

Mid Term Review (MTR)

Strategic Partnership Arrangement (Phase 3)

Summary

The Strategic Partnership with BRAC is an outstanding demonstration of good practice that achieves mutual interest and benefit to all parties. BRAC has achieved significant results in poverty alleviation, disaster response, education, health, skills and employment benefiting the most vulnerable and poorest communities. It plays an important stabilising role in a complex and volatile environment. The flexible and open nature of the Partnership enables Australia and Canada to respond to changing policy priorities, conduct public diplomacy, and develop and strengthen important relationships across the country.

However, in the changing aid landscape, Partners will need to recalibrate the partnership to meet emerging and future policy interests. Bangladesh faces increasing political and economic vulnerabilities, exacerbated by the impacts of climate change. It is situated in a contested geo-political sphere of critical interest to Australia and Canada in a time when the international community is vacating space that can be filled by alternate actors. BRAC is likely to face major strategic challenges in fulfilling its mission and purpose, potentially undermining the gains made to date.

Given the outstanding achievements of the partnership over 12 years (including the UK, Australia and Canada) and the ongoing significance of BRAC's role in Bangladesh's vulnerable context, it behoves development partners to consider transitioning to a strategic relationship with BRAC beyond aid funding that recognises BRAC's role as the 'fifth pillar' of Bangladesh's social, economic and political governance; and position themselves to pursue the broader economic, trade and strategic opportunities of interest to Australia, Canada and others.

Purpose and Scope

The purpose of this Review was initially framed around the formal objectives of the SPA Agreement. In early consultations it became clear that the broader dynamics of the political and economic context of Bangladesh, the changing donor landscape, and international events affecting Bangladesh play a much greater role in consideration of the value and benefit of any future Partnership. The scope of the Review therefore included three broad areas of enquiry:

1. The performance of BRAC Bangladesh in delivering services against its own Strategic Plan.
2. The achievements and lessons against the objectives of the Partnership Agreement.
3. The role of BRAC in the political economy of Bangladesh, in the context of a changing aid policy and international landscape.

Most attention is paid to the more complex and contested third area of enquiry, given that the performance of BRAC in achieving results are well documented and evidenced (focus area 1), and that the Partnership has clearly demonstrated effectiveness as a way of working (focus area 2).

The review was undertaken by an independent consultant with an understanding of the development context of South Asia, the policy priorities of the Governments of Australia and Canada, and extensive practical development expertise in design, management and evaluation across multiple sectors. The consultant has wide experience of the performance of development programs implemented by

government agencies, multilateral development banks, non-government organisations and contractors. The methodology deployed included a series of individual and group discussions with officials from Australia and Canada, and senior managers and executives in BRAC, complemented by site visits to BRAC's regional office staff and verified through short visits to participants and beneficiaries. Findings and recommendations were developed and tested in an iterative process through subsequent discussions and interviews

Who is BRAC?

BRAC is a phenomenon that stands alone globally. It belies its formal registration as a 'non-government organisation'. Established in 1972 to lift the poor out of poverty with a focus on micro-finance, health and education, it has become an internationally recognised leader in social enterprise and development, and has established spin-off companies and institutions including the BRAC Bank and BRAC University, and has programs in 13 other countries through Stichting BRAC International (registered in The Netherlands), including an international micro-finance set of related-companies BRAC International Holdings B.V.).

Key features that define BRACs scope, reach and influence include:

- 100,000+ staff members, many of whom are long term (30 plus years)
- Regional offices covering all 64 Districts of Bangladesh
- Reach out to the furthest most vulnerable communities across the countries with local staff and community relationships
- Widely trusted by the local community, and by both sides of politics and institutions of the State (public service, judiciary, media)
- The BRAC 'Group' comprises the BRAC Bank, BRAC University, BRAC's social enterprises (17 separate businesses), and BRAC International
- Income of \$USD1,146 million (2023) (*over \$1.1 billion USD, excluding the Bank, University and International*); and had a surplus in 2023 of \$USD227 million. Three quarters of the income comes from micro-finance operations. \$110 million from donor grants (mostly funds in and out for specific activities), and \$10 million investment income from a growing capital fund.
- BRAC delivers programs in the most difficult, most challenging areas, including the Rohingya refugee camps, the Chittagong Hill Tracts, the Ultra Poor, and on emerging issues such as climate change (changing agriculture and livelihoods in the delta and climate vulnerable regions), and on policy reform such as child marriage, gender-based violence, and other legal reforms.
- BRAC has a complex over-arching governance structure, with a General Body comprised of 28 members, a Governing Body, a Global Board, Committees, Executive Management Committee and team of Directors. It has shareholdings (and representative Directors) on associated Companies (BRAC Bank, University, and 17 social enterprises).
- BRAC has an impressive and formidable cast of Board members, advisory committee members, and executives throughout the set of inter-related organisations, with extensive reach through the business, academic, social (and therefore political) life of Bangladesh and internationally (including a former Australian Minister of International Development Melissa Parke). Board members and executives have served with international and UN agencies, advised governments and international bodies, and led major multinational commercial entities.

BRAC has always maintained a strictly neutral and apolitical stance, and avoided scandal and political attack, in stark contrast to virtually all other local organisations in Bangladesh.

As the key findings will highlight, BRAC has exemplary performance, reputation and positioning in Bangladesh. Donors have supported BRAC Bangladesh (the original 'parent' NGO body). It has been a

partner of choice for donors such as Australia, the UK and Canada, as well as UN agencies and others, to pursue their development objectives and deliver high quality services.

In the context of a changing donor landscape, and emerging political and economic context of Bangladesh, this phenomenon gives rise to deeper questions. The broader BRAC eco-system of entities have become by default an actor in the political economy. It appears to have a sustainable independent financial future, and has a global reach and influence. There are potential implications for partners through their association with BRAC, with significant benefits, and some risks.

Key Findings

Enquiry focus 1: BRAC Bangladesh results and effectiveness

SOR Evaluation Question i): Development outcomes - To what extent is the SPA on track to deliver expected development outcomes, with a particular focus on people facing multiple deprivation, discrimination or exclusion, in BRAC's major development programs?

Finding 1: BRAC continues to deliver outstanding development results, enabling millions of people to be lifted out of poverty, providing life-saving assistance in times of crisis, reaching the most marginalised communities with essential services, and building skills and business opportunities to improve livelihoods and create self-reliance.

BRAC publishes a comprehensive Annual Report each calendar year which provides credible, robust and reliable information on results. This is backed up by an internal Results Framework and monitoring and evaluation system for data collection and analysis. From this rich source of annual data, BRAC is able to provide the SPA partners with both granular and high level sets of data to meet performance, learning and accountability needs. BRAC also utilises its communications and media team effectively to disseminate results, and influence government policies and programs.

Over the course of the period of this SPA, BRAC reported that over 84 million have benefited from the funding made available over 13 years (since 2011) when the partnership was established. In the period 2021-24 significant results were achieved in poverty alleviation, crisis response, and influencing government and civil society service delivery at scale

Reach and impact

BRAC has an impact at the national level in Bangladesh. Poverty rates dropped significantly from 24.3% in 2016 to 18.7% in 2022. In 2023, 2 in every 5 people in the country received support from BRAC. Over the past 13 years, 1 in every 4 households who lifted themselves out of extreme poverty in Bangladesh in the last 13 years did so with support from the Strategic Partnership Agreement (Australia, UK and Canada combined support). Approximately four million households lifted themselves out of extreme poverty in 2012-2024, and one million did it through BRAC's Graduation approach, which the SPA supported to pilot and scale. Since 2002, BRAC has lifted 2.3 million households out of extreme poverty in Bangladesh through its Graduation approach.

