BRAC Written Evidence:
For the postponed UK International Development Committee Oral Evidence Session on FCDO Value for Money

(due to have occurred on 25 March 2025)

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1. Could you please introduce yourself, and briefly describe the work of your organisation?

I am Asif Saleh, Executive Director of BRAC (Bangladesh), a position I've held since 2019. I joined BRAC in 2011, holding a range of senior leadership roles across the organisation, until my appointment as Executive Director in 2019. I am also a member of BRAC's Executive Management Committee, Chair BRAC IT Services Limited and serve on the Boards of BRAC Bank, bKash and Edotco Bangladesh (the country's leading integrated telecommunications infrastructure provider).

BRAC is an international development organisation founded in Bangladesh in 1972, that partners with 130 million people living with inequality and poverty to create opportunities to realise their potential. BRAC is best known for its community-led, community-based holistic approach, delivering long term impact at scale, through evidence-based approaches. BRAC works with communities in marginalised situations, hard-to-reach areas, and post-disaster settings across Asia and Africa - with a particular focus on women and children. Currently we have a geographic footprint in 11 countries[1] including Bangladesh, where we are founded and headquartered. We are known as one of the largest (by staff numbers), non-governmental organisations in the world, and an innovator in poverty eradication.

BRAC operates as a "solutions ecosystem", which includes social development, social enterprises, humanitarian response, BRAC Bank and BRAC University. Collectively this effort seeks to serve a comprehensive vision and objective of empowering the poor, alleviating social imbalance and enhancing financial sustainability.

It is a unique model, with BRAC social enterprises being at the cornerstone of our approach. Our social enterprises have no shareholders, so any surplus revenue is reinvested or invested in BRAC's social development programmes. On average these revenues generate 80 percent of the organization's annual budget, which has allowed BRAC to develop, test, and replicate some of the world's most innovative poverty alleviation and eradication programs - that we are especially known for in the context of this Committee's work and interests.

BRAC has proven that social enterprises can work on a large scale. Our social enterprises are market leaders in multiple sectors, and source products from and provide services to millions of producers, artisans and small-scale farmers (see Annex 2 for a current summary of these).

BRAC has had long-standing programmes and partnerships that have been recipients of UK financial ODA support (in Bangladesh and other countries of its operation), and is currently in receipt of UK FCDO ODA funding in several settings. This has ranged in scope from a 10-year Strategic Partnership Agreement (SPA) in Bangladesh from 2011 - 2021 (comprising two phases), British Investment

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[1] Afghanistan, Bangladesh, Ghana, Kenya, Liberia, Myanmar · Philippines, Rwanda, Sierra Leone, Tanzania, Uganda.

International (BII) investments in BRAC Bank, and currently large-scale investment in education in Bangladesh.

Many of these programmes and investments have historically and currently been rigorously, independently evaluated by and in partnership with UK academic institutions (e.g. The London School of Economics, the University of Oxford, University of Manchester and many others).

Since 2017 BRAC has been and remains the largest local NGO responder to the Rohingya refugee crisis in southern Bangladesh. Delivering lifesaving assistance, supporting livelihood recovery, and helping to rebuild the lives of Rohingya refugees; and supporting host communities.

2. What are the benefits of passing decision-making power to local actors in development projects?

- **What can be the impact of locally led initiatives for ensuring long-term value for money?**
- **Do locally led projects offer better sustainability for local communities?**

BRAC believes that locally led projects (locally led development), offers better sustainability for local communities, especially if you invest in their core capabilities, so they don't need facilitators to hold the risk for them.

BRAC's principle is that it is better to empower people facing adversities, to help overcome them. Practically, this means catalysing the entrepreneurial spirit of people in communities, equipping them with skills and high-quality inputs, and linking them to markets - to become micro-entrepreneurs, artisans and social service providers.

One of the reasons working with local actors is more sustainable, is that when funding declines and there is less international investment, local organisations, who have been there since the beginning, and are still there when international actors leave, are left to provide more cost-effective long-term solutions. The Rohingya Refugees Crisis in Southern Bangladesh (Cox's Bazar), is a clear example of this.

Despite commitments made under the 2016 Grand Bargain, progress toward localisation has been limited, with local organisations still receiving a minimal share of direct international humanitarian funding. Reports by USAID and Tufts University (2021)[2] and ODI (2022)[3] indicate that only 2-3% of funds reach local actors directly.

