through Microfinance services.

Uganda

- **Reached more than 805,504 people** through the Health programme.
- **6,602 learners** from the Early Childhood Development programme accessed e–learning through SMS and community radio shows.
- **A total of 6,166 staff**, Community Health Workers, teachers, and volunteers received training on Psychosocial Support.
- **193,944 people were reached** through Microfinance services.

Data as of September, 2020

COVID-19 KEY RESPONSE ACTIVITIES

AFGHANISTAN

- BRAC Afghanistan has reached a total of **11,552,637 people** directly in 14 provinces through the awareness raising and infection and prevention control activities.
- Under its dedicated COVID-19 hospital in Helmand province, BRAC Afghanistan is continuing to deliver the services and treatment to the patients with COVID-19 symptoms, including through **14 Rapid Response Teams** in the districts of the province, and has received and treated a total of 113 OPD patients.
- BRAC Afghanistan provided **helpline education support to the girls** of Girls Education Challenge-Transition (GEC-T) during the COVID-19 pandemic.

MYANMAR

- COVID-19 awareness activities **reached approximately 900,000 people** in the regions BRAC Myanmar works in. BRAC trained over 150 staff on Humanitarian Principles and Humanitarian Skills; Disaster Risk Reduction and Climate Change Adaptation; and Disaster Risk Vulnerability Assessments.
- By the end of September 2020, BRAC Myanmar **reached 899,439 individuals** through its independent COVID-19 response and recovery initiatives, which included life-saving informational material distribution and awareness raising campaigns.

NEPAL

- BRAC has been working with partners in Nepal to **develop and disseminate disability-inclusive messages** through SMS, radio, social media, and hotline.
- **Sanitary and hygiene kits** have been supplied at quarantine centers and municipalities, and support has been provided to make their relief guidelines and distributions more inclusive for persons with disabilities.

PHILIPPINES

- By the end of September 2020, BRAC Philippines **reached 100,072 individuals** through its independent COVID-19 response and recovery initiatives, including life-saving informational material distribution and awareness raising campaigns.
- BRAC Philippines introduced an **online platform** that includes COVID-19 awareness-raising response initiative.

LIBERIA

- BRAC Liberia **reached a total of 1,664,370 people** across 10 counties while raising awareness on COVID-19. Which is 37% of the entire population (4.5 million).
- The country team, in partnership with government agencies including the line ministries, distributed **118,018 life-saving informational materials** to increase awareness on COVID-19 infection and prevention control.

SIERRA LEONE

- BRAC Sierra Leone **reached over 608,187 people** through door-to-door initiatives, radio programmes, and SMS messaging.
- The Community Health Reach Project, aiming to support the government in the prevention, prompt detection, and effective response to the COVID-19 outbreak was implemented in 3 districts, reaching over **3 million people with life-saving messages and PPEs.**

SOUTH SUDAN

- BRAC South Sudan successfully completed its Emergency COVID-19 response plan funded by GAC, exceeding the majority of the targets. The project **reached more than 150,000 people** through awareness sessions, distributed 17,706 soaps/sanitisers, 33,870 IEC materials, 2,500 items of PPE and 4,000 hygiene kits and installed 300 handwashing stations.

TANZANIA

- BRAC Tanzania **reached over 3.9 million people** across the country, and distributed more than 215,537 life-saving informational materials to its programme participants.
- A **national child helpline** was set up to support the nurture and care of children especially those at risk during the pandemic.

UGANDA

- **Reached 42,729,036 people** at BRAC Uganda through COVID-19 awareness raising and infection prevention and control activities.
- **9,009 Community Health Workers (CHWs)** were provided with Personal Protection Equipment (PPE), such as hand sanitisers, face shields and masks.

BRAC INTERNATIONAL MICROFINANCE'S RESPONSE

MYANMAR, UGANDA, TANZANIA, RWANDA, SIERRA LEONE, LIBERIA

With the COVID-19 pandemic, our clients' inherent financial resilience has been severely tested. We are endeavoring to maintain it through additional support and providing the right financial tools to strengthen and multiply their resilience at the individual, household, and community level.

BRAC International Microfinance provided immediate relief by offering payment holidays and continued to pay staff salaries with the goal of being ready for the recovery phase and to respond immediately once in-country operations recommenced. We encouraged economic recovery by rescheduling loans, refinancing existing clients, and providing recovery loans to new BRAC clients.

STICHTING BRAC INTERNATIONAL
SUPERVISORY BOARD

IRENE KHAN

Chair

Irene Zubaida Khan is director general of the International Development Law Organization (IDLO). The first woman to hold this office, she took up her position on January 1, 2012.

An international thought leader on human rights, gender, and social justice issues, Ms Khan was secretary general of Amnesty International from 2001 to 2009. Prior to that, she worked for the UN High Commissioner for Refugees for 21 years at headquarters and in various field operations. She was visiting professor at the State University of New York Law School (Buffalo) in 2011.

Irene sits on the boards of several international human rights and development organisations. She is the recipient of numerous honorary degrees and prestigious awards, including the City of 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.

Born in Bangladesh, Ms Khan studied law at the University of Manchester and Harvard Law School.

SYLVIA BORREN

Vice Chair

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 (Institute on gender equality and women's history). Ms Borren was part of the anti-poverty movement (director of Oxfam Novib 1994-2008, and co-chair of the Global Call to Action against Poverty and EEN).

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, led the project Quality Educators for All with the trade union Education International, and continues to be a member of the Worldconnectors.

Ms Borren 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.

She is a freelance consultant at 'Working for Justice' and a senior adviser for Governance & Integrity.

PARVEEN MAHMUD FCA

Member

Parveen Mahmud, in her varied professional career has worked with social innovations, entrepreneurship, and sustainable development. Ms Mahmud started her career with BRAC, and has worked with international NGOs and development agencies. She was the deputy managing director of PKSF, Bangladesh's apex funding organisation for Microfinance Institutes. She is the founding managing director of Grameen Telecom Trust.

She was a partner in ACNABIN & Co, Chartered Accountants. She is the first female president of the Institute of Chartered Accountants of Bangladesh (ICAB), as well as the first female board member of the South Asian Federation of Accountants (SAFA), the apex accounting professional body of SAARC. She is the chairperson of CA Female Forum - Women in Leadership Committee, ICAB and is the vice chairperson of the Women in Leadership Committee of SAFA.

Ms Mahmud sits on numerous boards, including Stichting BRAC International, Apex Footwear Ltd, Grameenphone Ltd, Linde Bangladesh Ltd, Manusher Jonnyo Foundation, Transparency International Bangladesh, and Centre for Policy Dialogue. She is the chairperson of UCEP Bangladesh, Shasha Foundation, and was chairperson of MIDAS, Shasha Denims Ltd, and Acid Survivors' Foundation. Ms Mahmud is also a member of the International Chamber of Commerce, Bangladesh. She was a member of the National Advisory Panel for SME Development of Bangladesh, founding board member of SME Foundation, and Convenor, SME Women's Forum.

Ms Mahmud is the recipient of Ananynna Top Ten Women - 2018 Award, Women at Work - 2017 Award from Bangladesh Association of Software and Information Services, and Women of Inspiration Awards 2017 from the Bangladesh Organisation for Learning & Development. She received the Begum Rokeya Shining Personality Award 2006 for women's empowerment from Narikantha Foundation.

GREGORY CHEN

Member

Gregory Chen has worked on financial inclusion for 25 years, with most of his work spanning across South Asia. His work focuses on hands-on advisory and implementation with microfinance institutions and, for the past decade, with newer players in digital finance. This has included work with digital players like bKash, Wave Money and also development organisations including the Aga Khan Development Network, BRAC, and Dvara. His work has included deep technical engagements with more than a dozen financial sector regulators. He has also worked as a corporate banker at Bank of America and with the financial services consulting firm Enclude.

Mr Chen is a member of CGAP's management team and oversees CGAP's policy Engagement. He focuses on helping policy makers adapt to the rapid change in the world of financial services brought on by technology, and particularly to ensure that financial systems can responsibly reach the disadvantaged.

Mr Chen is a regular speaker on microfinance and digital finance at the Boulder Institute for Microfinance, BRAC University, Johns Hopkins, Tufts University, Yale University, and American University, among others. He has a master's degree in international development from Harvard Kennedy School and a bachelor's degree from Wesleyan University.

MARILOU VAN GOLSTEIN BROUWERS

Member

Marilou van Golstein Brouwers is a former chair of the Management Board and founder of Triodos Investment Management BV, a subsidiary of Triodos Bank.

Ms Brouwers is an international entrepreneurial impact investment banker, with more than 30 years of experience in values-driven business and banking, with immense expertise on impact investing.

She started working for Triodos Bank in 1990 and was involved in the founding of Triodos Investment Management, of which she became the managing director in 2003. She was the chair of the Management Board from January 2015 to December 2018.

Ms Brouwers is currently active in a variety of roles. Within Triodos Bank, she is a member of several boards and involved in the start-up of the Triodos Regenerative Money Centre. She is also a member of the Board of Directors of the Global Impact Investing Network and the Special Working Group on impact economy by the Global Steering Group for Impact Investment. She is chair of the Supervisory Board of B Lab Europe and the Supervisory Board of Qredits, The Netherlands, one of the Women Entrepreneurs Finance Initiative Leadership Champions.

Ms Brouwers has served on the board of directors of banks in Uganda, Kenya, Tanzania, Russia, Afghanistan and Pakistan. She was a member of the Group of Advisors for the United Nations Year of Microcredit in 2004 and 2005, of the Executive Committee of CCAP (2003-2008), the Board of Trustees of Women's World Banking (2003-2012), the Advisory Committee of the Mastercard Foundation Fund for Rural Prosperity (2014-2017) and the Advisory Council on International Affairs Committee for Development Cooperation in The Netherlands. She was chair of SBI Limited (2011-2013), the Steering Committee of the Principles for Responsible Investment / Principles for Investors in Inclusive Finance (2011-2013) and the Advisory Board of Women in Financial Services in The Netherlands (2011-2016). She was also treasurer of the Max Havelaar Foundation (2008-2015).

Ms Brouwers studied business and economics at Erasmus University in Rotterdam.

DR DEBAPRIYA BHATTACHARYA

Member

Dr Debapriya Bhattacharya, a macroeconomist and public policy analyst, is a Distinguished Fellow at the Centre for Policy Dialogue (CPD), Dhaka, where he was its first Executive Director. He was Bangladesh's Ambassador and Permanent Representative to WTO and UN Offices in Geneva and Vienna and former Special Advisor on LDCs to the Secretary General of UNCTAD. Earlier, he was a Senior Research Fellow at the Bangladesh Institute of Development Studies (BIDS).

He studied in Dhaka, Moscow, and Oxford. Visiting positions held include Senior Fulbright Fellow at the Center for Global Development, Washington DC. He serves on the boards and working groups of various leading institutions and editorial boards of reputed journals including Oxford Development Studies. He was General Secretary of the Bangladesh Economic Association for three consecutive terms.

Dr Bhattacharya chairs the Southern Voice, a network of 50 think tanks from Africa, Asia, and Latin America, dedicated to following up and reviewing the implementation of the Sustainable Development Goals (SDGs). He led the pioneering multi-country studies on shaping the 2030 Agenda of the United Nations, data deficits of SDG monitoring, and early signals of SDG implementation in the developing countries. He also chairs LDC IV Monitor, an independent partnership of eight international organisations and academic institutions engaged in monitoring the outcome of the fourth United Nations Conference on the Least Developed Countries.

He serves as the Convenor of the Citizen's Platform for SDGs, Bangladesh – a platform of more than 100 NGOs and private sector bodies, seeking to contribute to the delivery of the SDGs at the country level.

He recently edited the volume Bangladesh's Graduation from the Least Developed Countries Group: Pitfalls and Promises, Routledge (2018); Southern Perspectives on the Post-2015 International Development Agenda, Routledge, London (2017); and was the team leader of the study Quest for Inclusive Transformation of Bangladesh: Who Not to be Left Behind (2017).

VICTORIA SEKITOLEKO

Member

Victoria Balyejusa Sekitoleko is a former Minister of Agriculture in the Ugandan government. She was a representative of the United Nations Food and Agriculture Organization (FAO) in China, Mongolia, and South Korea, and previously served as the FAO's representative in Ethiopia to the African Union and to the Economic Community for Africa.

Ms Sekitoleko is currently the chair of the governing board of the Uganda Agribusiness Alliance, which unites all those involved in the industry to optimise their ability to profitably and sustainably pursue the many global opportunities in the world's largest industry.

In 2010, Ms Sekitoleko founded the Uganda Community Cultural Centre which trades as Speakers Forum. This trains professionals to become skilled presenters and also supports community libraries.

Ms Sekitoleko was educated at Makerere University in Kampala, where she attained a BSc in Agriculture majoring in Farm Management and Extension.