The organisation has made significant adjustments to its approach over the course of the SPA period to respond to changing circumstances and lessons learned. Microfinance services are the bedrock of BRAC operations and are managed through a vertical management structure and clearly demarcated financial reporting regime (to meet government regulation and compliance requirements), while other sector programs such as education, health, climate, humanitarian operated in parallel programs. Over the past five years these programs, services and operations have been integrated in a more coherent and comprehensive manner at local levels, focused on underserved and disadvantaged parts of the country. Strategy and planning is undertaken across four pillars (*inclusive growth, building resilience, achieving*

gender equality, and investing in the future generation) and managed through regional offices and integrated teams.

Programs and services have also shifted, for example, BRAC moved to education services focused on marginalised population including persons with disability and geographically remote, poverty and climate vulnerable areas for out of school children. BRAC applies accelerated education interventions and early child education and development programming for ensuring their reintegration, transition and learning quality in mainstream education. BRAC has established primary and secondary institutions to promote innovation and showcasing best practices in education. Strategies for more effective impact include the 'BRAC-to-basic' approach (integrated community based development) and the 'reaching the last mile' approach (reaching the most underserved communities), which have made BRAC to be more than a 'welfare' or 'service delivery' provider. BRAC is now viewed to be a more sustainable development organisation providing comprehensive services at the frontier, complementing government and other development organisations' services, and adding value to 'accelerating' development.

Crisis response: Rohingya and COVID

BRAC has a proven ability to pivot and respond to emerging issues and crisis. From 2017 when the Rohingya were first displaced into Bangladesh, BRAC was able to mobilise initially SPA resources and then additional donor funding to respond and to unlock donor support which has since grown to \$AUD66 million. The initial support under the SPA was catalytic and had lasting impact. The investment also set the foundations for transforming aid architecture to better respond in protracted crises. A pooled fund, supported by Australia and Canada, has enabled capacity strengthening for four local organisations to take up leadership roles in the response, and 21 other local organisations are on track to achieve the same by the end of 2025.

During COVID-19, SPA support enabled BRAC to transform its entire workforce within days to become the largest non-government responder to the pandemic, and administer 1 in every 7 vaccines.

In 2024, Australia's support enabled BRAC not only to respond to unprecedented flooding, but also to coordinate the civil society response across Cumilla, Feni, Noakhali and Lakshampur districts - one of the worst-hit regions.

Influencing service delivery of others

BRAC is also well positioned to operate at a national level, by strengthening the ability of other actors to ensure a robust ecosystem for social development. As an example, BRAC operates a wide variety of educational institutions, but also invests in strengthening public education, through initiatives such as teacher training and curriculum development, as well as supporting non-government organisations to provide services. As a result, SPA support continues to have incredible ripple effects. In 2012, over 40 of BRAC's partner organisations managed 4,500 schools. Many of those organisations went on to continue to scale on their own, such as Probhati Relief Organisation Nilphamari, which started with five schools and has now established 1,400 schools, reaching 35,000 students. BRACs development of a contextualised approach to Prevention of Sexual Exploitation and Harassment (PSEAH) has led to uptake by the private sector and other institutions in Bangladesh. BRACs ground-breaking work in occupational health and safety has led to policy and regulatory changes in the workplace across a range of industries, particularly garment and textiles sector.

Considerations

BRAC has been a trusted partner supporting Australia and Canada's shared development objectives in Bangladesh. Its programmes have demonstrated responsiveness to evolving priorities and aligned with national development goals. Over the years, BRAC has collaborated with development partners to address emerging needs and deliver meaningful community support.

Mindful of concerns that its scale could inadvertently create competition with public institutions, BRAC has increasingly aligned its work with Bangladesh's priorities by strengthening public systems, particularly in basic service delivery. This has included formal partnerships with the Government of Bangladesh, such as Memoranda of Understanding with the Ministry of Health to support mental health services, non-communicable disease management, and community clinic systems, as well as collaborations in education to expand pre-primary learning for children aged 4–5 and develop accelerated post-COVID recovery programs in primary schools. These efforts demonstrate a complementary approach to achieving inclusive and sustainable development outcomes.