Currently, the preferred bilateral approach to deliver development support, is to use intermediaries, whether they be UK iNGO's, multilaterals, or sometimes, organisations like BRAC. BRAC is playing just such a role in Bangladesh, through funds from Canada (Global Affairs Canada), Australia (DFAT), Germany (KfW) - and until recent changes in the US, USAID, in a variety of areas.

Much of the global discussion on locally-led development focuses on the geographic location of those intermediaries, i.e. a Bangladeshi organisation, in Bangladesh = 'local'. At BRAC, we feel that misses

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[2] Source: Localisation: A "Landscape" Report

[3] Source: Are we there yet? Localisation as the journey towards locally led practice

the point. What really matters is that those intermediaries have real experience delivering projects in those contexts, are embedded deeply within those communities, and are therefore trusted and have strong legitimacy and acceptance by local organisations.

BRAC's experience delivering pooled funding mechanisms to support local organisations in Bangladesh tells us that through a pragmatic approach to capacity building, providing 30% of a grant in overheads to a local organisation can have transformative, long-term impacts on their ability to secure funding in their own right in future.

3. Do you think the UK is currently a champion of locally led practices?

- **How can the FCDO better support local communities to build, manage and sustain development initiatives?**
- **Should the UK focus its reduced aid budget on localised projects more so than large-scale international partnerships?**

Our response to this question considers the current environment (since the latest UK General Election in July 2024), and also reflects historically. Noting past UK Government leadership and draws on learnings from specific programmes and their achievements that may be valuable to be reminded of, learn from, and leverage from in future, that illustrate locally-led practices and approaches.

The UK government's new language about "doing development differently" (since July 2024), with an emphasis on "equitable partnerships with Global South partners", and "modern partnerships" based on "trust and the needs of partner Governments", is strongly welcomed by BRAC. We hope this intention will remain, despite the recently announced cuts to the UK's ODA budget. We look forward to seeing that intention translated into funding decisions, and practical, innovative solutions.

BRAC believes the dramatic changes being implemented and felt across the world from significant cuts to ODA, and the ODA strategic landscape, present significant challenges and jeopardy. But also, opportunity and necessity for change.

Offer: BRAC is keen to contribute and share its experience and learning on the locally-led development agenda, to ensure development gains and positive change on the lives of the most vulnerable are not lost, and ensure "no one is left behind". We would be happy to support the committee, and the UK Government, via our knowledge products, dialogue, workshops, communities of practice and practical project visits.

Historically, the UK was ahead of many other donors in its thinking, championing and support. For example, via the UK's ODA partnership and investment in mechanisms like the **Strategic Partnership Agreement** (SPA), with BRAC in Bangladesh, which was also financially supported by the Australian Department of Foreign Affairs and Trade (DFAT).

The SPA was a unique, long-term, historic partnership, **supported for nearly 10 years (2011-2021)** by the UK through two phases (SPA I and SPA II).

It was initiated, championed and financially resourced prior to UK international development responsibilities being merged into FCDO. And for most of the term of the UK's support, was under the operational management and technical leadership of DFID.

The SPA provided large-scale. multi-million GBP, flexible funding (un-earmarked), for core development programming to achieve agreed development objectives in Bangladesh, through BRAC. It covered **8 priority thematic areas,** the largest being education, health and nutrition, livelihoods (targeting the ultra-poor) and 'skills and youth development'. The agreement was the first of its kind, by UK bilateral aid agencies, with a Southern led organisation.

As noted in UK Development Tracker documentation for the SPA[4], working with and through a local, and uniquely operating entity like BRAC in Bangladesh (with civil society and private sector operations), had, and has historically successfully filled gaps in state service provision. BRAC is a unique and established part of Bangladesh's landscape, operating at huge geographic scale across the country, helping respond to development challenges and achieving the Global Goals (SDGs). As such, it does and has offered a unique model for delivering genuinely locally-led approaches at scale.

With this in mind, the SPA mechanism, through its deliverables, also sought to:
- Strengthen formal and informal institutions needed for Bangladesh to effectively manage the transition to middle income country (MIC) status,
- Support BRAC's organisational reform agenda;
- Increase ODA partner knowledge of persistent development challenges; and
- Contribute to problem solving and joint advocacy.

SPA support aimed to also enable BRAC to strengthen its long-term (financial) sustainability. Strengthening capacity, internal processes and more, and increasing the proportion of development funding coming from BRACs enterprise and microfinance surpluses and cost recovery models, off-setting ODA investment.

