



ANNUAL REPORT 2021

**BRAC MYANMAR MICROFINANCE
COMPANY LIMITED**



“

When people ask me now what BRAC stands for, I like to think that we stand for an idea- an idea of a world where everyone has an equal opportunity to realise their potential.

Sir Fazle Hasan Abed KCMG
1936-2019

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When I was younger, I desired to work as a school teacher. I lost that objective when I got married, and now all I care about is my daughter. I want my daughter to go to school.



THE PASSION OF A MOTHER

Nann Ohn May is a farmer. She lives in Taryar Kone Village of Hopone Township in Shan State. When her husband left 10 years ago, Nann moved back to parents home with her daughter and set up a small farm.

Her daughter is now 15 years old and although the COVID-19 pandemic disrupted her education, Nann has taken the opportunity to teach her about the farming business.

“When I was younger, I desired to work as a school teacher. I lost the sense of my objective when I got married, and now all I care about is my daughter. I want my daughter to go to school”, said Nann.

Nann wanted to grow her farm to produce higher yields, so she approached BRAC Myanmar. She took an agriculture loan of 2 million Myanmar Kyats (USD 1000) and added new crops. She now produces twice as much turmeric, onions, and garlic as she did previously.

“At the moment, I’m planning to grow my farming operation and buy more land”, Nann stated. “I want to give my girl this business for her future and this is my only dream”.



Shameran Abed
Executive Director
BRAC International

MESSAGE FROM BOARD CHAIRPERSON

Following the unprecedented challenges of COVID-19 in the last two years, we were able to considerably reduce the spread of the pandemic in 2021, through our collective efforts at the global and individual level. Countries opened up their borders and people returned to their physical and newly formed 'hybrid' workplaces. The global economy gradually began to return to its normal state.

For BRAC's nearly 700,000 clients in 2021, 97% of whom were women, living mostly in poverty in the villages and urban slums of Africa and Asia, the year was about recovering and rebuilding livelihoods. We endeavoured to remain close to our clients offering information on health and safety and much-needed economic support to help them get back on their feet.

2021 was a difficult year for Myanmar, with the effects of the pandemic coupled with political unrest. Despite all this, BRAC Myanmar Microfinance Company Ltd (BMMCL) stood by staff, ensuring their safety in this crisis, and stood by clients to support in economic recovery. BMMCL continued on its growth trajectory, reaching 144,535 people by the end of the year, 96% of whom were women.

In 2021, BMMCL carried out its third annual Lean DataSM Impact Survey. Clients reported greater levels of financial resilience and stability, with a

remarkable 81% of clients saying they earned more and 84% of clients reporting an overall improvement in the quality of their life after engaging with BRAC. The results demonstrate the importance and impact of responsible financial services for people living in poverty, especially in times of crisis.

2022 will mark BRAC's 50th Anniversary. From its humble beginnings in Bangladesh as a relief organisation to partnering with over 100 million people globally across 10 countries, it has proved to the world that impact can be delivered at scale. Our founder, Sir Fazle Hasan Abed, always reiterated that 'small is beautiful, but scale is necessary' and it will continue to be one of the guiding principles of BRAC as it sets foot on its ambitious target to reach 250 million people globally by 2030.

Though we have now become used to living with the pandemic, we are seeing other complex challenges emerge that transcend borders. The global food and energy crises, high inflation, and social and political unrest – all against the backdrop of a visibly changing climate – are already being felt in the places we work in. As a Global South organisation, I strongly believe that we need to follow the example of the communities we work with, and in particular, the women, who show amazing resilience and spirit in the face of incredible odds. As long as we stay true to our mission, and develop pragmatic, scalable solutions grounded in local realities, I am sure we will be able to create opportunities for people to realise their potential.



Md.Sazaduzzaman
Managing Director

MESSAGE FROM THE MANAGING DIRECTOR

In 2021, while the whole world was tackling the global COVID-19 pandemic, Myanmar also was going through political unrest which brought with it insecurity, economic sanctions and increased risk of poverty. With the compound effect of the pandemic and political unrest, Myanmar's national economy diminished by 18% and the population living in poverty increased by more than 10%.