While BRAC's operational scale has raised concerns about potential unintended constraints on other civil society actors, the organisation has proactively addressed these through deliberate measures to foster an inclusive development ecosystem. This includes implementing Global Fund and skills development initiatives in partnership with local NGOs, establishing capacity-strengthening mechanisms like the Climate Bridge Fund and Localisation Pooled Fund to enhance smaller organisations' sustainability, and convening the CSO Alliance to collectively advocate for policy reforms, including revisions to NGO laws and tax regulations. These concerted efforts demonstrate BRAC's commitment to maintaining an enabling environment for participation in a diverse civil society.

Enquiry focus 2: The Partnership and its approach

Finding 2: The Strategic Partnership has been a catalyst and enabler for significant internal institutional change and performance improvement in BRAC. The flexible financing, as well as policy engagement and dialogue, has strengthened BRACs focus on key areas of priority to Australia and Canada, shared by BRAC, and had a broader landscape effect on other organisations and institutions in Bangladesh. The SPA has driven and incentivised innovation and adaptation throughout BRACs services and activities, becoming a central aspect of internal culture and operations which is the most important factor in its development effectiveness. BRAC is now recognised as a global leader in emerging areas of development practice (ultra-poor graduation, gender equality, safeguarding, micro-finance, disaster response, climate resilience integration, migration re-integration). BRACs impact goes beyond the activities and benefits to individual communities to the systems and landscape level, changing the operations of market and fabric of society in important ways. The flexible and predictable nature of funding is credited as a fundamental enabler of BRACs performance and effectiveness over the past 14 years.

Operationalising a 'Partnership' approach

The past five years of the SPA between BRAC, Australia and Canada has seen a maturing of the partnership, building on the initial phases between Australia and the UK.

The Partnership is fundamentally a relationship based model built on trust, confidence and ongoing dialogue, where the parties demonstrate an understanding of and commitment to meet each others' needs and interests. The principles and culture that has developed is strongly supported however, by practical operational features. It is these practical operational arrangements which have enabled and facilitated the extraordinary outcomes achieved by comparison to other development initiatives globally. Key arrangements include:

- **Flexible financing**, but with negotiated priorities and clearly allocated and auditable. Funding is allocated by the Partners to BRAC as block annual grants, in principle to support the whole annual strategy and budget of BRAC. In practice, this means that BRAC has an internal annual planning and budgeting process based on total funds available (from DP project grants, the SPA about 15 % of total, and own sources which is about 34 % of total development budget). The 15% of SPA funding enables BRAC to plan internally for organisational priorities, and incentivises innovation. As part of the process, Canada and Australia identify their preferences and priorities for use of funds, and as the annual budget is finalised, funds are allocated appropriately to the relevant agreed activities and inputs of the Annual Plan. There remains scope throughout the year to re-allocate SPA and BRAC funds internally as needs arise and priorities change without detailed formal approval processes normally required for project-based grants. As expenses are incurred, costs are allocated by project, program and funding source code, so every expense is allocated a cost centre and funding source, and so fully auditable. Journal entries can be made to change codes to reflect changing priorities (eg if Australia decides the want to support an activity previously allocated to a BRAC funding source, it can be changed over and the BRAC funds re-allocated; if planned activities do not go ahead or are delayed the funds can be re-allocated to another activity).
- **Ongoing policy dialogue through Working Groups.** Australia and Canada participate in internal BRAC Working Groups on key policy and sector priorities (eg BRAC-to-basics; GBV, Safeguarding, humanitarian) and participate in planning sessions, staffing and operational decisions, so can influence and be engaged in key operational decisions where Australia has a strong policy interest. BRAC undertakes to accommodate these interests and allocate funds accordingly, which is possible given the flexible financing modality. Australia does not, for example, ‘control’ the funds and plan all the activities with its own funds, but works within the BRAC planning systems and respects a level of flexibility and need for BRAC to allocate funds for its priorities, so the arrangement is to mutual benefit (otherwise it would not work).
- **Public diplomacy and communications.** BRAC has a strong understanding and process for engaging with the comms and public diplomacy needs of Partners. The flexible financing arrangements make it possible for BRAC to allocate (or re-allocate) funding towards events, activities and programs that can accommodate high level visits and announcements that are of immediate and current interest to the donors. For example, BRAC has allocated significant funds to its prevention of illegal migration programs, and enabled visits of Home Affairs officials from Australia to locations and communities of specific interest as required. These opportunities are not usually notified in advance to enable longer term planning and allocation, but need to be arranged in the moment.
- **Governance.** Australia and Canada have formal opportunities to participate at the highest level of governance of the organisation. BRAC creates opportunities for High Commissioners to meet at Board level and to have high level policy discussions on broader political and economic landscape issues. While many times these meetings can be seen to be a formality, or are general in nature, they afford a formal and key opportunity for risk and performance management so any emerging concerns can be addressed at the highest level, rather than at a project-based or contractual level. It also means that relationships are in place for discussion of highly sensitive or confidential matters, which can be important in times of political or humanitarian crisis. The networks and connections created through this level of the partnership is invaluable for Australia and Canada’s broader bilateral and economic relationship.