The SPA aimed to achieve a great deal across many thematic areas, including:
- Improved access to quality basic services (health, education, WASH),
- Helping people move out of extreme poverty,
- Building personal and community resilience, and
- Providing vocational skills training.

Because of the clear, long term and flexible nature of the programme it achieved remarkable results, (as detailed in programme documentation available on the UK Development Tracker), including project completion reports. Some headline results are detailed in Table 1.

Despite these successes, evidenced value for money results and evaluations, UK political shifts, and resulting policy and strategic change - leading to ODA finance cuts - saw the UK end its support to the SPA in 2021. However, the SPA has continued as a mechanism, receiving significant ongoing support from Australia (and Canada), with positive life-changing impacts to many. BRAC and many others would love to see the UK return as a partner. To this or other such locally led development mechanisms and discourse.

[4] Source: https://iati.fcdo.gov.uk/iati_documents/90000190.odt

Table 1. SPA I & II Headline Results (a selection)

SPA Phase I (2011-2015)	SPA Phase II (2016-2021)
580,000 people lifted out of extreme poverty (through a graduation approach) 240,000 children completing primary school Nearly 4 million people gaining sustainable access to sanitation facilities **For 0.5% of the UK's ODA budget[5]**	412,634 households graduating out of poverty (over 900,000 individuals) 2 million primary educated 49,000 teachers trained 1.76 million climate vulnerable households strengthened their resilience **For £220 million GBP[6]**

The Ultra-Poor Graduation Model (UPG) is another example of historic UK ODA funding a locally-led initiative that is having significant positive impact, globally. The UK Government provided early investment in the Graduation approach (starting in 2002). Helping test the methodology of the mechanism (and support learning and adaptation). This methodology is now being scaled globally, including through partnerships with governments in the Global South (including south-to-south learning), and adapted and adopted by other large-scale iNGOs (e.g. CARE, Save the Children and others).

Ultra-Poor Graduation (UPG) is a multifaceted set of interventions designed to address the complex nature of extreme poverty. These interventions are adapted to the local context and generally include connecting participants to social protection to meet their basic needs, providing training and assets for income generation, financial literacy and savings support, and social empowerment through community engagement and life skills training. All facilitated through in-person coaching.

While UPG as an approach has been scaled, there is an enormous opportunity for a far bigger international effort on this. Noting its value for money (proven by cost-benefit ratio and analysis), and how in these financially constrained times, it may be an essential foundation to help achieve lasting progress on SDG 1.

UK aid on localised projects vs large-scale international partnerships

NGOs' community-based approach differs from the system-level transformation driven by global benchmarks and frameworks adopted by the UN and similar organisations. While NGOs are more effective in tackling household and community-level poverty, issues such as governance and human rights often require national-level action. Rather than choosing between localised and multilateral approaches, a blended strategy could be more effective.

[5] Source: https://committees.parliament.uk/writtenevidence/85990/html/

[6] Source: Project Closure Report for the UK's contribution to SPA II, March 2021, available on the UK Development Tracker at: https://iati.fcdo.gov.uk/iati_documents/90000190.odt

Recommendation: Given limited resources, UK Aid could prioritise localised interventions for context-specific challenges such as poverty reduction, climate adaptation, community health, primary education, and skills development. For policy-driven issues—such as national skills development strategies or climate policies —partnerships with multilateral organisations may be more appropriate.

4. How can locally led initiatives mitigate the impacts of reduced ODA funding from countries such as the UK?

- **How can the private sector and local enterprises contribute when traditional ODA sources are declining?**
- **What more could the FCDO do to support financial innovation and local solutions in development?**
- **Can you give examples of where you have worked with international actors to support effective local delivery?**

Generally speaking, locally-led partnerships demonstrate greater economic efficiency and sustainability. Local implementers have specialised knowledge of the market system to produce and deliver the same service for less, using local systems which are more suited to the local context.

While potential capacity gaps, insufficiency on safeguarding and other relevant systems can make this arrangement risky, the involvement of experienced local implementers as a risk sink, and collaboration with multilateral partners in M&E can significantly reduce such risk. Additionally, such local leadership under arrangements like “localisation pooled funds” can reduce costs by offering shared back-office services, such as communication, auditing, and grant management.

BRAC’s experience delivering pooled funding mechanisms to support local organisations in Bangladesh, tells us that through a pragmatic approach to capacity building, providing 30% of a grant in overheads to a local organisation can have transformative, long-term impacts on their ability to secure funding in their own right in future.