Despite all the challenges, we remained true to our mission of offering inclusive, accessible, and affordable financial services to people living in poverty. By taking prudent security measures to ensure the safety of its 800 staff members throughout the year, BRAC Myanmar was able to operate with dedicated efforts to connect and serve its clients.

In pursuit of our broader mission, we served 144,535 borrowers in 2021, 96% of whom are women. We also reached 47% of people living in poverty and 54% of people from rural areas. We also widely expanded the loan repayments through the Ongo agent network this year. From our inception in 2013, BMMCL has disbursed USD 174 million in loans in Myanmar.

Our third impact survey was conducted in 2021 in partnership with 60 Decibels using

Lean DataSM methodology. The survey found that 84% of clients improved their quality of life after engaging with BRAC. 81% of clients reported they earned more, 67% of clients planned their finances better, and 63% of clients saved more, after engaging with BMMCL. This annual exercise guides us in setting targets and strategies to reach more people living in poverty and achieve long-term social impact for our clients.

I am thankful to our partners UNOPS-Livelihood and Food Security Fund, the United Nations Capital Fund (UNCDF), the World Bank and Whole Planet Foundation for supporting us. I also acknowledge the contribution of our investors and strategic service providers: FMO Entrepreneurial Development Bank, The US Development Finance Corporation (DFC), YOMA Bank, AGD Bank, UAB Bank, 60_ Decibels, SPTF and Ongo Mobile banking.

In this critical year, all our accomplishments would not have been possible without the tireless efforts of our team, who embody the spirit of BRAC. To our clients, whose incredible spirit and resilience continue to inspire our work, we promise to continue with our mission to serve.



BRAC INTERNATIONAL MICROFINANCE

BRAC has been one of the pioneers of microfinance since it first started in 1974. BRAC first expanded its microfinance operations internationally in 2002 and now operates in six countries outside of Bangladesh - Myanmar, Tanzania, Uganda, Rwanda, Sierra Leone and Liberia. Together, these six entities serve nearly 700,000 clients, 96% of whom are women.

BRAC International Microfinance's mission is to provide a range of financial services responsibly to people at the bottom of the pyramid. It particularly focuses 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.

We offer inclusive, accessible, and convenient loan and savings products, tailored to the needs of the local community. Our core credit products include group-based microloans provided exclusively to women, and small enterprise loans for entrepreneurs seeking to grow their businesses.

We are a strong advocate of client-centric microfinance that includes adhering to the industry's Universal Standards for Social Performance Management and the Client Protection Principles, placing clients' well-being at the center of everything we do to achieve our mission. The client value proposition is at the core of our digital transformation efforts, with a particular emphasis on reducing the gap in women's digital financial inclusion.

BRAC believes that sustainable, large-scale change, must address and deliver both economic and social progress. Microfinance has been an integral part of BRAC's holistic approach to development, equipping people who would otherwise be excluded from formal financial systems with the tools to invest in themselves, their families, and their communities.

OUR REACH AND IMPACT

458k

borrowers

502k

savers

\$87.71m

loan outstanding

96%

of clients are
women

54%

outreach to people
living in rural areas

71%

outreach to people
living in poverty



93%

of clients said their quality
of life had improved after
engaging with BRAC

94%

of clients earned more
after engaging with
BRAC

89%

of clients saved more
after engaging with
BRAC

90%

of clients planned
their finances better
after engaging with
BRAC

72%

of clients contributed
more to important
household decisions after
engaging with BRAC



INEQUALITY IS HUMAN-MADE.
IT CAN BE UNMADE.
TOGETHER,
PEOPLE CAN CHANGE
ANYTHING.
THERE IS **ALWAYS** A WAY.

BRAC INTERNATIONAL

Stichting BRAC International was formed in 2009 as a non-profit foundation in the Netherlands. It governs all entities outside Bangladesh with an objective to engage in charitable and social welfare activities in any country in the world.