GROUP FINANCE AND AUDIT COMMITTEE

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

- Parveen Mahmud FCA - Chair
- Dr Muhammad Musa - Member
- Syed Abdul Muntakim - Member Secretary
- Sylvia Borren - Member
- Hans Eskes - Member

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

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

STICHTING BRAC INTERNATIONAL MANAGEMENT AS OF JUNE, 2021

MANAGEMENT BOARD

DR MUHAMMAD MUSA

Executive Director

SHAMERAN ABED

Senior Director
Microfinance and Ultra-Poor Graduation

RUTH OKOWA

Director
Africa Region

SYED ABDUL MUNTAKIM

Director
Finance

MUNMUN SALMA CHOWDHURY

Director
Human Resources

DIRECTORS

NELLY ENWEREM-BROMSON
SENIOR DIRECTOR
Programme Development, Resource Mobilisation and Learning (PRL)

SHAMERAN ABED
SENIOR DIRECTOR
Microfinance and Ultra-Poor Graduation

RUTH OKOWA
DIRECTOR
Africa Region

MUNMUN SALMA CHOWDHURY
DIRECTOR
Human Resources

SYED ABDUL MUNTAKIM
DIRECTOR
Finance

CASSANDRA NELSON
DIRECTOR
Communications and Outreach

SAJEDUL HASAN
DIRECTOR
Humanitarian Programme

SONIA WALLMAN
DIRECTOR
Grant Management, PRL

NANDA DULAL SAHA
DIRECTOR
Internal Audit

AFM SHAHIDUR RAHMAN
DIRECTOR
Programme Development
Asia, PRL

MD LIAKATH ALI
DIRECTOR
Climate Change

BRAC PHILIPPINES MANAGEMENT

Janifa C. Bangcola	Project Manager
Sarah C. Abutazil	Admin and Finance Manager
Marilyn C. Mai	Deputy Provincial Manager for Lanao del Sur
Florinda J. Masukat	Deputy Provincial Manager for Basulta
Lester A. Sakiron	Monitoring, Research and Evaluation Officer

BRAC PHILIPPINES DEVELOPMENT PARTNERS

Pathways
ADB
Department Of Labor and Employment
Australian AID
DepED Department of Education
MBHTE BARMM

PROGRAMMES IN BRAC PHILIPPINES

ABOT KAALAMAN SA PAMILYANG-BANGSAMORO (AKAP-BM) PROJECT

BRAC is currently implementing the Abot Kaalaman sa Pamilyang (AKAP) Bangsamoro Programme of the Ministry of Basic, Higher, and Technical Education (MBHTE) rooted from the ACCESS policy in 2018. BRAC provides technical assistance in establishing AKAP learning centres, including community scoping activities, development, and implementation of a Training Needs Assessment (TNA) with the Learning Facilitators, conducting a write-shop with the Division and Regional ACCESS Technical Working Groups (TWGs), and basic orientations and pre-service training in each of the seven divisions. These activities aimed to increase the capacities of the ACCESS TWGs and the 93 AKAP learning facilities in implementing ADM. Based on this experience and track record, BRAC is now applying for AKAP phase- 2.

OUR APPROACH

The objective of AKAP is to address various barriers to education at the K-3 level and build the basic numeracy, literacy, language, and values of target learners in 93 barangays. To achieve this objective, BRAC will continue providing technical assistance to the ACCESS TWG through coaching and mentoring support and other capacity-building activities with key stakeholders.

MOVING FORWARD

BRAC Philippines plans to continue its engagement and support the MBHTE in implementing the AKAP programme phase 2 to 93 communities in BARMM and adheres to expand its coverage targeting those over 100 communities in the region that remain as underserved. BRAC also aims to develop its programme coverage in education in emergencies covering vulnerable communities vulnerable to natural and artificial calamities.

TRAINING, LEARNING, AND PROGRESSING

Ann Parcon Ardina is a 40-year-old former BRAC-ADM Learning facilitator, Department of Education Volunteer Teacher, and the current AKAP Bangsamoro Learning Facilitator (LF) of Lambayao learning centre in the municipality of Guindulungan, Maguindanao, BARMM, Philippines.

When the Alternative Delivery Model (ADM) project ended, their learning centre became an annex of Ahan Elementary School and continued its operations. She had barely attended training, especially on a kindergarten curriculum, classroom management, and learners' assessment.

She said, "It is hard to handle learners if you do not know the process and the learners will also not learn something from you". She was not very familiar with school forms, especially their uses, and was troubled whenever deadlines were nearing. Moreover, she lacked techniques and skills on delivering lessons and found that learners struggle to keep up.

When BRAC Philippines provided coaching and mentoring assistance to the Learning Facilitators through the basic teachers' training at the start of the school year and the monthly refresher training, Ann became active and participative.

Twenty-eight (28) LFs in Maguindanao are now trained. She said, "It is now easier to teach because I was trained on the appropriate strategies, and my co-teachers have guidelines that make our work lighter. Our teaching skills have improved." Furthermore, she added that she can set steps and objectives for classes; as a result, the flow became smoother and she can monitor her pupils' progress and respond appropriately to the same.

PROGRAMME HIGHLIGHTS

2,719 learners across the Autonomous Region in Muslim Mindanao catered during SY 2020-2021.

1648 learners provided with age-appropriate learning materials.

Capacitated **93** Learning Facilitators in Alternative Delivery Curriculum.

DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE) GRADUATION APPROACH PILOT PROJECT

With lockdowns continuing to wreak havoc on the extreme poor populations in the Philippines, the Graduation pilot running there has shown great results in building the resilience and security for participants and their families. Designed to build the skills, knowledge, and resilience needed to develop a sustainable pathway out of extreme poverty, the holistic Graduation approach equipped participants to adapt to the dramatic impact of COVID-19.

OUR APPROACH

BRAC's Graduation programmes are built with more than just the individual in mind, and its impacts are meant to be both long-lasting and intergenerational. As the DOLE Graduation pilot reaches its final stage, the growth and commitment of the pilot participants during these harrowing times could not be more extraordinary. Although the future remains uncertain, we firmly believe that with the right tools, support, and knowledge, the world's poorest people can withstand and overcome devastating shocks like COVID-19.

The Graduation approach has proven itself to be a holistic tool designed to build resilience of extreme poor households in even the most dire of situations. It serves as a clear example of an intervention that can effectively empower individuals and households to weather a storm and come out the other side with confidence that they can continue to improve their lives and quickly adapt to change.

Several challenges were encountered throughout the pilot, including participant attrition, delays in asset delivery, bureaucratic hurdles, challenges associated with group livelihoods, and challenges presented by the COVID-19 crisis. Delays in asset delivery and lack of time to participate in the programme, relocation, and ineligibility of some targeted households contributed to a high attrition rate.

Of the 1,812 households that initially entered the programme, 1,202 remained at the pilot's close in September 2020. Participants in group livelihoods faced unique challenges, including inactive group members, high attrition rates among group members during the period between group formation in December 2018 and the launch of their business, complex bookkeeping, and challenges managing group dynamics among the members.

MOVING FORWARD

As the DOLE Graduation pilot concludes its initial programming in 2020, our team will be putting a heavy focus on taking key learnings from the endline data results. This information will be used to analyse desired outcomes like resilience and livelihood sustainability, particularly how they fared and were adapted to withstand a major shock like COVID-19. The results and trends observed in this pilot can then be applied to future programme design, further advancing the iterative nature of BRAC's Graduation approach.

CHICKENS HELPED HIM SHINE

Felix Villarez, 38, of GK Smile Village, Murcia, Philippines, is one of the programme participants of the Ultra-Poor Graduation (UPG) Pilot Programme of BRAC-Philippines.

Villarez decided to choose the NegoKart-Fried Chicken amongst the other livelihoods offered because of his previous experience as a Fried Chicken vendor. He and his friend decided to sell fried chicken which was an instant hit after seeing an empty food cart lying around.

NegoKart-Fried Chicken participants were given assets to start their livelihood, including a food cart of their own, cooking equipment, ingredients, and a supply of chickens.

Villarez' livelihood project was thriving, and he employed one helper for his food cart and was supported by his family members during the weekends. Villarez hopes that his children and his two siblings finish their studies and choose a career they want to pursue in the future. He allocates a portion of his profits to their education as he does not want them to suffer in the same way as him. He also wishes that one can continue and grow their fried chicken business or diversify to other businesses.

With his profit and a portion of credit he borrowed from his friends, Villarez was able to secure a permit from the LGU to peddle fish to gain income amidst a lockdown. When the lockdown is lifted, he is excited to return to his food cart business and regain the profits that he had lost in this time of crisis.

Villarez is thankful to be one of the participants of the UPG Pilot Programme in Negros Occidental, in the Philippines. He is grateful that he was able to become an entrepreneur, improve the condition of his house and fulfil the needs of his household.

Villarez is determined to learn more on the succeeding supervision, guidance and assistance of BRAC to him and his household. He will do his best to grow his livelihood project given by BRAC to achieve his family and his business goals.

PROGRAMME HIGHLIGHTS

On average, **71%** of the pilot households met each of the contextually-specific graduation criteria spanning the four pillars of Graduation in social protection, livelihoods promotion, financial inclusion, and social empowerment, indicating their readiness to 'graduate' from the pilot and continue on an upward trajectory from poverty.

Health and Hygiene - Pilot participants reported knowledge retention on life skills training topics, leading to positive behaviour change in health, nutrition, and hygiene practices.

High rates of knowledge retention from monthly life skill training (at least 80%), which resulted in positive behaviour change.

97.6% reported consuming vegetables and **60.3%** reported consuming fruits in the last 7 days, which suggests higher spending on fruits and vegetables than at baseline (16.8%) conducted by IPA in 2018. This is critical for food security and nutrition targets.

Over **86%** reported that they only use drinkable water, compared to 33% at baseline.

100% reported having access to a toilet facility, compared to only 74% at baseline.

99% retained fully or partially correct health-related information during the COVID-19 crisis, signaling the influence of the pilot and LGU health messaging.

PROGRAMME LOCATIONS, BRAC PHILIPPINES

FINANCIAL STATEMENTS

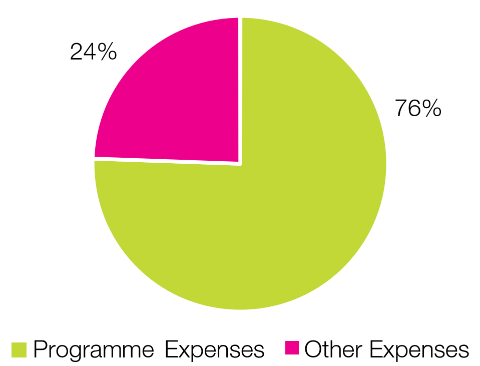
OPERATIONAL AND FINANCIAL HIGHLIGHTS OF **BRAC PHILIPPINES**

BRAC Philippines completed its 9th year of operation in 2020. Grant Income was USD 367,617 against USD 712,998 in 2019. Out of total expenses, project expenses was USD277,869 (USD 511,258 in 2019) and 76% (72% in 2019) of the total cost.

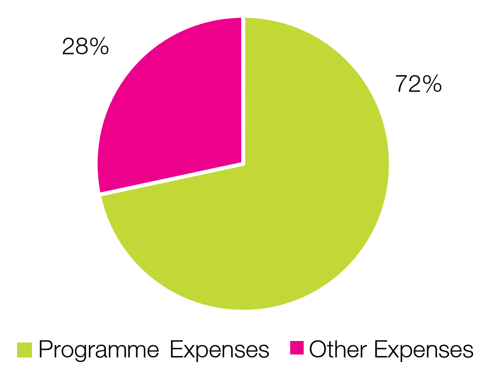
PROGRAMME COST BY NATURE OF EXPENSES

Expenses	2020		2019	
	USD	%	USD	%
Programme Expenses	277,869	76%	511,258	72%
Other Expenses	89,964	24%	202,421	28%
Total	**367,834**	100%	**713,679**	100%

2020



2019



PERFORMANCE REVIEW

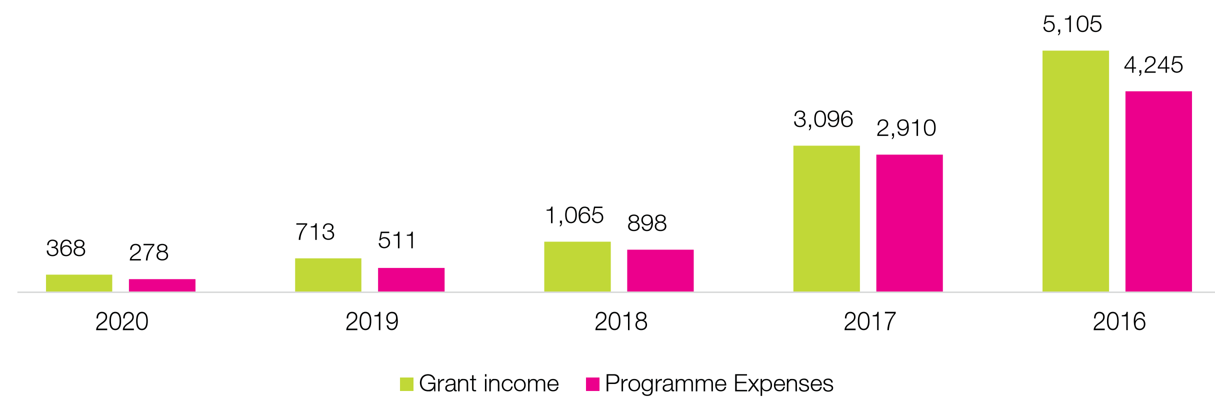
Income Statement	2020	2019	2018	2017	2016
	USD	USD	USD	USD	USD
Grant Income	367,617	712,998	1,065,098	3,096,102	5,105,196
Other Income	217	681	1,243	3,648	1,741
Programme Expenses	277,869	511,258	898,106	2,910,268	4,244,564
Other Expenses	89,964	202,421	168,235	189,482	862,373

FINANCIAL POSITION

Balance sheet	2020	2019	2018	2017	2016
	USD	USD	USD	USD	USD
Cash at Bank	258,912	384,361	644,091	1,760,844	5,088,966

ANNUAL INCOME AND EXPENSES

in Thousands USD



STICHTING BRAC INTERNATIONAL, INC.

(Incorporated in Netherlands)

PHILIPPINE BRANCH

(A Nonstock, Nonprofit Organization)

FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

With Independent Auditors' Report

KPMG

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Stichting BRAC International, Inc. - Philippine Branch
Block 4, Lot 6, Narra St. San Pablo Village
Cotabato City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Stichting BRAC International, Inc. - Philippine Branch (the "Branch"), which comprise the statements of assets and liabilities as at December 31, 2020 and 2019, and the statements of income and expenses and statements of cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information. The segmental financial information in the financial statements is not part of the basic financial statements and was not subjected to our audit.