- **Reporting and MEAL.** The Partners agree to work through the internal BRAC reporting and finance systems, which strengthens the organisation-wide systems, and creates efficiencies for BRAC. BRAC also has capability to provide bespoke reporting and financial reports when required which complements the annual reporting, and is able to provide ad hoc responses to key questions and information needs as they arise. The flexible financing has enabled BRAC to develop and extend this capability, and Partners have maintained a level of restraint in their specific information requests (although this may remain a risk for partnership operations).

Effect of the partnership approach

The partnership approach has had a significant effect on BRAC's institutional capacity and performance in key areas, that has enhanced its reach and impact.

Innovation: the flexible and predictable nature of funding, built into the annual planning process, has enabled BRAC to propose and commit to innovation and experimentation, leading to more southern-led solutions that are more effective in the local context and leveraged other funding once approaches are demonstrated. For example, the agricultural extension services provided by BRAC previously offered standardised services in seeds and fertilisers and training as a supply led intervention based on international practices that donors would fund through project grants. Through the SPA, BRAC allocated funding to test a new model of a 'one stop shop' Adapt Clinic, offering an advisory service to farmers who were keen to respond to climate change and was able to provide a range of different inputs, training, financial services, weather and climate information and advice to farmers to adapt in different ways in a more demand driven and localised model.

In 2013, two out of three Bangladeshi women going overseas to work were abused by their employers. BRAC's migration programme started in 2014, with partnership support. The work has since evolved into a comprehensive package of services including pre-departure orientation, in-country support, and reintegration of returnee migrants. Australia's initial two-year investment has catalysed the creation of a diverse donor portfolio, which has enabled 38 million potential migrants to receive information and services to date.

Similar ground-breaking work in prevention of sexual exploitation and harassment, skills and employment, integrated BRAC-to-basic community development, and alternative approaches to monitoring and evaluation methodologies were supported by the partnership, which would not have been as easily undertaken with other forms of grant funding. Importantly, the opportunity created by the partnership has built a confident culture of innovation across the organisation, partly stimulated by the annual budget and planning process where different departments and programs 'bid' or compete for the annual budget allocation available to an Executive Committee for innovation, using partnership funding.

Policy influence and coordination with government, domestic and international: Predictable, flexible funding has enabled BRAC to strengthen its policy engagement with government partners in Bangladesh. BRAC now contributes technical expertise to national dialogues on education, health, and economic reform as part of government working groups and policy commissions. One example includes BRAC's collaboration on climate-resilient housing, where the government adapted BRAC's gender-sensitive, household-inclusive model into national programs. Such engagements reflect BRAC's supportive role in national development processes. At the international level, BRAC has shared its experience through platforms including the World Economic Forum, UN General Assembly, and COP climate discussions. These opportunities emerged alongside organisational capacity development supported by long-term funding approaches.