BRAC Pooled Fund for Localisation – support to Rohingya refugees in Cox’s Bazar

A pooled fund approach has been trialled in the Rohingya crisis humanitarian response in Cox’s Bazar (supporting the largest refugee camp in the world), and is particularly relevant because the international response to the crisis is dwindling. Even more so now, given the impacts of the dissolution of US AID and its ODA, and resulting impacts on resourcing and organisational presence. Ultimately those (organisations) who will be left to provide more cost-effective solutions, are local organisations.

Initiated in 2018, but formally fully operational from March 2022 (with funds) from Global Affairs Canada and the Australian Department of Foreign Affairs and Trade (DFAT), “*The Pooled Fund for Localisation”,* has been shaped through extensive consultations with national and local NGOs, and takes a holistic stance on capacity strengthening, focusing on individual, organisational, and ecosystem levels.

It also incorporates risk management. With BRAC assuming responsibility on behalf of the donor. And targets diverse organisations, including women-led groups, those supporting gender-based violence, and persons with disabilities. The initiative is aligned with the UN Joint Response Plan, to support coherent and integrated humanitarian efforts in the region.

The Fund is playing a pivotal role providing support to Bangladeshi NGOs. Significantly enhancing their capacity, enabling them to deliver humanitarian assistance more effectively in Cox's Bazar and Bhasan Char. The Fund's comprehensive approach includes individual, organisational, and ecosystem capacity development, addressing key humanitarian challenges, and fostering sustainable humanitarian response.

The **BRAC Bangladesh Strategic Partnership Agreement (SPA)** is another good example of such an approach, which is detailed elsewhere in this evidence (phase I and II being supported by UK Aid), and in evidence submitted by BRAC to previous IDC inquiries, held in different parliamentary periods.

Although UK support to SPA II ended in 2021, with an excellent FCDO project completion report analysis and assessment[7], the SPA mechanism continues with great success, via support from the Governments of Australia (DFAT)) and Canada (Global Affairs Canada). BRAC is happy to share insight and learnings on current (Phase III) impact and learnings, with UK civil servants and others, anytime.

Recommendation: We encourage the UK Government, through FCDO, to invest in local solutions. To move from rhetoric (and positive words set out in July 2024)[8], under the new UK government's plan), to action. The time is now, to secure lasting change. There is an opportunity and necessity arising from current geopolitics and aid politics change and disruption, to focus on making the localisation agenda a reality.

Recommendation: We suggest that FCDO (and others), be open to and learn from organisations that are doing this already. What works; what's hard; what should be avoided (e.g. across and relevant to delivery mechanisms, capacity building, and governance). Despite the fiscal constraints on UK ODA budgets, the UK, through FCDO, can be a voice/messenger/convenor, sharing and exploring the positive results that can be achieved through localisation; drawing together and promoting existing knowledge and learnings.

Recommendation: We encourage FCDO to reflect and review past UK ODA programmes and learnings, with partners, to recover and draw on past institutional learning and investments made in knowledge products coming from the substantial investments that have been made. Revisit project completion reports, and invite partners (like BRAC) to contribute institutional memory and experience where they can.

The UK's role in seeding and growing enterprises and investments

In addition to BRAC's social enterprises, we also invest in socially responsible companies that assist us in our mission to empower people and communities in situations of poverty, illiteracy, disease and social injustice. Our network of seven investments helps us strive towards the goal of self-sustainability. Our strategy reflects our belief that investing to generate financial returns and lasting

[7] Source: https://iati.fcdo.gov.uk/iati_documents/90000190.odt

[8] July 2024, UK government language commits to "doing development differently", with an emphasis on "equitable partnerships with Global South partners", and "modern partnerships" based on "trust and the needs of partner Governments".

social and environmental impact are not only compatible, but also mutually-reinforcing objectives.

One of our investments is BRAC Bank, for which BRAC has a 44.64% shareholding. BRAC Bank PLC began with the vision to provide banking solutions to the ‘unbanked' Small and Medium Entrepreneurs. The previously neglected Small and Medium Enterprises (SME) sector plays a significant role in generating growth and creating employment in Bangladesh, but over the past few decades, traditional banks were reluctant to invest in this sector. At a time when it was almost impossible for the SME entrepreneurs to get financing from the banking sector in Bangladesh, BRAC Bank stepped forward and came to finance these unbanked SME entrepreneurs.