In our opinion, the accompanying financial statements present fairly, in all material respects, the statements of assets and liabilities of the Branch as at December 31, 2020 and 2019, and its statements of income and expenses and its statements of cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Branch in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Branch's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Branch to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulation No. 15-2010 and Revenue Regulation No. 34-2020 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 15 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

VERNILO G. YU
Partner
CPA License No. 108798
SEC Accreditation No. 1815-A, Group A, valid until August 20, 2023
Tax Identification No. 225-454-652
BIR Accreditation No. 08-001987-35-2018
Issued September 20, 2018; valid until September 19, 2021
PTR No. MKT 8533924
Issued January 4, 2021 at Makati City

April 13, 2021
Makati City, Metro Manila

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH
(A Nonstock, Nonprofit Organization)

STATEMENTS OF ASSETS AND LIABILITIES

	Note	December 31 2020	2019
ASSETS			
Current Assets			
Cash	*4, 5*	**P12,437,105**	P19,504,036
Other current assets	*6*	**606,943**	86,000
Total Current Assets		**13,044,048**	19,590,036
Noncurrent Assets			
Property and equipment - net	*7*	**136,914**	222,822
Refundable deposits	*4*	**170,240**	195,780
Total Noncurrent Assets		**307,154**	418,602
		P13,351,202	P20,008,638
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	*4, 8*	**P5,044,268**	P4,884,902
Deferred grant income	*9*	**8,306,934**	15,123,736
Total Current Liabilities		**P13,351,202**	P20,008,638

See Notes to the Financial Statements.

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH
(A Nonstock, Nonprofit Organization)

STATEMENTS OF INCOME AND EXPENSES

	Note	Years Ended December 31 2020	2019
INCOME			
Grants	*9*	**P18,224,605**	P36,887,646
Interest income	*5*	**10,770**	35,257
		18,235,375	36,922,903
PROJECT EXPENSES			
Project Supplies - Sustainable livelihood		**6,581,734**	14,431,061
Salaries and employee benefits		**5,119,208**	9,009,077
Training and orientation		**1,897,324**	157,376
Transportation and travel		**471,605**	2,954,416
Evaluation activity		**446,852**	860,238
School supplies		**318,170**	-
Office utilities		**303,426**	293,717
Rent	*13*	**122,120**	340,500
Taxes and licenses		**46,879**	124,943
Learning facilitators allowances		**-**	3,273,229
Partner non-government organizations (NGO) employee benefits		**-**	808,848
Others		**874,607**	2,163,862
	10	**16,181,925**	34,417,267
OTHER EXPENSES (INCOME)			
Currency exchange loss (gains)	*4*	**353,346**	821,066
Depreciation	*7*	**85,908**	225,638
		439,254	1,046,704
GENERAL AND ADMINISTRATIVE EXPENSES	*11*	**1,614,196**	1,458,932
		18,235,375	36,922,903
NET EXCESS OF INCOME OVER EXPENSES		**P -**	P -

See Notes to the Financial Statements.

STATEMENTS OF CASH FLOWS

	Note	2020	2019
		Years Ended December 31	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net excess of income over expenses		**P -**	P -
Adjustments for:			
Currency Exchange Loss (Gains)	*4*	**353,346**	821,066
Depreciation	*7*	**85,908**	225,638
Interest income	*5*	**(10,770)**	(35,257)
Loss on disposal of property and equipment	*7*	**-**	45,190
Excess of income over expenses before working capital changes		**428,484**	1,056,637
Decrease (increase) in:			
Other current assets	*6*	**(520,943)**	174,867
Refundable Deposits		**25,540**	53,100
Decrease in:			
Accounts payable and accrued expenses		**159,366**	114,975
Deferred grant income	*9*	**(6,816,802)**	(14,858,261)
Cash used in operations		**(6,724,355)**	(13,458,682)
Interest received		**10,770**	35,257
Net cash used in operating activities in cash		**(6,713,585)**	(13,423,425)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	*7*	**-**	(207,970)
NET DECREASE IN CASH		**(6,713,585)**	(13,631,395)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH		**(353,346)**	(821,066)
CASH AT BEGINNING OF YEAR		**19,504,036**	33,956,497
CASH AT END OF YEAR	*5*	**P12,437,105**	P19,504,036

See Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Branch Information

Stichting BRAC International, Inc. (the “Head Office”), a foundation registered under the laws of The Netherlands, was granted by the Philippine Securities and Exchange Commission (SEC) a license to transact business in the Philippines (the “Branch”) on January 25, 2012 to manage the implementation of education assistance projects in Mindanao as part of the then Australian Agency for International Development (AusAID) program, which subsequently changed its name to Department of Foreign Affairs and Trade (DFAT) - Australian Aid Program. The Branch implements the “Alternative Delivery Model (ADM) Project” of the Basic Education Assistance for Mindanao in the Autonomous Region in Muslim Mindanao (BEAM-ARMM) with an objective of improving access to quality pre-school and elementary education, particularly in communities without access to or which have difficulty in accessing government schools. The project ended on June 30, 2019.

On December 6, 2017, the Branch revised its purpose, as registered with SEC, to manage the implementation of education assistance projects to Mindanao as part of the AusAid Program and to develop, implement and manage social welfare activities in education, health, livelihoods and community resilience by creating opportunities for people to realize their potential for change and development by linking and working with associated stakeholders in the Philippines.

On December 11, 2018, the Branch entered into agreement with Asian Development Bank on pioneering the implementation of “Ultra Poor Graduation (UPG) or Graduation Approach” (the “program”). The implementing government partner for the program is the Department of Labor and Employment (DOLE).

Under the program, on December 28, 2018 DOLE has given responsibility to the Branch in implementing the Livelihood (Kabuhayan) Project entitled “Swine Fattening, Meat Processing; Negosyo sa Kariton and Salted Eggs Processing Project,” or the “project,” in accordance with the Department Order No. 173, series of 2017.

The project targets households participating in the Pantawid Pamilyang Pilipino Program (4Ps). To build resilience and an upward trajectory from poverty for the poorest households in Negros, this approach designed to provide sustainable livelihoods, regular mentorship and coaching, and access to improved goods and services for selected households in Negros. Key interventions of the graduation approach include asset transfers, technical training, life skills training, savings facilitations, cash transfers, coaching, access to health services.

DOLE is leading the execution of the project in Negros Occidental in the municipalities of Murcia, Talisay, Silay City, Enrique B Magalona and Victorias.

The grants from DOLE and Asian Development Bank (ADB) is for the same project, however the beneficiaries are different. The grants for one set of beneficiaries is being coursed thru DOLE. While the grants for the other set of beneficiaries is directly being received from ADB. The second set of beneficiaries is an extension of the project. Both the projects ended on December 31, 2020.

The Branch has subcontracted a new program in 2020. The Pathways Program which is an Australian Government-funded education program in Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). It is designed to support the efforts of the Ministry of Basic, Higher and Technical Education (MBHTE) and other local stakeholders in improving educational performance, quality and equity.

Pathways is supporting the MBHTE to deliver quality education access to unserved communities through the Abot Kaalaman sa Pamilyang Bangsamoro (AKAP) Project. The support is intended to capacitate the access technical working group at the regional and division levels to provide, implement, manage and sustain alternative and contextualized learning modalities in remote communities. The AKAP Phase 1 project has ended last November 30, 2020 and the AKAP Phase 2 project will end on June 30, 2021.

In June 1, 2020, the branch entered into a contract with the Palladium Global Philippines as a sub-contractor for AKAP Phase 1 and AKAP Phase 2.

The Branch, in its letter to International Tax Affairs Division of the Bureau of International Revenue dated May 10, 2013, has requested for confirmation of the tax exemption privileges of the BEAM-ARMM Program pursuant to Section 30 of the Tax Reform Act of 1997 (R.A 8424). As at December 31, 2020, the Branch has not received confirmation of the said tax exemption.

The registered office of the Branch, which is also its principal place of business, is located at Block 4., Lot 6., Narra Street, San Pablo Village, Cotabato City.

2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS is based on International Financial Reporting Standards issued by the International Accounting Standards Board. PFRS consists of PFRS, Philippine Accounting Standards, and Philippine Interpretations.

The Branch qualifies as a Small Entity (SE) based on the criteria set by the SEC. However, as provided under the Revised Securities Regulation Code Rule 68, the Branch availed of the exemption from the mandatory adoption of the PFRS for SEs on the basis that it is a branch of a foreign parent company reporting under the full IFRS. There are no significant differences between PFRS and IFRS with regard to accounts that are currently used by the Branch.

The accompanying financial statements were approved and authorized for issue by the Board of Directors on April 13, 2021.

Basis of Measurement

The Branch's financial statements have been prepared under the historical cost basis of accounting.

Functional and Presentation Currency

The financial statements are presented in Philippine peso, which is the Branch's functional currency. All financial information expressed in Philippine peso has been rounded off to the nearest peso, except when otherwise indicated.

Significant Accounting Judgement, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS 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. However, uncertainty about these judgments, estimates and assumptions could result in outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the Branch's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

Determining Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Branch, the functional currency has been determined to be the Philippine peso. It is the currency that mainly influences the cost of implementing the project.

Estimates and Assumptions

The key estimates and assumptions used in the financial statements are based on management's evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

Estimating Useful Lives of Property and Equipment

The Branch estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use or the duration of the ADM Project whichever is shorter. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

A reduction in the estimated useful lives of property and equipment would increase depreciation expense and decrease noncurrent assets.

As at December 31, 2020 and 2019, the property and equipment, net of depreciation amounted to P136,914 and P222,822, respectively (see Note 7).

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies as explained below.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Branch has adopted the following amendments to standards starting January 1, 2020 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Branch's financial statements.

- *Amendments to References to Conceptual Framework in PFRS Standards* sets out amendments to PFRS Standards, their accompany documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes a new chapter on measurement, guidance on reporting financial performance, improved definitions of an asset and a liability, and guidance supporting these definitions, and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  Some Standards, their accompany documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee (IASC)'s Framework for the Preparation and Presentation of Financial Statements adopted by the International Accounting Standards Board (IASB) in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

- PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material (Amendments)* refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

  (a) raising the threshold at which information becomes material by replacing the term "could influence" with "could reasonably be expected to influence";

  (b) including the concept of "obscuring information" alongside the concept of "omitting" and "misstating" information in the definition;

  (c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;

  (d) clarifying the explanatory paragraphs accompany the definition; and

  (e) aligning the wording of the definition of material across PFRS Standards and other publications.

  The amendments are expected to help entities make better materiality judgements without substantively changing existing requirements.

Financial Instruments

Date of Recognition. The Branch recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those at fair value through profit or loss (FVPL), includes transaction costs.

Subsequent to initial recognition, the Branch classifies its financial assets in the following categories: financial assets at FVPL, financial assets at fair value through other comprehensive income (FVOCI), and financial assets at amortized cost. The classification of financial assets depends on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Branch classifies its financial liabilities as either financial liabilities at amortized cost or financial liabilities at FVPL. The Branch classifies all financial liabilities at amortized cost, except for:

(a) financial liabilities designated by the Branch at initial recognition as at fair value through profit or loss, when doing so results in more relevant information;

(b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;

(c) contingent consideration recognized by the Branch in a business combination which shall subsequently be measured at fair value with changes recognized in profit or loss; and

(d) financial guarantee contracts and commitments to provide loan at a below-market interest rate which are initially measured at fair value and subsequently at the higher of amortized amount and amount of loss allowance.

Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Determination of Fair Value. The fair value of financial instruments traded in active markets at reporting date is based on their quoted market price or dealer price quotations, without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been any significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Branch determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, the Branch has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

'Day 1' Profit. Where the transaction price in a non-active market is different from the fair value of the other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Branch recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which are not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Branch determines the appropriate method of recognizing the 'Day 1' profit amount.

The Branch has no financial liabilities at FVPL as at December 31, 2020 and 2019.

Financial Assets

Financial Assets at FVPL. The Branch measures a financial asset at FVPL unless it is measured at amortized cost or at FVOCI. At initial recognition, the Branch may choose to irrevocably designate a financial asset as measured at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets at FVPL are carried in the statements of financial position at fair value with gains or losses recognized in profit or loss. Interest income is recorded in the statement of comprehensive income when the right to receive payment has been established.

Financial Assets at Amortized Cost. The Branch measures a financial asset at amortized cost if it is not designated as at FVPL and both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are carried at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. The periodic amortization is included as part of "Interest income" in the statement of comprehensive income. Gains and losses are recognized in profit or loss when the financial assets at amortized cost are derecognized or impaired, as well as through the amortization process. Financial assets at amortized cost are included in current assets if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent assets.

The financial assets at amortized cost includes the Branch's cash and refundable deposits.

Cash represents cash on hand and in bank and is stated at its face value. Cash in banks earns interest at the respective bank deposit rates.

Business Model Assessment

The Branch makes an assessment of the objectives of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Branch's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reason for such sales and its expectation about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Branch's stated objective for managing the financial assets is achieved and how cash flows are realized.

Assessment whether Contractual Cash Flows are Solely Payments of Principal and Interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Branch considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Branch considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Branch's claim to cash flows for specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g., periodical reset of interest rates.

Financial Liabilities

Financial Liabilities at Amortized Cost. This category pertains to financial liabilities that are not designated at FVPL upon inception of the liability. These include liabilities arising from operations or borrowings. The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization for any related premium, discount and any directly attributable transaction costs. These financial liabilities are included in current liabilities if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent liabilities.