Sector wide and eco-system impacts: BRAC has implemented activities in a manner that has developed models taken up by others across Bangladesh. Some recent examples include: the localised approach to prevention of sexual exploitation and harassment (PSEAH) which has become a commercialised training and development product for the private sector on gender based violence and safeguarding; approaches to alternative dispute resolution particularly in divorce and alimony settlements; in skills and education the rights-based approach to capacity building; the concepts of quality education disseminated through a broad based coalition for education in Bangladesh; along with innovations in the health sector and governance standards across civil society (and more broadly). These more recent impacts build on the decades of work BRAC has done in Bangladesh that have had society wide impact, more evident with a historical view: changes in diet and nutrition from introduction of home gardens, poultry and livestock; market impacts across the value chain in the dairy industry from introduction of chilling plants and refrigeration of dairy products; fashion and textile industry impacts from Among the largest supplier of small producer production. It is this opportunity to impact at scale that is most valuable from flexibility and innovation of the partnership funding model.

Pre-positioning for crisis: the flexible partnership model that enabled Australia and Canada to have funds and systems pre-positioned to respond to crisis such as floods, cyclones, pandemics and people displacement. BRAC responded to three major floods in 2024 in the Eastern region, and previously to the Rana Plaza industrial disaster. During COVID, BRAC transitioned all staff and programs to support the vaccination program and to support vulnerable communities, utilising existing resources and mobilising additional funding. As a country highly vulnerable to the impacts of climate change, this pre-positioning is of value to development partners. Funds can be re-allocated and staffing and resources pivoted to an emerging need within days, much more efficiently than through other modalities or delivery partners.

Climate resilience: BRAC has been able to adapt its programs in response to changing environmental settings. For example the education program moved to online learning and new approaches in some areas due to a heatwave, and provided extra support to enable students to complete the school year in an accelerated learning model. These approaches include self-learning through worksheet in home and teacher-facilitated, neighbourhood-based small group learning sessions. New approaches to housing development, with resilient housing for female-headed households and vulnerable community members, hosting neighbours in times of hazards (cyclones and floods), were developed and taken up by government. The integrated climate change programme, currently being piloted with Australia's support, is poised to become a blueprint for slowing migration by putting the conditions in place for communities to be able to effectively adapt to climate change.

Learning: BRAC has been able to invest in research and knowledge products in order to share approaches and lessons for others. The move to housing a significant portion of research and teaching through BRAC University in a commercialised model, but more closely linked and aligned to programming and innovation, was made possible through the flexible financing of the partnership.

Global expansion and influence: BRAC credits the partnership of stimulating and accelerating its opportunities for global expansion, with significant impacts on leveraging additional funding, and sharing lessons and approaches internationally. The Graduation approach to ending extreme poverty is being adapted in over 100 countries, including the Philippines, Indonesia and India. The adolescent development programme developed in Bangladesh has evolved to become the Mastercard Foundation Accelerating Impact for Young Women programme, which is equipping 1.2 million adolescent girls and young women with entrepreneurship, employability, and life skills, across Sierra Leone, Liberia, Uganda, Tanzania, Rwanda, Ghana, and Kenya. The BRAC Play Lab and Humanitarian Play Lab models are being implemented in Uganda, Tanzania, Sierra Leone, the Philippines and in the Rhino refugee camps in

Uganda. Early work done in Bangladesh through the partnership in enabling others to tackle the world's most urgent challenges, with girls and women at the centre of the solutions.