The UK Government, through British International Investment, has twice invested in BRAC Bank. Most recently through a $50 Million investment to provide finance for micro, small and medium enterprises (MSMEs), and women-owned and led businesses in Bangladesh. This was an important contribution to the scaling up of BRAC Bank’s services, boosting lending in a sector that is crucial for Bangladesh’s growth; and advancing progress to meet multiple UN Sustainable Development Goals. This is an example of the potential impact a blended UK approach to ODA should have, with investments that complement traditional ODA based partnerships.

Recommendation: The UK Government’s ODA strategy should include investments in local enterprises, as long as it is well targeted and clearly contributing to UN Sustainable Development Goals (SDGs), and helping to grow key sectors within a partner country. In BRAC’s experience, it’s not always just grant funding that strengthens local partnerships; sometimes investments and the private sector are better suited to provide solutions.

Annex 1. Current BRAC Social Enterprises (Bangladesh)

Two of the most significant challenges that continue to hinder economic growth and social empowerment, particularly for women in rural areas, are sustainable livelihood generation and market access. Over 75% of small farmers in Bangladesh earn less than USD $2 per day.

BRAC Social Enterprises equip individuals - microentrepreneurs, farmers, and producers - with the necessary tools and resources needed for greater economic participation. BRAC establishes vital linkages across value chains to ensure market viability. The social mission is at the core of everything that we do; establishing inclusive ecosystems that improve conditions for both producers and consumers. BRAC's current social enterprises are summarised in the table below.

BRAC Social Enterprise	Summary of Focus and Activity
Aarong	Harnesses the skills of over 75,000 artisans across Bangladesh through a vast network of rural production centres and independent producers. Aarong is one of the country's largest lifestyle retail chains.
BRAC Dairy (Aarong Diary)	Ensures fair prices for over 30,000 farmers across Bangladesh and provides a wide variety of high-quality dairy products to urban consumers. BRAC Dairy is the leading milk processor in the country, with operations spanning the entire dairy value chain.
BRAC Seed and Agro	Processes, markets and distributes high quality seeds through an extensive network of farmers, dealers and retailers across Bangladesh. BRAC Seed and Agro is the largest private sector seed producer in the country.
BRAC Artificial Insemination	Provides insemination services to cattle farmers to boost local income and milk production by introducing higher quality cow breeds. BRAC Artificial Insemination employs a total of 4,000 trained insemination workers across the country.
BRAC Nursery	Sells high quality seedlings, potted plants and additional landscaping services to promote tree plantation. BRAC Nursery has been awarded first prize in the NGO category at the National Tree Fair consecutively for fifteen years.
BRAC Sericulture	Operates a silk production facility by engaging rural women from the bottom of the pyramid at every stage of the silk-making process. BRAC Sericulture's beautiful fabrics are sold at Aarong and in trade fairs.
BRAC Fisheries	Harnesses the potential of Bangladesh's ponds for commercial fish farming. BRAC Fisheries is the market leader for all of the products it offers, as well as the leading wholesale fish food supplier in regional markets.
BRAC Recycled Handmade Paper	Creates decorative and stationery products by turning discarded paper materials into items such as envelopes, gift boxes, lampshades and photo frames

BRAC Social Enterprise	Summary of Focus and Activity
BRAC Cold Storage	Provides storage facilities for harvested yields of potato farmers to ensure that none of their hard work goes to waste. BRAC Cold Storage ensures freshness not only by storing produce, but also by integrating farmers with the potato processing industry.
BRAC Printing Pack	Produces flexible packaging material for food items, processed edibles and agricultural inputs. BRAC Printing Pack is one of the most prominent in the country’s packaging industry.

BRAC's social enterprises equip people with livelihood opportunities in communities where jobs, access to markets, training or quality inputs are not readily available. These enterprises provide an alternative to urban-centric, factory-based methods of mass production by harnessing the skills of thousands of small producers, farmers, and craftspeople in rural areas - through collective approaches.

For example, BRAC invests in artisans by providing them with access to BRAC's social development services and employee benefit schemes, such as health security and retirement. We provide farmers and producers with a steady supply of orders, market linkage, access to high quality inputs such as seeds or veterinary support, and gender equality training.

The social enterprises create demand for local products, attract market attention to underserved sectors and preserve Bangladesh's rich artisanal heritage by ensuring the viability of small-scale production.