This category includes the Branch's accounts payable and accrued expenses (excluding statutory liabilities to government agencies).

Reclassification of Financial Assets and Liabilities

Financial Assets. When, and only when, the Branch changes its business model for managing financial assets, it shall reclassify all affected financial assets. Such changes are determined by the Branch's senior management as a result of external or internal changes and must be significant to the entity's operations and demonstrable to external parties.

A change in the Branch's business model will occur only when the Branch either begins or ceases to perform an activity that is significant to its operations; for example, when the entity has acquired, disposed of or terminated a business line.

Financial Liabilities. The Branch shall not reclassify any financial liability.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset expired;
- the Branch retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Branch has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the assets; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Branch has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Branch's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Branch could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

The Branch measures impairment losses using the expected credit losses model ("ECL") which is applied to all debt and equity instruments measured at amortized cost or FVOCI as well as to issued loan commitments and most financial guarantee contracts. The ECL is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment loss. Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or which have low credit risk at the reporting date. For these items, 12-month ECL are recognized. The 12-months ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these items, lifetime expected credit losses are recognized which is the weighted average credit losses with the probability of default as the weight. Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these items, lifetime expected credit losses are recognized. No impairment loss is recognized on equity investments.

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Branch considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Branch's historical experience, credit assessment and including forward-looking information.

The information analyzed by the Branch includes the following, among others:

- actual and expected significant changes in the political, regulatory and technological environment of the debtor or in its business activities

- payment record - this includes overdue status as well as a range of variables about payment ratios
- existing and forecast changes in the business, financial and economic conditions

The Branch considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligation to the Branch in full, without recourse by the Branch to actions such as realizing security (if any is held); or
- the debtor is past due more than 90 days on any material credit obligation to the Branch.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The carrying amount of the asset is reduced either directly or through the use of an allowance account. The impairment loss for the year is recognized in profit or loss. If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of assets and liabilities if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented on a gross basis in the statements of assets and liabilities.

Property and Equipment

Items of property and equipment are initially measured at cost. After initial recognition, all items of property and equipment are measured at cost less accumulated depreciation, and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Branch, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the statements of income and expenses as incurred.

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value, if any. Depreciation is recognized in the statements of income and expenses on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful life of each item of property and equipment is as follows:

	Number of Years
Office furniture and fixtures	3 - 10
Transportation equipment	5

If there is an indication that there has been a significant change in the depreciation method, useful life or residual value of an asset, the depreciation of that asset is reviewed and adjusted prospectively if appropriate.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized on a net basis in the statements of income and expenses.

Impairment of Nonfinancial Assets

The carrying amounts of the Branch's nonfinancial assets such as property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognized in the statements of income and expenses whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of a nonfinancial asset is the greater of the asset's fair value less costs to sell and its value in use (VIU).

The fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. VIU is the present value of the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of the useful life. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment are recognized in the statements of income and expenses.

Recognition of Grants

Grants received are initially recognized as deferred income and are then recognized as income to the extent of the expenses incurred for the year as set in the conditions associated with the grant. Assets acquired thru the grant are also recognized as deferred income and are recognized as income on a systematic basis over the useful life of the asset or duration of the related project whichever is shorter.

Interest Income

Interest income, presented net of applicable tax withheld by the banks, is recognized when earned.

Expense Recognition

Costs and expenses are recognized upon receipt of goods, utilization of services or at the date these are incurred.

Expenses are also recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition as an asset.

Short-term Leases

The Branch did not recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Branch recognizes the lease payments associated with these leases as an expense over the lease term and are recognized as rent expense in profit or loss.

Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded in Philippine peso using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated in Philippine peso using the exchange rate prevailing at the reporting date.

Exchange rate differences arising from the settlement of monetary items at rates different from those at which they were initially recorded and translated at reporting date are recognized in the statements of income and expenses in the year in which they arise.

Provisions

Provisions are recognized when the Branch has a legal or constructive obligation as a result of a past events, it is probable that an outflow of economic benefits will be required to settle the obligation and reliable estimate of the amount can be made.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Branch's statements of assets and liabilities at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Amendments to Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2020. However, the Branch has not early adopted the following amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Branch's financial statements.

Effective June 1, 2020

- PFRS 16, *Leases - COVID-19-Related Rent Concessions (Amendments)* introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient applies if: the revised consideration is substantially the same or less than the original consideration; the reduction in lease payments relates to payments due on or before June 30, 2021; and no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

  Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate.

Effective January 1, 2022

- PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use (Amendments)* prohibits an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories.*

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

  Earlier application is permitted. A lessee applies the amendments retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- *Annual Improvements to PFRS Standards 2018-2020* contains amendments to four standards:

  (a) *Subsidiary as a First-time Adopter (Amendment to PFRS, 1 First-time Adoption of Philippine Financial Reporting Standards).* The amendment simplifies the application of PFRS 1 for a subsidiary that becomes a first-time adopter of PFRS later than its parent. The subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to PFRS.

  (b) *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, Financial Instruments).* The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  (c) *Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16, Leases).* The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

  (d) *Taxation in Fair Value Measurements (Amendment to PAS 14, Agriculture)* removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurements in PAS 41 with those in PFRS 13, *Fair Value Measurement*.

Effective January 1, 2023

- PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (Amendments)* promotes consistency in application and clarify the requirements on determining whether a liability is current or non-current. The amendments:

  (a) removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  (b) clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  (c) clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

Deferral of the local implementation of Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 Consolidated Financial Statements and PAS 28 Investments in Associates and Joint Ventures)* addresses an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

  The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the Financial Reporting Standard Council (FRSC) decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Financial Risk Management

Objectives and Policies

The Branch has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Branch's exposure to each of the above risks, the Branch's objectives, policies and processes for measuring and managing such risks, and the Branch's management of capital. Further quantitative disclosures are included throughout the notes to the financial statements.

The main purpose of the Branch's dealings in financial instruments is to fund its operations and capital expenditures.

The Governing Body of the Head Office of the Branch has overall responsibility for the establishment and oversight of the Branch's risk management framework. The Governing Body has established the Audit Committee, which is responsible for developing and monitoring the Branch's risk management policies.

The Audit committee identifies all issues affecting the operations of the Branch and reports regularly to the Governing Body on its activities. The Branch's risk management policies are established to identify and analyze the risks faced by the Branch, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Branch's activities.

Mitigating strategies and procedures are devised to address the risks that inevitably occur so as not to affect the Branch's operations and impact forecasted results.

The Branch, through its training on and management of standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Project Manager performs oversight over financial management functions, specifically in the areas of managing credit, market and other risks of the Branch. The Country Representative directly interfaces with the internal audit function, which undertakes reviews of risk management controls and procedures and ensures the integrity of internal control activities which affect the financial management system of the Branch.

Credit Risk

The results of procedures performed by the Project Manager are reported to the Audit Committee. The Project Manager reviews and institutes policies for managing each of the risks and they are summarized below.

The maximum exposure to credit risk for the Branch's financial assets as at December 31 is presented below:

	Note	2020	2019
Cash in banks	*5*	**P12,405,376**	P19,436,377
Refundable deposits	*13*	**170,240**	195,780
		P12,575,616	P19,632,157

The aging of financial assets as at December 31, are as follows:

	2020						
	Neither Past Due nor Impaired	**Past Due but not Impaired**				**Past Due and Impaired**	
		<30 Days	**31 - 60 Days**	**61 - 90 Days**	**90 Days**		**Total**
Cash in banks	**P12,405,376**	**P -**	**P -**	**P -**	**P -**	**P -**	**P12,405,376**
Refundable deposit	**170,240**	**-**	**-**	**-**	**-**	**-**	**170,240**
	P12,575,616	**P -**	**P -**	**P -**	**P -**	**P -**	**P12,575,616**

	2019						
	Neither Past Due nor Impaired	Past Due but not Impaired				Past Due and Impaired	
		<30 Days	31 - 60 Days	61 - 90 Days	90 Days		Total
Cash in banks	P19,436,377	P -	P -	P -	P -	P -	P19,436,377
Refundable deposit	195,780	-	-	-	-	-	195,780
	P19,632,157	P -	P -	P -	P -	P -	P19,632,157

Below is the classification of the Branch's financial assets that are neither past-due nor impaired:

2020	**High Grade**	**Standard Grade**	**Total**
Cash in banks	**P12,405,376**	**P -**	**P12,405,376**
Refundable deposits	**170,240**	**-**	**170,240**
	P12,575,616	**P -**	**P12,575,616**

2019	High Grade	Standard Grade	Total
Cash in banks	P19,436,377	P -	P19,436,377
Refundable deposits	195,780	-	195,780
	P19,632,157	P -	P19,632,157

The credit qualities of financial assets were determined as follows:

- Cash in banks is considered high grade as these pertains to deposits in reputable banks.
- Refundable deposits are considered high grade since these are transacted with counterparties with good reputation.

Cash in Banks

Impairment on cash in banks has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Branch considers that its cash in banks have low credit risk considering the Branch's cash in banks are held with reputable bank institutions. Therefore, the ECL for the Branch's cash in banks as at December 31, 2020 was determined to have no significant impact on the Branch's financial statements.

The Branch's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Branch has cash deposited in two (2) banks in three (3) different branches. The Branch's management performs an assessment of its external environment, including the related risks and limitations, and selects the Branch's depository banks based on factors such as reputation in the marketplace, and compliance with regulations, among others.

Estimating ECL

The table below presents the Branch's exposure to credit risk and shows the credit quality of the financial assets as at December 31, 2020 by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	Financial Assets at Amortized Cost				
December 31, 2020	**12-month ECL**	**Lifetime ECL not Credit Impaired**	**Total**	**ECL**	**Carrying Amount**
Cash in banks	**P12,405,376**	**P -**	**P12,405,376**	**P -**	**P12,405,376**
Other current assets	**606,943**	**-**	**606,943**	**-**	**606,943**
Refundable deposits	**170,240**	**-**	**170,240**	**-**	**170,240**
	P13,182,559	**P -**	**P13,182,559**	**P -**	**P13,182,559**

	Financial Assets at Amortized Cost				
December 31, 2019	12-month ECL	Lifetime ECL not Credit Impaired	Total	ECL	Carrying Amount
Cash	P19,504,036	P -	P19,504,036	P -	P19,504,036
Other current assets	86,000	-	86,000	-	86,000
Refundable deposits	195,780	-	195,780	-	195,780
	P19,785,816	P -	P19,785,816	P -	P19,785,816

Cash in banks and cash equivalents are considered of good quality as these pertain to deposits in reputable banks.

Impairment on cash has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Branch considers that its cash has low credit risk based on the external credit ratings of the counterparties.

Other current assets and refundable deposits and are considered of good quality since these are transacted with counterparties with high external credit ratings. the credit quality of these financial assets is considered to be high grade.

Liquidity Risk

Liquidity risk pertains to the risk that the Branch will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Branch's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The table below summarizes the maturity profile of the Branch's financial liabilities based on contractual undiscounted payments used for liquidity management:

	2020			
	Carrying Amount	**Total**	**Less than 3 Months**	**More than 3 Months**
Financial Liability				
Accounts payable and accrued expenses*	**P5,018,495**	**P5,018,495**	**P5,018,495**	**P -**

*Excluding statutory payables.

	2019			
	Carrying Amount	Total	Less than 3 Months	More than 3 Months
Financial Liability				
Accounts payable and accrued expenses*	P4,700,574	P4,700,574	P4,700,574	P -

*Excluding statutory payables.

Market Risk

Market risk is the risk that changes in foreign exchange rates which affect the Branch's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Currency Risk

The Branch is exposed to foreign currency risk on monetary asset and liability held in currencies other than the Philippine peso, the Branch ensures that its exposure is kept to an acceptable level by maintaining regular savings deposits in US dollar and buying foreign currencies at spot rates where necessary to address short-term imbalances.

The Branch's foreign currency-denominated assets and liabilities as at December 31 are as follows:

2020	**Current Assets**	**Current Liabilities**	**Net Foreign Currency Exposure**	**Exchange Rate**	**PHP Equivalent**
Currency					
USD	**98,605**	**30,867**	**67,738**	**48.036**	**3,253,863**

2019	Current Assets	Current Liabilities	Net Foreign Currency Exposure	Exchange Rate	PHP Equivalent
Currency					
USD	216,473	21,730	194,743	50.744	9,882,039

The Branch recognized foreign exchange gains (loss) of (P353,346) and (821,066) in 2020 and 2019, respectively.

Sensitivity Analysis

A 5% strengthening of the Philippine peso against USD as at December 31, 2020 would have decreased foreign exchange loss by P173,645. A 4% strengthening of the Philippine peso against USD as at December 31, 2019 would have increased foreign exchange gains by P395,645.

A weakening of the Philippine peso against the USD by the same percentage as above as at December 31, 2020 and 2019 would have had equal but opposite effect on the basis that all other variables remain constant.

Fair Values

The carrying value of cash approximates its fair value, since it can be readily withdrawn and used for operations at any time. The fair value of the refundable deposits approximates its carrying amount since it can be reasonably be collected on their due dates.

5. Cash

This account consists of:

	Note	**2020**	2019
Cash in banks	4	**P12,405,376**	P19,436,377
Cash on hand		**31,729**	67,659
		P12,437,105	P19,504,036

Cash in banks earns annual interest at the respective bank deposit rates.

Interest income earned from cash in banks in 2020 and 2019 amounted to P10,770 and P35,257, respectively.

6. Other Current Assets

Other current asset for 2020 is pertaining to the grants receivable from ADB amounting to P606,943 and for 2019, the amount of P86,000 pertains to down payment for project supplies under ADB UPGI project.