BRAC INTERNATIONAL HOLDINGS B.V.

BRAC International Holdings B.V. (BIHBV) was set up in 2010 as a private limited liability company and is a wholly-owned subsidiary of Stichting BRAC International. BIHBV is a socially responsible for-profit organisation engaging people in sustainable economic and income-generating activities. The core focus of BIHBV is to provide microfinance services to people, particularly women, living in poverty and hard-to-reach areas to build their financial resilience and improve the quality of life for them and their families.



OUR VISION

A world free from all forms of exploitation and discrimination where everyone has the opportunity to realise their potential.



OUR MISSION

Our mission is to empower people and communities in situations of poverty, illiteracy, disease, and social injustice. Our interventions aim to achieve large-scale, positive changes through economic and social programmes that enable men and women to realise their potential.



OUR VALUES

Integrity
Innovation
Inclusiveness
Effectiveness

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 toward 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.

Through our **Microfinance programme**, 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.

SAFEGUARDING IN 2021



BRAC International (BI) launched **Safeguarding Audit Review** provided on safeguarding indicators to support management in understanding policy compliance and incorporated **Safeguarding clause** in the procurement manual and partnership agreements to ensure compliance of partners and service providers.



BI arranged training on **Safeguarding Case Management and Investigations** as a part of continuous capacity development and continued **awareness-building** of staff and programme participants on the **Safeguarding Policy and sub-set policies**, which are as follows:

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



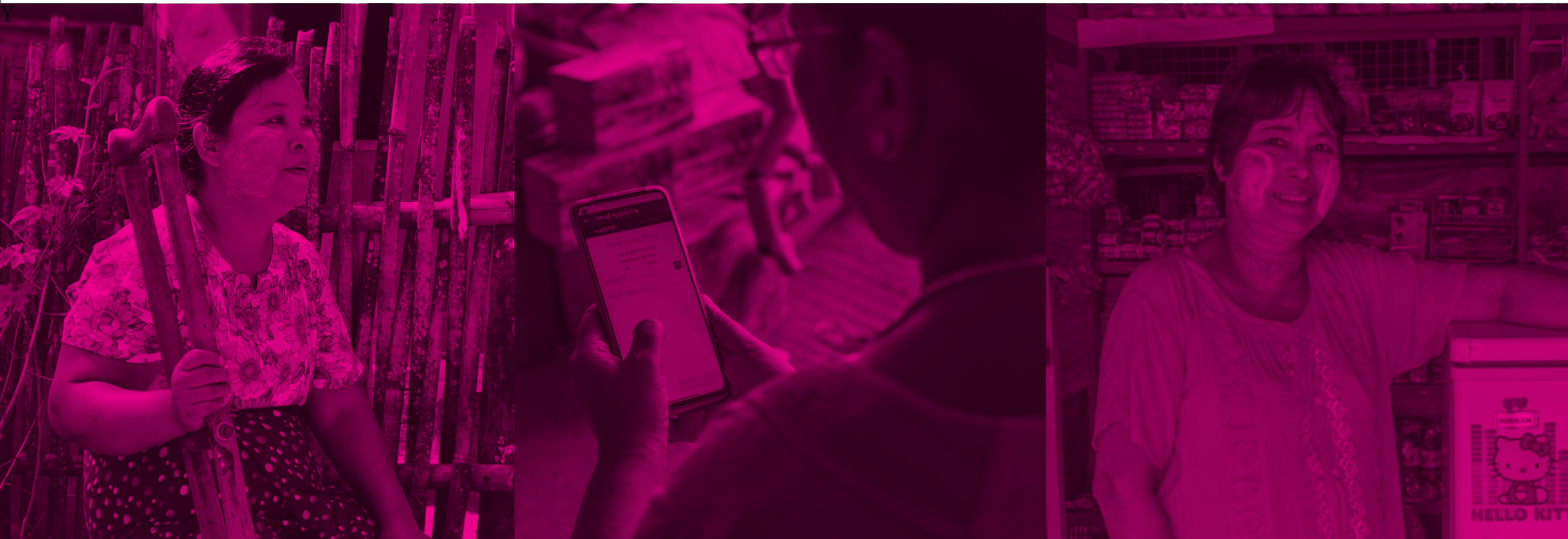
BI completed quarterly **safeguarding assessment checklist** to monitor safe organisational practices