7. Property and Equipment

The movements and balances of this account are as follows:

	Office Furniture and Equipment	Transportation Equipment	Total
Cost			
January 1, 2019	P2,068,307	P10,074,800	P12,143,107
Additions	207,970	-	207,970
Disposals	(1,687,774)	(8,189,800)	(9,877,574)
December 31, 2019	588,503	1,885,000	2,473,503
Additions	-	-	-
Disposals	-	-	-
December 31, 2020	**588,503**	**1,885,000**	**2,473,503**
Accumulated Depreciation			
January 1, 2019	1,782,640	10,074,787	11,857,427
Depreciation	225,638	-	225,638
Disposals	(1,642,597)	(8,189,787)	(9,832,384)
December 31, 2019	365,681	1,885,000	2,250,681
Depreciation	85,908	-	85,908
Disposals	-	-	-
December 31, 2020	**451,589**	**1,885,000**	**2,336,589**
Carrying Amount			
December 31, 2019	P222,822	P -	P222,822
December 31, 2020	**P136,914**	**P -**	**P136,914**

8. Accounts Payable and Accrued Expenses

This account consists of:

	Note	2020	2019
Accrued expenses		**P3,568,692**	P3,668,846
Due to related parties	*12*	**1,449,803**	740,846
Payroll-related payable		**14,322**	337,797
Withholding tax payable		**11,451**	137,413
		P5,044,268	P4,884,902

Due to related parties includes payables to BRAC USA and Stichting BRAC International. These pertain to reimbursements for expenses incurred in providing management and technical support to the Branch (see Note 12).

Accrued expenses pertains to the accrual of employee benefits of the Branch's.

9. Grant Agreement

On December 11, 2018, the branch signed a contract with ADB, TA-9592 REG: Implementation Support in the Philippines (50364-003), in support of the UPG Program in Negros Occidental. The contract amounted to $250,000.

On December 28, 2018, the Branch entered into contract with DOLE, related to UPG program, a Livelihood (Kabuhayan) project was launched with DOLE. Total contract amounted to P14,302,047.

The contract with ADB and DOLE is both for the UPG program which is for the Livelihood (Kabuhayan) project. Grants from ADB and DOLE is for different sets of beneficiaries selected by a third party engaged by ADB, respectively.

The Branch has subcontracted a new program in 2020. The Pathways Program is an Australian Government- funded education program in BARMM. It is designed to support the efforts of the MBHTE and other local stakeholders in improving educational performance, quality and equity.

Pathways is supporting the MBHTE to deliver quality education access to unserved communities through the AKAP Project. The support is intended to capacitate the Access Technical Working Group (TWG) at the regional and division levels to provide, implement, manage and sustain alternative and contextualized learning modalities in remote communities. Thus, AKAP project has a total grants of Php 6,747,970 and Php 15,016,723 for Phase 1 and Phase 2 respectively. The branch received full amount of grants for Phase 1 and partial commitment for Phase 2 for the year.

In June 1, 2020, the branch entered into a contract with the Palladium Global Philippines as a sub-contractor for AKAP Phase 1 and AKAP Phase 2.

10. Project Expenses

Project expenses incurred per project for the years ended December 31, 2020 and 2019, respectively, are presented below:

Description	2020	2019
DFAT - ADM		
Component 1: Curriculum, Materials and Assessment Development	**P -**	P -
Component 2: Community Learning Center Operations	**-**	8,157,332
Component 3: Capacity Building	**-**	157,376
Component 4: Project Management, Monitoring and Evaluation	**-**	7,131,723
	-	15,446,431
UPG - DOLE		
Project supplies - sustainable livelihood	**3,637,651**	7,836,642
UPG - ADB		
Project supplies - sustainable livelihood	**1,222,508**	6,594,419
Salaries and benefits	**259,811**	1,877,354
Taxes and licenses	**13,400**	14,450
Office utilities	**2,913**	11,485
Transportation and travel	**(262,427)**	472,624
	4,873,856	16,806,974

Forward

Description	2020	2019
DFAT - ACCESS		
Salaries and Benefits	**P2,256,172**	P -
Training and Orientation	**1,897,324**	-
Project Supplies - school Supplies	**1,721,575**	-
Evaluation Activity	**446,852**	-
School supplies	**318,170**	-
Office utilities	**183,220**	-
Rent	**122,120**	-
Transportation and travel	**91,937**	-
	7,037,370	-
	P11,911,226	P32,253,405

Other project expenses related to the Country Office of the Branch in 2020 and 2019 amounted to P3,396,092 and nil, respectively.

In 2019, the Branch entered into various agreements with local NGOs. As provided under the terms of the agreement with DFAT, the NGOs will manage the operation of the community learning classrooms (CLCs) in their designated provinces in Autonomous Region in Muslim Mindanao (ARMM). As at December 31, 2019, the Branch, together with its duly recognized local NGOs, focused on the transition of the children to DepEd managed schools.

The Branch disburses funds to its local partner NGOs on a quarterly basis for the management and operations of the CLCs in their designated areas and provinces. The partner NGOs will liquidate the funds received for the expenses incurred in accordance with the agreement.

Project supplies for the UPG - DOLE and UPG - ADB pertains to cost of swines, freezers, carts, supplies for the carts, ingredients for meat processing and ingredients for salted eggs.

In June 1, 2020, the Branch entered into agreement with Palladium Global Philippines to support MBHTE-BARMM in providing technical assistance in establishing AKAP learning centers, including community scoping activities, development, and implementation of a Training needs Assessment with Learning Facilitators, conducting a write shop with the Access TWG and basic orientations and pre-service training in each of the seven divisions. As at December 31, 2020, this is the only existing project of the Branch.

Other project expenses during the year includes:

	Note	2020	2019
ERP software and service charge overhead costs	*12*	**P496,213**	P1,015,534
Office running costs		**378,394**	1,148,328
		P874,607	P2,163,862

11. General and Administrative Expenses

This account consists of:

	Note	2020	2019
Professional fees		**P486,998**	P493,673
Outside services		**431,567**	404,910
Transportation and travel		**419,422**	198,865
Security measurement management		**132,670**	91,805
Technical support	*12*	**-**	172,842
Support services		**-**	28,004
Utilities		**-**	15,957
Others		**143,539**	52,876
		P1,614,196	P1,458,932

12. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

In the implementation of the ADB, ADM and AKAP project, the Branch has transactions with its related parties as at 2020 and 2019 as follows:

Related Party/Transaction	Ref	Year	Amount of the Transaction	Outstanding Balance Due to Related Parties	Terms and Conditions
Head office					
Technical support	*12a*	**2020**	**P750,966**	**P1,317,675**	**30 days; non- interest;**
		2019	P566,709	P566,709	**bearing unsecured**
BRAC USA					
Cash advances	*12b*	**2020**	**42,009**	**132,128**	**30 days; non- interest;**
		2019	3,956,338	174,137	**bearing unsecured**
		2020		**P1,449,803**	
		2019		P740,846	

a. Technical support pertains to reimbursements to the Head Office for expenses paid for in providing administration and financial management assistance to the Branch. It also entails sending support personnel to the Branch for the efficient and effective management and implementation of the existing projects in accordance with the provisions of the Grant Agreement.

b. Cash advances pertains to the cash received from BRAC USA for the monthly compensation of the staff of UPG program.

13. Leases

In July 2018, the branch transferred the BRAC Philippines Country Office to Waterfront Insular Hotel, Km 7, Lanang, Davao City and entered into a lease agreement for the period of one (1) year commencing on July 2018. In September 2020, the Country Office in Davao City has ended, and the operation was transferred to Cotabato City where the existing Cotabato Provincial Office has been renamed to BRAC Philippines Project Office.

In September 2018, the Cotabato branch transferred to San Pablo St., Rosary Heights 10, Cotabato City and entered into a lease agreement until December 31, 2020. In December 31, 2020, the lease was also renewed for another six (6) months.

The Branch also leases various premises serve as Provincial Office. The lease period which range up to one (1) year. All these lease agreements require a refundable deposit except Zamboanga office.

All aforementioned leases will be renewed after December 2020 except for the Davao City Country office lease which was terminated in September 30, 2020.

Short-term Lease

The Branch outstanding lease is the lease of office premises of which is considered as a short-term lease. The Branch did not recognize right-of-use assets and lease liabilities for the lease.

Rent expense amounted to P122,120 and P340,500 in 2020 and 2019, respectively.

14. Events After the Reporting Date

On March 1, 2021, BRAC Philippines signed a Memorandum of Understanding with BRAC USA for the Ultra-Poor Graduation Initiative Program in the Philippines in partnership with the Department of Social Welfare and Development, Department of Foreign Affairs and Trade - Australia and the Asian Development Bank. BRAC Philippines will provide payroll administration, health and accident insurance and financial administration to twenty-eight (28) UPGI ground Staff in the areas of Bukidnon, Iloilo and Sultan Kudarat.

The project is expected to run for twenty- two (22) months until December 31, 2022.

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Among the salient features of the Act, none is relevant to the Company.

The measure is set to take effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation. After which, the implementing rules and regulation will be issued by the tax authority.

The enactment of the CREATE Law is a non-adjusting subsequent event and has no impact to the Branch which is a non-stock, nonprofit organization and is not subject for income tax.

15. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRS, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the notes to financial statements which were prepared in accordance with PFRS. The following is the tax information required by Revenue Regulations No. 15-2010 for the taxable year ended December 31, 2020:

Based on RR No. 15-2010

The Branch reported and/or paid the following types of taxes in 2020:

A. Withholding Taxes

Final withholding taxes	P396,177
Tax on compensation and benefits	374,597
	P770,774

B. All Other Taxes (Local and National)

Other taxes paid during the year recognized under "Taxes and licenses" account under Project Expenses	
Licenses and permits	**P46,879**

C. Deficiency Tax Assessments

As at December 31, 2020, the Branch has no deficiency tax assessment.

D. Tax Cases

As at December 31, 2020, the Branch has no pending tax court cases nor has received tax assessment notices from the BIR.

The Branch is a non-VAT registered entity not engaged in the sale of goods or service. All of its receipts, excluding interest income from banks, come from grants which were not charged with output VAT. The input tax incurred in all of its costs and expenses were charged to operations.

Information on the amount of custom duties and tariff fees, excise taxes and documentary stamp taxes paid or accrued are not applicable since the Branch did not enter into transactions that resulted in payment or accrual of such taxes.

Based on RR No. 34-2020

In relation to Section 4 of BIR Revenue Regulations (RR) No. 34-2020, the Branch is not covered by the prescribed requirements and procedures for the submission of BIR form No. 1709 Information Return on Related Party Transactions, Transfer Pricing Documentation (TPD) and other supporting documents.

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH
(A Nonstock, Nonprofit Organization)

STATEMENTS OF ASSETS AND LIABILITIES
AS OF DECEMBER 31, 2020

	Country Office	UPG-DOLE	UPG-ADB	DFAT AKAP	DFAT AKAP P2	Total
ASSETS						
Current Assets						
Cash	P5,800,126	P67,368	P206,104	P756,201	P5,607,306	P12,437,105
Other current assets	-	-	606,943	-	-	606,943
Total Current Assets	5,800,126	67,368	813,047	756,201	5,607,306	13,044,048
Noncurrent Assets						
Property and equipment - net	72,019	-	64,895	-	-	136,914
Refundable deposit	33,020	(60,001)	192,720	168,835	(164,334)	170,240
Total Noncurrent Assets	105,039	(60,001)	257,615	168,835	(164,334)	307,154
	P5,905,165	**P7,367**	**P1,070,662**	**P925,036**	**P5,442,972**	**P13,351,202**
LIABILITIES						
Current Liabilities						
Accounts payable and accrued expenses	P3,156,314	P -	P1,005,767	P870,735	P11,452	P5,044,268
Deferred grant income - current	2,748,851	7,367	64,895	54,301	5,431,520	P8,306,934
Total Current Liabilities	**P5,905,165**	**P7,367**	**P1,070,662**	**P925,036**	**P5,442,972**	**P13,351,202**

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH
(A Nonstock, Nonprofit Organization)

STATEMENTS OF INCOME AND EXPENSES
AS OF DECEMBER 31, 2020

	Country Office	UPG-DOLE	UPG-ADB	DFAT AKAP	DFAT AKAP P2	Total
INCOME						
Grants	P6,183,714	P3,636,217	P1,135,836	P6,693,669	P575,169	P18,224,605
Interest income	8,786	1,984	-	-	-	10,770
	6,192,500	3,638,201	1,135,836	6,693,669	575,169	18,235,375
PROJECT EXPENSES						
Project supplies	-	3,637,651	1,222,508	1,647,484	74,091	6,581,734
Salaries and employee benefits	2,603,225	-	259,811	1,842,025	414,147	5,119,208
Training and orientation	-	-	-	1,897,324	-	1,897,324
Transportation and travel	642,095	-	(262,427)	83,646	8,291	471,605
Evaluation activity	-	-	-	433,658	13,194	446,852
School supplies	-	-	-	300,510	17,660	318,170
Office utilities	117,293	-	2,913	159,344	23,876	303,426
Rent	-	-	-	98,310	23,810	122,120
Taxes and licenses	33,479	-	13,400	-	-	46,879
Others	782,281	550	(139,692)	231,368	100	874,607
	4,178,373	3,638,201	1,096,513	6,693,669	575,169	16,181,925
OTHER NONCASH EXPENSES (INCOME)						
Currency exchange gain/(loss)	353,346	-	-	-	-	353,346
Depreciation	46,585	-	39,323	-	-	85,908
	399,931	-	39,323	-	-	439,254
GENERAL AND ADMINISTRATIVE EXPENSES	1,614,196	-	-	-	-	1,614,196
	6,192,500	3,638,201	1,135,836	6,693,669	575,169	18,235,375
NET EXCESS OF EXPENSES OVER INCOME	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**

COVER SHEET
For
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

F	N	2	0	1	2	0	0	8	8	2

COMPANY NAME

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH (A NoNstock, Nonprofit Organization)

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

Block 4, Lot 6, Narra Street San Pablo Village Cotabato City Philippines

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
www.brac.net	N/A	+639171253176

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
N/A	N/A	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Janifa C. Bangcola	Janifa.b@brac.org.ph	N/A	+639171588076

CONTACT PERSON's ADDRESS

Block 4., Lot 6, Narra Street., San Pablo Village Cotabato City, Philippines

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

STICHTING BRAC INTERNATIONAL, INC.
(Incorporated in Netherlands)

PHILIPPINE BRANCH
(A Nonstock, Nonprofit Organization)

SUPPLEMENTARY INFORMATION TO THE
FINANCIAL STATEMENTS
December 31, 2020 and 2019
(TRANSLATED TO U.S. DOLLARS USING CLOSING RATE FOR
STATEMENTS OF ASSETS AND LIABILITIES AND AVERAGE RATE FOR
STATEMENTS OF INCOME AND EXPENSES AT REPORTING DATE)

With Independent Auditors' Report

KPMG

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Philippines 1226
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April 13, 2021

The Board of Directors and Stockholders
Stichting BRAC International, Inc. - Philippine Branch
Block 4, Lot 6, Narra St. San Pablo Village
Cotabato City

Attention:

Gentlemen:

We have audited in accordance with Philippine Standard on Auditing, the financial statements of the Philippine Branch Office of Stichting BRAC International, Inc. (a nonstock, nonprofit organization) as at December 31, 2020 and 2019, and have issued our report thereon dated April 13, 2021. Such financial statements have been presented in Philippine peso, being the Branch's functional currency.