BI formed **Inquiry Review Committee (IRC)** to review safeguarding cases to provide decisions and guidance on actions to be taken and developed an **online safeguarding register** to digitize the incident management process and to ensure confidential reporting



BRAC MYANMAR MICROFINANCE COMPANY LIMITED



OUR APPROACH

BRAC Myanmar Microfinance Company Limited (BMMCL) was launched in 2013. Our mission is to 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 promote women's entrepreneurial spirit by empowering them economically.

Our core products include a group-based microloan provided exclusively to women, small enterprise loans for entrepreneurs seeking to expand their businesses, and microenterprise loans designed exclusively for women. We also provide credit to smallholder farmers and have an inclusive financing product for persons with disabilities. Since 2020, we have been providing voluntary savings deposit services to our clients.



OPERATIONAL HIGHLIGHTS

96% of clients are women

54% outreach to people living in rural areas

47% outreach to people living in poverty

85 branches

\$174M in disbursed loans

144,535 borrowers

As at December 2021

2021 IN FOCUS

In 2021, we expanded our digital repayment service to clients to 45 branches across Myanmar in partnership with Ongo, a mobile money service provider. Clients have been depositing their savings and loan instalments using mobile money.



SOCIAL PERFORMANCE

In 2021, we conducted our third impact survey in partnership with 60 Decibels using Lean DataSM methodology on five social outcome focus areas of BRAC International Microfinance: quality of life, financial resilience, women's economic empowerment, self-employment and livelihood opportunities, and household welfare.

This annual exercise complements our Social Performance Management and Client Protection initiatives and guides us in setting targets and strategies to reach more people living in poverty and achieve long-term impact at scale. All respondents surveyed were women.



84% of clients said their quality of life had improved after engaging with BRAC



81% of clients earned more after engaging with BRAC



63% of clients saved more after engaging with BRAC



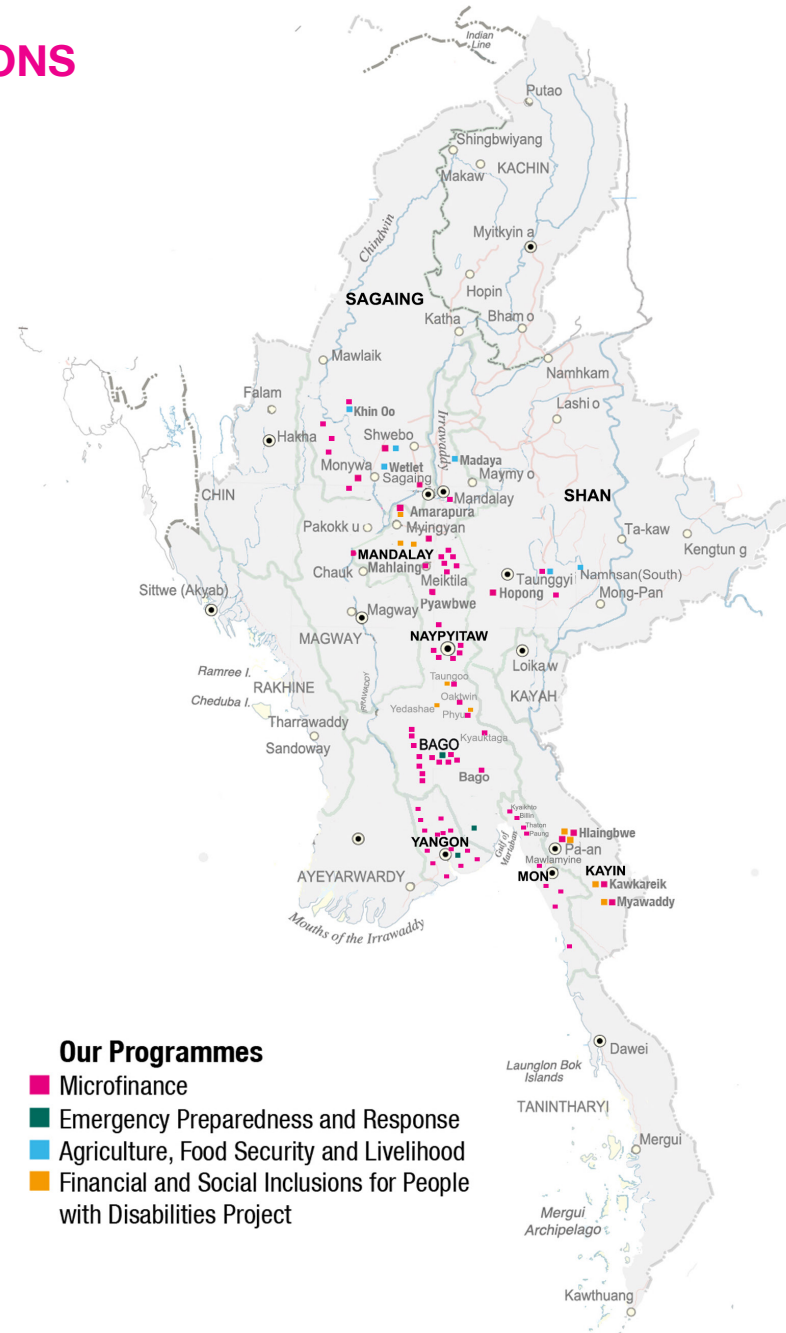
67% of clients planned their finances better after engaging with BRAC



53% of clients contributed more to important household decisions after engaging with BRAC



BRANCH LOCATIONS



OUR TEAM

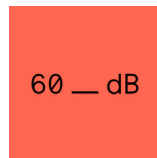
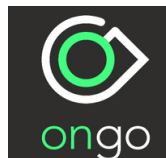
BRAC MYANMAR MICROFINANCE COMPANY LIMITED SUPERVISORY BOARD

Shameran Abed	Chairperson
Syed Abdul Muntakim	Director
Johannes Maria Antonius Eskes	Director
Bridget Lee Dougherty	Director
Md. Sazaduzzaman	Managing Director & Ex-officio

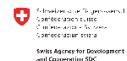
BRAC MYANMAR MICROFINANCE COMPANY LIMITED MANAGMENT

Md. Sazaduzzaman	Managing Director
Naw Phyu Zar Thwin	Head of HR & Training
Md.Ehsanul Islam	Head of Operation
Syed Bashir Ahmmed	Acting Head of Finance
Zin Mar Hnin	Senior Manager, Business Development & Digitization

OUR DONORS AND PARTNERS



Livelihoods and Food Security Fund



managed by @UNOPS

OPERATIONAL AND FINANCIAL HIGHLIGHTS

NET INCOME

BRAC Myanmar Microfinance Company Limited completed its eighth years of operation in 2021. The company reported pretax loss of USD 2,443,826 in 2021 compared to pretax profit of USD 309,401 in 2020. The loss was primarily due to high loan loss provision as a result of deteriorating portfolio quality.

Interest income earned during the year is USD 9,883,228 in 2021 as against USD 7,001,929 in 2020.

OPERATING EXPENSES

Total operating expenses for the year was USD 4,406,568 as against USD 4,927,747 in 2020 showing an decrease of 11%, primarily due to reduction in staff salary.

PROVISION FOR IMPAIRMENT LOSSES

This year amount charged for impairment of loans is USD 6,473,062 as against USD 689,572 in 2020. Total loan loss reserve was USD 5,531,118 (2019: USD 697,694). The increase in impairment loss in loan is due to increasing Portfolio at Risk (PAR>30) which is 35% in 2021 compared to 7% in 2020.