In reference to your request, we are please to submit the accompanying financial statements containing supplementary information using U.S. dollars as the presentation currency.

Please note that the said financial statements are intended solely as supplementary information for the use of the Board of Directors of the Head Office of the Branch and Management of the Philippine Branch Office of Stichting Brac International, Inc. and are not intended to be and should not be used by anyone other than these specified parties. The segmental financial information in the financial statements is not part of the basic financial statements and was not subjected to our audit.

Yours very truly,

VERNILO G. YU
Partner

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH

(A Nonstock, Nonprofit Organization)

SUPPLEMENTARY INFORMATION TO THE STATEMENTS OF ASSETS AND LIABILITIES (TRANSLATED TO U.S. DOLLARS USING CLOSING RATE AT REPORTING DATE)

		December 31	
	Note	**2020**	2019
ASSETS			
Current Assets			
Cash	*4, 5*	**$258,912**	$384,361
Other current assets	*6*	**12,635**	1,695
Total Current Assets		**271,547**	386,056
Noncurrent Assets			
Property and equipment - net	*7*	**2,850**	4,391
Refundable deposits	*4*	**3,544**	3,859
Total Noncurrent Assets		**6,394**	8,250
		$277,941	$394,306
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	*4, 8*	**$105,010**	$96,266
Deferred grant income	*9*	**172,931**	298,040
Total Current Liabilities		**$277,941**	$394,306

See Notes to the Financial Statements.

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH

(A Nonstock, Nonprofit Organization)

SUPPLEMENTARY INFORMATION TO THE STATEMENTS OF INCOME AND EXPENSES (TRANSLATED TO U.S. DOLLARS USING CLOSING RATE AT REPORTING DATE)

		Years Ended December 31	
	Note	2020	2019
INCOME			
Grants	9	$367,617	$712,998
Interest income	5	217	681
		367,834	713,679
PROJECT EXPENSES			
Project Supplies - Sustainable livelihood		132,763	278,937
Salaries and employee benefits		103,262	174,136
Training and orientation		38,272	3,042
Transportation and travel		9,513	57,106
Evaluation activity		9,014	16,627
School supplies		6,418	-
Office utilities		6,121	5,677
Rent	13	2,463	6,581
Taxes and licenses		946	2,415
Learning facilitators allowances		-	63,268
Partner non-government organizations (NGO) employee benefits		-	15,634
Others		17,640	41,825
	10	326,412	665,248
OTHER EXPENSES			
Currency exchange loss	4	7,128	15,870
Depreciation	7	1,733	4,361
		8,861	20,231
GENERAL AND ADMINISTRATIVE EXPENSES	11	32,561	28,200
		367,834	713,679
NET EXCESS OF INCOME OVER EXPENSES		$ -	$ -

See Notes to the Financial Statements.

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH

(A Nonstock, Nonprofit Organization)

SUPPLEMENTARY INFORMATION TO THE STATEMENTS OF CASH FLOWS (TRANSLATED TO U.S. DOLLARS USING CLOSING RATE AT REPORTING DATE)

		Years Ended December 31	
	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net excess of income over expenses		$ -	$ -
Adjustments for:			
Depreciation	7	1,733	4,361
Loss on disposal of property and equipment	7	-	891
Interest income	5	(217)	(681)
Excess of income over expenses before working capital changes		1,516	4,571
Decrease (increase) in:			
Other current assets	6	(10,940)	3,446
Refundable Deposits		315	1,046
Decrease in:			
Accounts payable and accrued expenses		8,744	2,266
Deferred grant income	9	(125,109)	(292,597)
Cash used in operations		(125,474)	(281,268)
Interest received		217	681
Net cash used in operating activities in cash		(125,257)	(280,587)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	7	-	(4,224)
NET DECREASE IN CASH		(125,257)	(284,811)
Adjustments*		(192)	25,081
CASH AT BEGINNING OF YEAR		384,361	644,091
CASH AT END OF YEAR	5	$258,912	$384,361

*Adjustment to translate beginning balance at closing rate as of December 31, 2020

See Notes to the Financial Statements.

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH

(A Nonstock, Nonprofit Organization)

SUPPLEMENTARY INFORMATION TO THE NOTES TO FINANCIAL STATEMENTS (WITH AMOUNTS TRANSLATED TO U.S. DOLLARS USING CLOSING RATE AT REPORTING DATE)

1. Branch Information

Stichting BRAC International, Inc. (the "Head Office"), a foundation registered under the laws of The Netherlands, was granted by the Philippine Securities and Exchange Commission (SEC) a license to transact business in the Philippines (the "Branch") on January 25, 2012 to manage the implementation of education assistance projects in Mindanao as part of the then Australian Agency for International Development (AusAID) program, which subsequently changed its name to Department of Foreign Affairs and Trade (DFAT) - Australian Aid Program. The Branch implements the "Alternative Delivery Model (ADM) Project" of the Basic Education Assistance for Mindanao in the Autonomous Region in Muslim Mindanao (BEAM-ARMM) with an objective of improving access to quality pre-school and elementary education, particularly in communities without access to or which have difficulty in accessing government schools. The project ended on June 30, 2019.

On December 6, 2017, the Branch revised its purpose, as registered with SEC, to manage the implementation of education assistance projects to Mindanao as part of the AusAid Program and to develop, implement and manage social welfare activities in education, health, livelihoods and community resilience by creating opportunities for people to realize their potential for change and development by linking and working with associated stakeholders in the Philippines.

On December 11, 2018, the Branch entered into agreement with Asian Development Bank on pioneering the implementation of "Ultra Poor Graduation (UPG) or Graduation Approach" (the "program"). The implementing government partner for the program is the Department of Labor and Employment (DOLE).

Under the program, on December 28, 2018 the DOLE has given responsibility to the Branch in implementing the Livelihood (Kabuhayan) Project entitled "Swine Fattening, Meat Processing; Negosyo sa Kariton and Salted Eggs Processing Project," or the "project," in accordance with the Department Order No. 173, series of 2017.

The project targets households participating in the Pantawid Pamilyang Pilipino Program (4Ps). To build resilience and an upward trajectory from poverty for the poorest households in Negros, this approach designed to provide sustainable livelihoods, regular mentorship and coaching, and access to improved goods and services for selected households in Negros. Key interventions of the graduation approach include asset transfers, technical training, life skills training, savings facilitations, cash transfers, coaching, access to health services.

DOLE is leading the execution of the project in Negros Occidental in the municipalities of Murcia, Talisay, Silay City, Enrique B Magalona and Victorias.

The grants from DOLE and ADB is for the same project, however the beneficiaries are different. The grants for one set of beneficiaries is being coursed thru DOLE. While the grants for the other set of beneficiaries is directly being received from ADB. The second set of beneficiaries is an extension of the project. Both the projects ended on December 31, 2020.

The Branch has subcontracted a new program in 2020. The Pathways Program which is an Australian Government-funded education program in Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). It is designed to support the efforts of the Ministry of Basic, Higher and Technical Education (MBHTE) and other local stakeholders in improving educational performance, quality and equity.

Pathways is supporting the MBHTE to deliver quality education access to unserved communities through the Abot Kaalaman sa Pamilyang Bangsamoro (AKAP) Project. The support is intended to capacitate the access technical working group at the regional and division levels to provide, implement, manage and sustain alternative and contextualized learning modalities in remote communities. The AKAP Phase 1 project has ended last November 30, 2020 and the AKAP Phase 2 project will end on June 30, 2021.

In June 1, 2020, the branch entered into a contract with the Palladium Global Philippines as a sub-contractor for AKAP Phase 1 and AKAP Phase 2.

The Branch, in its letter to International Tax Affairs Division of the Bureau of International Revenue dated May 10, 2013, has requested for confirmation of the tax exemption privileges of the BEAM-ARMM Program pursuant to Section 30 of the Tax Reform Act of 1997 (R.A 8424). As at December 31, 2020, the Branch has not received confirmation of the said tax exemption.

The registered office of the Branch, which is also its principal place of business, is located at Block 4., Lot 6., Narra Street, San Pablo Village, Cotabato City.

2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS is based on International Financial Reporting Standards issued by the International Accounting Standards Board. PFRS consists of PFRS, Philippine Accounting Standards, and Philippine Interpretations.

The Branch qualifies as a Small Entity (SE) based on the criteria set by the SEC. However, as provided under the Revised Securities Regulation Code Rule 68, the Branch availed of the exemption from the mandatory adoption of the PFRS for SEs on the basis that it is a branch of a foreign parent company reporting under the full IFRS. There are no significant differences between PFRS and IFRS with regard to accounts that are currently used by the Branch.

The accompanying financial statements were approved and authorized for issue by the Board of Directors on April 13, 2021.

Basis of Measurement

The Branch's financial statements have been prepared under the historical cost basis of accounting.

Functional and Presentation Currency

The financial statements are presented in Philippine peso, which is the Branch's functional currency. All financial information expressed in Philippine peso has been rounded off to the nearest peso, except when otherwise indicated.

Significant Accounting Judgement, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS 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. However, uncertainty about these judgments, estimates and assumptions could result in outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the Branch's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

Determining Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Branch, the functional currency has been determined to be the Philippine peso. It is the currency that mainly influences the cost of implementing the project.

Estimates and Assumptions

The key estimates and assumptions used in the financial statements are based on management's evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

Estimating Useful Lives of Property and Equipment

The Branch estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use or the duration of the ADM Project whichever is shorter. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

A reduction in the estimated useful lives of property and equipment would increase depreciation expense and decrease noncurrent assets.

As at December 31, 2020 and 2019, the property and equipment, net of depreciation amounted to $2,850 and $4,391, respectively (see Note 7).

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies as explained below.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Branch has adopted the following amendments to standards starting January 1, 2020 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Branch's financial statements.

- *Amendments to References to Conceptual Framework in PFRS Standards* sets out amendments to PFRS Standards, their accompany documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes a new chapter on measurement, guidance on reporting financial performance, improved definitions of an asset and a liability, and guidance supporting these definitions, and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  Some Standards, their accompany documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee (IASC)'s Framework for the Preparation and Presentation of Financial Statements adopted by the International Accounting Standards Board (IASB) in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

- PAS 1, *Presentation of Financial Statements,* and PAS 8*, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material (Amendments)* refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

  (a) raising the threshold at which information becomes material by replacing the term "could influence" with "could reasonably be expected to influence";

  (b) including the concept of "obscuring information" alongside the concept of "omitting" and "misstating" information in the definition;

  (c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;

  (d) clarifying the explanatory paragraphs accompany the definition; and

  (e) aligning the wording of the definition of material across PFRS Standards and other publications.

The amendments are expected to help entities make better materiality judgements without substantively changing existing requirements.

Financial Instruments

Date of Recognition. The Branch recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those at fair value through profit or loss (FVPL), includes transaction costs.

Subsequent to initial recognition, the Branch classifies its financial assets in the following categories: financial assets at FVPL, financial assets at fair value through other comprehensive income (FVOCI), and financial assets at amortized cost. The classification of financial assets depends on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Branch classifies its financial liabilities as either financial liabilities at amortized cost or financial liabilities at FVPL. The Branch classifies all financial liabilities at amortized cost, except for:

(a) financial liabilities designated by the Branch at initial recognition as at fair value through profit or loss, when doing so results in more relevant information;

(b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;

(c) contingent consideration recognized by the Branch in a business combination which shall subsequently be measured at fair value with changes recognized in profit or loss; and

(d) financial guarantee contracts and commitments to provide loan at a below-market interest rate which are initially measured at fair value and subsequently at the higher of amortized amount and amount of loss allowance.

Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Determination of Fair Value. The fair value of financial instruments traded in active markets at reporting date is based on their quoted market price or dealer price quotations, without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been any significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Branch determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, the Branch has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

'Day 1' Profit. Where the transaction price in a non-active market is different from the fair value of the other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Branch recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which are not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Branch determines the appropriate method of recognizing the 'Day 1' profit amount.

The Branch has no financial liabilities at FVPL as at December 31, 2020 and 2019.

Financial Assets

Financial Assets at FVPL. The Branch measures a financial asset at FVPL unless it is measured at amortized cost or at FVOCI. At initial recognition, the Branch may choose to irrevocably designate a financial asset as measured at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets at FVPL are carried in the statements of financial position at fair value with gains or losses recognized in profit or loss. Interest income is recorded in the statement of comprehensive income when the right to receive payment has been established.

Financial Assets at Amortized Cost. The Branch measures a financial asset at amortized cost if it is not designated as at FVPL and both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are carried at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. The periodic amortization is included as part of "Interest income" in the statement of comprehensive income. Gains and losses are recognized in profit or loss when the financial assets at amortized cost are derecognized or impaired, as well as through the amortization process. Financial assets at amortized cost are included in current assets if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent assets.

The financial assets at amortized cost includes the Branch's cash and refundable deposits.

Cash represents cash on hand and in bank and is stated at its face value. Cash in banks earns interest at the respective bank deposit rates.

Business Model Assessment

The Branch makes an assessment of the objectives of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Branch's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reason for such sales and its expectation about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Branch's stated objective for managing the financial assets is achieved and how cash flows are realized.

Assessment whether Contractual Cash Flows are Solely Payments of Principal and Interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Branch considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Branch considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Branch's claim to cash flows for specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g., periodical reset of interest rates.

Financial Liabilities

Financial Liabilities at Amortized Cost. This category pertains to financial liabilities that are not designated at FVPL upon inception of the liability. These include liabilities arising from operations or borrowings. The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization for any related premium, discount and any directly attributable transaction costs. These financial liabilities are included in current liabilities if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent liabilities.

This category includes the Branch's accounts payable and accrued expenses (excluding statutory liabilities to government agencies).

Reclassification of Financial Assets and Liabilities

Financial Assets. When, and only when, the Branch changes its business model for managing financial assets, it shall reclassify all affected financial assets. Such changes are determined by the Branch's senior management as a result of external or internal changes and must be significant to the entity's operations and demonstrable to external parties.

A change in the Branch's business model will occur only when the Branch either begins or ceases to perform an activity that is significant to its operations; for example, when the entity has acquired, disposed of or terminated a business line.

Financial Liabilities. The Branch shall not reclassify any financial liability.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset expired;
- the Branch retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Branch has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the assets; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Branch has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Branch's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Branch could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

The Branch measures impairment losses using the expected credit losses model ("ECL") which is applied to all debt and equity instruments measured at amortized cost or FVOCI as well as to issued loan commitments and most financial guarantee contracts. The ECL is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment loss. Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or which have low credit risk at the reporting date. For these items, 12-month ECL are recognized. The 12-months ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these items, lifetime expected credit losses are recognized which is the weighted average credit losses with the probability of default as the weight. Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these items, lifetime expected credit losses are recognized. No impairment loss is recognized on equity investments.

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Branch considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Branch's historical experience, credit assessment and including forward-looking information.

The information analyzed by the Branch includes the following, among others:

- actual and expected significant changes in the political, regulatory and technological environment of the debtor or in its business activities
- payment record - this includes overdue status as well as a range of variables about payment ratios
- existing and forecast changes in the business, financial and economic conditions

The Branch considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligation to the Branch in full, without recourse by the Branch to actions such as realizing security (if any is held); or
- the debtor is past due more than 90 days on any material credit obligation to the Branch.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The carrying amount of the asset is reduced either directly or through the use of an allowance account. The impairment loss for the year is recognized in profit or loss. If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of assets and liabilities if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented on a gross basis in the statements of assets and liabilities.

Property and Equipment

Items of property and equipment are initially measured at cost. After initial recognition, all items of property and equipment are measured at cost less accumulated depreciation, and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Branch, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the statements of income and expenses as incurred.

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value, if any. Depreciation is recognized in the statements of income and expenses on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful life of each item of property and equipment is as follows:

	Number of Years
Office furniture and fixtures	3 - 10
Transportation equipment	5

If there is an indication that there has been a significant change in the depreciation method, useful life or residual value of an asset, the depreciation of that asset is reviewed and adjusted prospectively if appropriate.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized on a net basis in the statements of income and expenses.

Impairment of Nonfinancial Assets

The carrying amounts of the Branch's nonfinancial assets such as property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognized in the statements of income and expenses whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of a nonfinancial asset is the greater of the asset's fair value less costs to sell and its value in use (VIU).

The fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. VIU is the present value of the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of the useful life. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment are recognized in the statements of income and expenses.

Recognition of Grants

Grants received are initially recognized as deferred income and are then recognized as income to the extent of the expenses incurred for the year as set in the conditions associated with the grant. Assets acquired thru the grant are also recognized as deferred income and are recognized as income on a systematic basis over the useful life of the asset or duration of the related project whichever is shorter.

Interest Income

Interest income, presented net of applicable tax withheld by the banks, is recognized when earned.

Expense Recognition

Costs and expenses are recognized upon receipt of goods, utilization of services or at the date these are incurred.

Expenses are also recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition as an asset.

Short-term Leases

The Branch did not recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Branch recognizes the lease payments associated with these leases as an expense over the lease term and are recognized as rent expense in profit or loss.

Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded in Philippine peso using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated in Philippine peso using the exchange rate prevailing at the reporting date.

Exchange rate differences arising from the settlement of monetary items at rates different from those at which they were initially recorded and translated at reporting date are recognized in the statements of income and expenses in the year in which they arise.

Provisions

Provisions are recognized when the Branch has a legal or constructive obligation as a result of a past events, it is probable that an outflow of economic benefits will be required to settle the obligation and reliable estimate of the amount can be made.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Branch's statements of assets and liabilities at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Amendments to Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2020. However, the Branch has not early adopted the following amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Branch's financial statements.

Effective June 1, 2020

- PFRS 16, *Leases - COVID-19-Related Rent Concessions (Amendments)* introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient applies if: the revised consideration is substantially the same or less than the original consideration; the reduction in lease payments relates to payments due on or before June 30, 2021; and no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

  Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate.

Effective January 1, 2022

- PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use (Amendments)* prohibits an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

  Earlier application is permitted. A lessee applies the amendments retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- *Annual Improvements to PFRS Standards 2018-2020* contains amendments to four standards:

  (a) *Subsidiary as a First-time Adopter (Amendment to PFRS, 1 First-time Adoption of Philippine Financial Reporting Standards)*. The amendment simplifies the application of PFRS 1 for a subsidiary that becomes a first-time adopter of PFRS later than its parent. The subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to PFRS.

  (b) *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, Financial Instruments)*. The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  (c) *Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16, Leases)*. The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

  (d) *Taxation in Fair Value Measurements (Amendment to PAS 14, Agriculture)* removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurements in PAS 41 with those in PFRS 13, *Fair Value Measurement*.

Effective January 1, 2023

- PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (Amendments)* promotes consistency in application and clarify the requirements on determining whether a liability is current or non-current. The amendments:

  (a) removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  (b) clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  (c) clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

Deferral of the local implementation of Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 Consolidated Financial Statements and PAS 28 Investments in Associates and Joint Ventures)* addresses an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

  The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the Financial Reporting Standard Council (FRSC) decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Financial Risk Management

Objectives and Policies

The Branch has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Branch's exposure to each of the above risks, the Branch's objectives, policies and processes for measuring and managing such risks, and the Branch's management of capital. Further quantitative disclosures are included throughout the notes to the financial statements.

The main purpose of the Branch's dealings in financial instruments is to fund its operations and capital expenditures.

The Governing Body of the Head Office of the Branch has overall responsibility for the establishment and oversight of the Branch's risk management framework. The Governing Body has established the Audit Committee, which is responsible for developing and monitoring the Branch's risk management policies.

The Audit committee identifies all issues affecting the operations of the Branch and reports regularly to the Governing Body on its activities. The Branch's risk management policies are established to identify and analyze the risks faced by the Branch, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Branch's activities.

Mitigating strategies and procedures are devised to address the risks that inevitably occur so as not to affect the Branch's operations and impact forecasted results.

The Branch, through its training on and management of standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Project Manager performs oversight over financial management functions, specifically in the areas of managing credit, market and other risks of the Branch. The Country Representative directly interfaces with the internal audit function, which undertakes reviews of risk management controls and procedures and ensures the integrity of internal control activities which affect the financial management system of the Branch.

Credit Risk

The results of procedures performed by the Project Manager are reported to the Audit Committee. The Project Manager reviews and institutes policies for managing each of the risks and they are summarized below.

The maximum exposure to credit risk for the Branch's financial assets as at December 31 is presented below:

	Note	2020	2019
Cash in banks	*5*	**$258,252**	$383,028
Refundable deposits	*13*	**3,544**	3,859
		$261,796	$386,887

The aging of financial assets as at December 31, are as follows:

2020	Neither Past Due nor Impaired	Past Due but not Impaired <30 Days	31 - 60 Days	61 - 90 Days	90 Days	Past Due and Impaired	Total
Cash in banks	**$258,252**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$258,252**
Refundable deposit	**3,544**	**-**	**-**	**-**	**-**	**-**	**3,544**
	$261,796	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$261,796**

2019	Neither Past Due nor Impaired	Past Due but not Impaired <30 Days	31 - 60 Days	61 - 90 Days	90 Days	Past Due and Impaired	Total
Cash in banks	$383,028	P -	P -	P -	P -	P -	$383,028
Refundable deposit	3,859	-	-	-	-	-	3,859
	$386,887	P -	P -	P -	P -	P -	$386,887

Below is the classification of the Branch's financial assets that are neither past-due nor impaired:

2020	**High Grade**	**Standard Grade**	**Total**
Cash in banks	**$258,252**	**$ -**	**$258,252**
Refundable deposits	**3,544**	**-**	**3,544**
	$261,796	**$ -**	**$261,796**

2019	High Grade	Standard Grade	Total
Cash in banks	$383,028	$ -	$383,028
Refundable deposits	3,859	-	3,859
	$386,887	$ -	$386,887

The credit qualities of financial assets were determined as follows:

- Cash in banks is considered high grade as these pertains to deposits in reputable banks.
- Refundable deposits are considered high grade since these are transacted with counterparties with good reputation.

Cash in Banks

Impairment on cash in banks has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Branch considers that its cash in banks have low credit risk considering the Branch's cash in banks are held with reputable bank institutions. Therefore, the ECL for the Branch's cash in banks as at December 31, 2020 was determined to have no significant impact on the Branch's financial statements.

The Branch's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Branch has cash deposited in two (2) banks in three (3) different branches. The Branch's management performs an assessment of its external environment, including the related risks and limitations, and selects the Branch's depository banks based on factors such as reputation in the marketplace, and compliance with regulations, among others.

Estimating ECL

The table below presents the Branch's exposure to credit risk and shows the credit quality of the financial assets as at December 31, 2020 by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	Financial Assets at Amortized Cost				
December 31, 2020	**12-month ECL**	**Lifetime ECL not Credit Impaired**	**Total**	**ECL**	**Carrying Amount**
Cash	**$258,252**	**$ -**	**$258,252**	**$ -**	**$258,252**
Other current assets	**12,635**	**-**	**12,635**	**-**	**12,635**
Refundable deposits	**3,544**	**-**	**3,544**	**-**	**3,544**
	$274,431	**$ -**	**$274,431**	**$ -**	**$274,431**

	Financial Assets at Amortized Cost				
December 31, 2019	12-month ECL	Lifetime ECL not Credit Impaired	Total	ECL	Carrying Amount
Cash	$384,361	$ -	$384,361	$ -	$384,361
Other current assets	1,695	-	1,695	-	1,695
Refundable deposits	3,859	-	3,859	-	3,859
	$389,915	$ -	$389,915	$ -	$389,915

Cash in banks and cash equivalents are considered of good quality as these pertain to deposits in reputable banks.

Impairment on cash has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Branch considers that its cash has low credit risk based on the external credit ratings of the counterparties.

Other current assets and refundable deposits and are considered of good quality since these are transacted with counterparties with high external credit ratings. the credit quality of these financial assets is considered to be high grade.

Liquidity Risk

Liquidity risk pertains to the risk that the Branch will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Branch's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The table below summarizes the maturity profile of the Branch's financial liabilities based on contractual undiscounted payments used for liquidity management:

	2020			
	Carrying Amount	**Total**	**Less than 3 Months**	**More than 3 Months**
Financial Liability				
Accounts payable and accrued expenses*	**$104,474**	**$104,474**	**$104,474**	**$ -**

Excluding statutory payables.

	2019			
	Carrying Amount	Total	Less than 3 Months	More than 3 Months
Financial Liability				
Accounts payable and accrued expenses*	$92,633	$92,633	$92,633	$ -

Excluding statutory payables.

Market Risk

Market risk is the risk that changes in foreign exchange rates which affect the Branch's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Currency Risk

The Branch is exposed to foreign currency risk on monetary asset and liability held in currencies other than the Philippine peso, the Branch ensures that its exposure is kept to an acceptable level by maintaining regular savings deposits in US dollar and buying foreign currencies at spot rates where necessary to address short-term imbalances.

The Branch's foreign currency-denominated assets and liabilities as at December 31 are as follows:

2020	**Current Assets**	**Current Liabilities**	**Net Foreign Currency Exposure**
Currency			
USD	**98,605**	**30,867**	**67,738**

2019	Current Assets	Current Liabilities	Net Foreign Currency Exposure
Currency			
USD	216,473	21,730	194,743

The Branch recognized foreign exchange gains (loss) of ($7,128) and ($15,870) in 2020 and 2019, respectively.