FINANCIAL POSITION

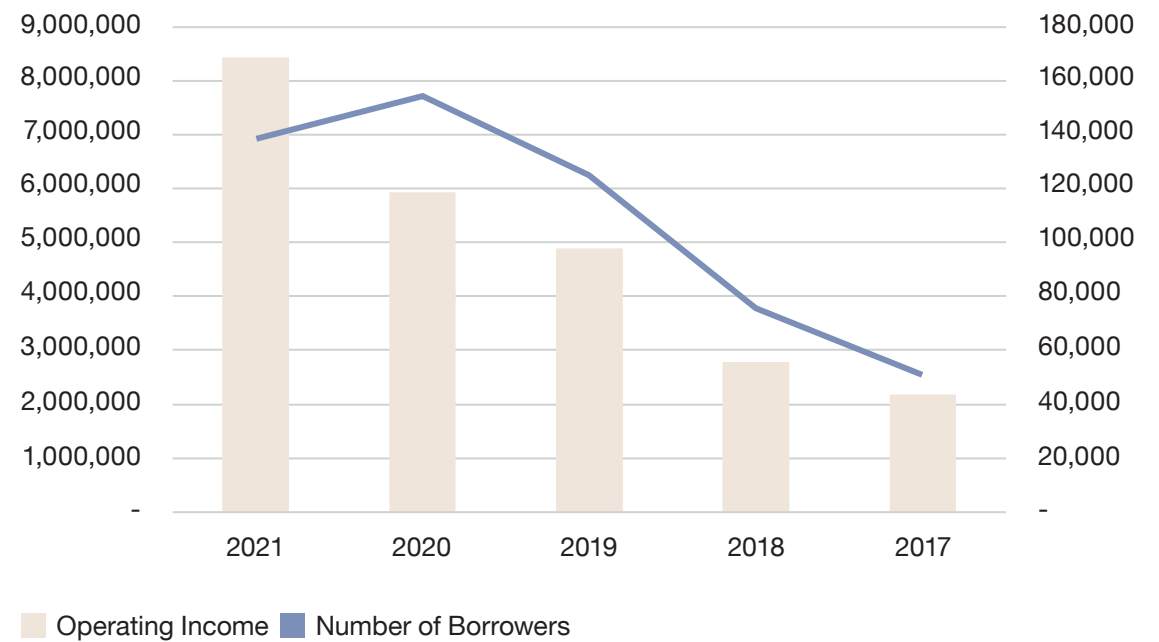
In 2021, the company's total assets decreased by 31% to USD 38,625,820. The decrease in total asset is mainly due to decrease in Loans and advances to customers, which account for 80% of total asset. Loan and advances reported 29% decrease due to volatile political and economic scenario of Myanmar.

PERFORMANCE REVIEW

Particulars	2021 USD	2020 USD	2019 USD	2018 USD	2017 USD
Income Statement					
Operating Income	8,435,805	5,926,720	4,902,443	2,774,434	2,173,129
Net profit/(loss) before tax	(2,443,826)	309,401	821,048	252,629	35,094
Financial Position					
Total Asset	38,625,820	56,255,787	31,738,859	18,065,816	10,003,967
Net Equity	9,782,954	17,929,470	13,411,400	7,286,851	5,568,553
Loan to Customer (net)	30,995,909	43,919,594	27,053,529	13,398,300	8,951,932
Cash and Cash Equivalents	6,454,447	10,718,228	3,616,925	4,200,047	756,356
Contribution to Government Exchequer					
Income Taxes	-	159,902	231,705	-	-
Withholding tax	102,204	27,601	171,516	59,305	66,974
Social Security and pension	73,860	43,252	36,621	34,308	24,881
Returns and Ratio					
Return on Asset	-5.15%	3.30%	1.80%	0.42%	-4%
Cost to Income	56%	95%	83%	91%	98%
Operational Statistics					
Total Borrowers	138,612	154,119	124,889	75,998	50,977
PAR > 30	34.83%	6.56%	0.83%	1.42%	0.79%



OPERATING INCOME VS NUMBER OF BORROWERS



CONTACT DETAILS

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