Sensitivity Analysis

A 5% strengthening of the Philippine peso against USD as at December 31, 2020 would have decreased foreign exchange loss by $3,356. A 4% strengthening of the Philippine peso against USD as at December 31, 2019 would have increased foreign exchange gains by $26,976.

A weakening of the Philippine peso against the USD by the same percentage as above as at December 31, 2020 and 2019 would have had equal but opposite effect on the basis that all other variables remain constant.

Fair Values

The carrying value of cash approximates its fair value, since it can be readily withdrawn and used for operations at any time. The fair value of the refundable deposits approximates its carrying amount since it can be reasonably be collected on their due dates.

5. Cash

This account consists of:

	Note	2020	2019
Cash in banks	*4*	**$258,251**	$383,028
Cash on hand		**661**	1,333
		$258,912	$384,361

Cash in banks earns annual interest at the respective bank deposit rates.

Interest income earned from cash in banks in 2020 and 2019 amounted to $217 and $681, respectively.

6. Other Current Assets

Other current asset for 2020 is pertaining to the grants receivable from ADB amounting to $12,635 and for 2019, the amount of $1,695 pertains to down payment for project supplies under ADB UPGI project.

7. Property and Equipment

The movements and balances of this account are as follows:

	Office Furniture and Equipment	Transportation Equipment	Total
Cost			
January 1, 2019	$39,232	$191,100	$230,332
Adjustments*	1,528	7,441	8,969
Additions	4,098	-	4,098
Disposals	(33,261)	(161,394)	(194,655)
December 31, 2019	11,597	37,147	48,744
Adjustments*	654	2,094	2,748
Additions	-	-	-
Disposals	-	-	-
December 31, 2020	**12,251**	**39,241**	**51,492**
Accumulated Depreciation			
January 1, 2019	33,813	191,100	224,913
Adjustments*	1,402	7,441	8,843
Depreciation	4,361	-	4,361
Disposals	(32,370)	(161,394)	(193,764)
December 31, 2019	7,206	37,147	44,353
Adjustments*	462	2,094	2,556
Depreciation	1,733	-	1,733
Disposals	-	-	-
December 31, 2020	**9,401**	**39,241**	**48,642**
Carrying Amount			
December 31, 2019	$4,391	$ -	$4,391
December 31, 2020	**$2,850**	**$ -**	**$2,850**

8. Accounts Payable and Accrued Expenses

This account consists of:

	Note	2020	2019
Accrued expenses		**$74,292**	$72,301
Due to related parties	*12*	**30,182**	14,600
Payroll-related payable		**298**	6,657
Withholding tax payable		**238**	2,708
		$105,010	$96,266

Due to related parties includes payables to BRAC USA and Stichting BRAC International. These pertain to reimbursements for expenses incurred in providing management and technical support to the Branch (see Note 12).

Accrued expenses pertains to the accrual of employee benefits of the Branch's.

9. Grant Agreement

On December 11, 2018, the branch signed a contract with Asian Development Bank (ADB), TA-9592 REG: Implementation Support in the Philippines (50364-003), in support of the UPG Program in Negros Occidental. The contract amounted to $250,000.

On December 28, 2018, the Branch entered into contract with DOLE, related to UPG program, a Livelihood (Kabuhayan) project was launched with DOLE. Total contract amounted to $276,443.

The contract with ADB and DOLE is both for the UPG program which is for the Livelihood (Kabuhayan) project. Grants from ADB and DOLE is for different sets of beneficiaries selected by a third party engaged by ADB, respectively.

The Branch has subcontracted a new program in 2020. The Pathways Program is an Australian Government- funded education program in Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). It is designed to support the efforts of the MBHTE and other local stakeholders in improving educational performance, quality and equity.

Pathways is supporting the MBHTE to deliver quality education access to unserved communities through the AKAP Project. The support is intended to capacitate the Access Technical Working Group (TWG) at the regional and division levels to provide, implement, manage and sustain alternative and contextualized learning modalities in remote communities. Thus, AKAP project has a total grants of Php 6,747,970 and Php 15,016,723 for Phase 1 and Phase 2 respectively. The branch received full amount of grants for Phase 1 and partial commitment for
Phase 2 for the year.

In June 1, 2020, the branch entered into a contract with the Palladium Global Philippines as a sub-contractor for AKAP Phase 1 and AKAP Phase 2.

10. Project Expenses

Project expenses incurred per project for the years ended December 31, 2020 and 2019, respectively, are presented below:

Description	**2020**	2019
DFAT - ADM		
Component 1: Curriculum, Materials and Assessment Development	**$ -**	$ -
Component 2: Community Learning Center Operations	**-**	157,672
Component 3: Capacity Building	**-**	3,042
Component 4: Project Management, Monitoring and Evaluation	**-**	137,848
	-	298,562
UPG - DOLE		
Project supplies - sustainable livelihood	**73,377**	151,474
UPG - ADB		
Project supplies - sustainable livelihood	**24,659**	127,463
Salaries and benefits	**5,241**	36,287
Taxes and licenses	**271**	279
Office utilities	**59**	222
Transportation and travel	**(5,294)**	9,135
	98,313	324,860
DFAT - ACCESS		
Salaries and Benefits	**45,511**	-
Training and Orientation	**38,272**	-
Project Supplies - school Supplies	**34,727**	-
Evaluation Activity	**9,014**	-
School supplies	**6,418**	-
Office utilities	**3,696**	-
Rent	**2,463**	-
Transportation and travel	**1,855**	-
	141,956	-
	$240,269	$623,422

Other project expenses related to the Country Office of the Branch in 2020 and 2019 amounted to $68,503 and nil, respectively.

In 2019, the Branch entered into various agreements with local NGOs. As provided under the terms of the agreement with DFAT, the NGOs will manage the operation of the community learning classrooms (CLCs) in their designated provinces in Autonomous Region in Muslim Mindanao (ARMM). As at December 31, 2019, the Branch, together with its duly recognized local NGOs, focused on the transition of the children to DepEd managed schools.

The Branch disburses funds to its local partner NGOs on a quarterly basis for the management and operations of the CLCs in their designated areas and provinces. The partner NGOs will liquidate the funds received for the expenses incurred in accordance with the agreement.

Project supplies for the UPG - DOLE and UPG - ADB pertains to cost of swines, freezers, carts, supplies for the carts, ingredients for meat processing and ingredients for salted eggs.

In June 1, 2020, the Branch entered into agreement with Palladium Global Philippines to support the Ministry of Basic Higher and Technical Education MBHTE-BARMM in providing technical assistance in establishing AKAP learning centers, including community scoping activities, development, and implementation of a Training needs Assessment with Learning Facilitators, conducting a write shop with the Access TWG and basic orientations and pre-service training in each of the seven divisions. As at December 31, 2020, this is the only existing project of the Branch.

Other project expenses during the year includes:

	Note	**2020**	2019
ERP software and service charge overhead costs	*12*	**$10,008**	$19,630
Office running costs		**7,632**	22,196
		$17,640	$41,826

11. General and Administrative Expenses

This account consists of:

	Note	**2020**	2019
Professional fees		**$9,823**	$9,542
Outside services		**8,705**	7,826
Transportation and travel		**8,460**	3,844
Security measurement management		**2,676**	1,774
Technical support	*12*	**-**	3,341
Support services		**-**	541
Utilities		**-**	310
Others		**2,897**	1,022
		$32,561	$28,200

12. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

In the implementation of the ADB, ADM and AKAP project, the Branch has transactions with its related parties as at 2020 and 2019 as follows:

Related Party/Transaction	*Ref*	Year	Amount of the Transaction	Outstanding Balance Due to Related Parties	Terms and Conditions
Head office					
Technical support	*12a*	**2020**	**$15,148**	**$27,431**	**30 days; non- interest;**
		2019	$11,168	$11,168	**bearing unsecured**
BRAC USA					
Cash advances	*12b*	**2020**	**847**	**2,751**	**30 days; non- interest;**
		2019	77,967	3,432	**bearing unsecured**
		2020		**$30,182**	
		2019		$14,600	

a. Technical support pertains to reimbursements to the Head Office for expenses paid for in providing administration and financial management assistance to the Branch. It also entails sending support personnel to the Branch for the efficient and effective management and implementation of the existing projects in accordance with the provisions of the Grant Agreement.

b. Cash advances pertains to the cash received from BRAC USA for the monthly compensation of the staff of UPG program.

13. Leases

In July 2018, the branch transferred the BRAC Philippines Country Office to Waterfront Insular Hotel, Km 7, Lanang, Davao City and entered into a lease agreement for the period of one (1) year commencing on July 2018. In September 2020, the Country Office in Davao City has ended, and the operation was transferred to Cotabato City where the existing Cotabato Provincial Office has been renamed to BRAC Philippines Project Office.

In September 2018, the Cotabato branch transferred to San Pablo St., Rosary Heights 10, Cotabato City and entered into a lease agreement until December 31, 2020. In December 31, 2020, the lease was also renewed for another six (6) months.

The Branch also leases various premises serve as Provincial Office. The lease period which range up to one (1) year. All these lease agreements require a refundable deposit except Zamboanga office.

All aforementioned leases will be renewed after December 2020 except for the Davao City Country office lease which was terminated in September 30, 2020.

Short-term Lease

The Branch outstanding lease is the lease of office premises of which is considered as a short-term lease. The Branch did not recognize right-of-use assets and lease liabilities for the lease.

Rent expense amounted to $2,463 and $6,581 in 2020 and 2019, respectively.

14. Subsequent events

On March 1, 2021, BRAC Philippines signed a Memorandum of Understanding with BRAC USA for the Ultra-Poor Graduation Initiative Program in the Philippines in partnership with the Department of Social Welfare and Development, Department of Foreign Affairs and Trade - Australia and the Asian Development Bank. BRAC Philippines will provide payroll administration, health and accident insurance and financial administration to twenty-eight (28) UPGI ground Staff in the areas of Bukidnon, Iloilo and Sultan Kudarat.

The project is expected to run for twenty- two (22) months until December 31, 2022.

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Among the salient features of the Act, none is relevant to the Company.

The measure is set to take effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation. After which, the implementing rules and regulation will be issued by the tax authority.

The enactment of the CREATE Law is a non-adjusting subsequent event and has no impact to the Branch which is a non-stock, nonprofit organization and is not subject for income tax.

15. Staff Cost

	Salaries and Employee Benefits	Learning Facilitators Allowances	Partner NGOs Employee Benefits
Basic Salary			
2020	**$96,760**	$ -	$ -
2019	$162,958	$63,268	$14,160
13th Month Pay/Bonus			
2020	**6,205**	-	-
2019	7,380	-	812
SSS/Philhealth/Pag-ibig/Provident Fund/Gratuity			
2020	**298**	-	-
2019	3,798	-	662
2020	**$103,263**	$ -	$ -
2019	$174,136	$63,268	$15,634

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH

(A Nonstock, Nonprofit Organization)

STATEMENTS OF ASSETS AND LIABILITIES
AS OF DECEMBER 31, 2020

	Country Office	UPG-DOLE	UPG-ADB	DFAT AKAP	DFAT-AKAP P2	Total
ASSETS						
Current Assets						
Cash	$120,746	$1,402	$4,291	$15,742	$116,731	$258,912
Other current assets	-	-	12,635	-	-	12,635
Total Current Assets	120,746	1,402	16,926	15,742	116,731	271,547
Noncurrent Assets						
Property and equipment - net	1,499	-	1,351	-	-	2,850
Refundable deposit	687	(1,249)	4,012	3,515	(3,421)	3,544
Total Noncurrent Assets	2,186	(1,249)	5,363	3,515	(3,421)	6,394
	$122,932	**$153**	**$22,289**	**$19,257**	**$113,310**	**$277,941**
LIABILITIES						
Current Liabilities						
Accounts payable and accrued expenses	$65,708	$ -	$20,938	$18,126	$238	$105,010
Deferred grant income - current	57,224	153	1,351	1,131	113,072	172,931
Total Current Liabilities	**$122,932**	**$153**	**$22,289**	**$19,257**	**$113,310**	**$277,941**

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH

(A Nonstock, Nonprofit Organization)

STATEMENTS OF INCOME AND EXPENSES
AS OF DECEMBER 31, 2020

	Country Office	UPG-DOLE	UPG-ADB	DFAT AKAP	DFAT-AKAP P2	Total
INCOME						
Grants	$124,735	$73,348	$22,911	$135,021	$11,602	$367,617
Interest income	177	40	-	-	-	217
	124,912	73,388	22,911	135,021	11,602	367,834
PROJECT EXPENSES						
Project supplies	-	73,377	24,659	33,232	1,495	132,763
Salaries and employee benefits	52,510	-	5,241	37,157	8,354	103,262
Training and orientation	-	-	-	38,272	-	38,272
Transportation and travel	12,952	-	(5,294)	1,688	167	9,513
Evaluation activity	-	-	-	8,748	266	9,014
School supplies	-	-	-	6,062	356	6,418
Office utilities	2,366	-	59	3,214	482	6,121
Rent	-	-	-	1,983	480	2,463
Taxes and licenses	675	-	271	-	-	946
Others	15,780	11	(2,818)	4,665	2	17,640
	84,283	73,388	22,118	135,021	11,602	326,412
OTHER NONCASH EXPENSES (INCOME)						
Currency exchange gain/(loss)	7,128	-	-	-	-	7,128
Depreciation	940	-	793	-	-	1,733
	8,068	-	793	-	-	8,861
GENERAL AND ADMINISTRATIVE EXPENSES	32,561	-	-	-	-	32,561
	124,912	73,388	22,911	135,021	11,602	367,834
NET EXCESS OF EXPENSES OVER INCOME	$ -	$ -	$ -	$ -	$ -	$ -

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