Embracing digitisation and technology: The role of technology has been reimagined across BRAC, with the Graduation approach-based programming across its working locations in Bangladesh now supported by a real-time app that supports data-driven decision-making, saving 27,000 work days annually, reducing operational cost and significantly decreasing paper use.. Similarly, BRAC's 2,550 community health workers, who work in 35 districts in Bangladesh, now have an app to ensure they have the information they need at their fingertips. Other highlights include the strengthening of safeguarding, introducing an enterprise resource planning system, Innovation Fund, Social Innovation Lab, and the digitisation of BRAC's monitoring, evaluation, accountability and learning system.

Institutional change and sustainability

The following detailed findings address more specific questions of the Terms of Reference for this Strategic Review.

SOR Evaluation Question ii) BRAC's institutional change and sustainability - To what extent is the SPA on track to achieve BRAC's institutional change plans in the following areas?

- a) Monitoring and Evaluation - Is the Results Framework (both BRAC RF and SPA RF) facilitating reflection, lessons learned and program improvement within BRAC and between all three partners? Is BRAC using streamlined data and evidence to make decisions, learn lessons and report using the revamped M&E system?

Finding 2a: BRAC has been continuously improving and strengthening its MEAL system and produces high quality, accurate and valid results reporting. In recent years, there has been a strong emphasis on learning, with a Community of Practice and senior management mechanisms for valuing failure and adaptation, which is world leading practice. BRAC is cognisant of remaining challenges in embedding the learning culture to institutionalise these practices, and keeping management, systems and staff focused on adaptation in real time within resource and donor constraints.

BRAC's work is guided by a Strategic Plan with a results framework linking eight impact targets across four pillars and sixteen programs. Grounded in Bangladesh's national priorities while incorporating global standards, this dual-aligned approach ensures both local relevance and international credibility in pursuing sustainable development outcomes.

Turning strategy into impact requires robust systems for quality and adaptation. BRAC's Programme Quality Assessment (PQA) acts as a nervous system, constantly gathering real-time data from the field to inform program adjustments. But data alone isn't enough - the organisation has built complementary learning structures that transform information into institutional wisdom. Through communities of practice, leadership committees, and regular reflection sessions, insights from frontline workers reach decision-makers, creating a virtuous cycle of implementation and improvement. This integrated approach ensures programs remain responsive while maintaining alignment to their objectives.

To ensure objective impact measurement, BRAC engages independent third-party consultants for independent evaluations, while maintaining research partnerships with academic institutions like its own BIGD and the James P. Grant School of Public Health. This two-tiered approach combines external validation with deep technical expertise - third parties provide unbiased assessment, while institutional partners contribute methodological rigour to baseline, mid-term and endline evaluations. While these systems currently satisfy international reporting standards, BRAC continues to refine its monitoring and evaluation practices to meet evolving stakeholder expectations and maintain excellence in accountability.

BRAC acknowledges the challenges of assessing impact at the broader system and societal levels and is considering further how to establish robust methods to understand its impact on the broader political economy of Bangladesh in a very complex environment.

- b) Gender and disability - to what extent has the SPA supported more equal access by women, men and people living with a disability to the benefits of the activity, and more broadly to resources, services and skills (e.g. by increasing access directly, or by removing barriers to access)?

Finding 2b: BRAC is recognised as a leader in mainstreaming gender equality into the program cycle and having a significant focus on women’s participation and empowerment. The majority of BRAC’s participants are women across all services and micro-finance programs. Women’s leadership at senior levels of BRAC continues to be focus for the people and culture team. From a low base, BRAC has elevated its attention to disability and established innovative and focused strategies to integrate disability across its programs, with some early signs of strong progress.

The Gender Justice and Diversity (GJD), and Social Empowerment and Legal Protection (SELP) programs of BRAC have developed and expanded significantly in this period of the Partnership. Stakeholders report that the advances in gender mainstreaming, and innovative programming in prevention of gender based violence, engaging men and boys, involving women in non-traditional trade, prevention of child marriage, promotion of birth registration, and legal protection for women through both formal justice system (courts) and informal justice mechanism (Alternative Dispute Resolution), would not have been possible without the flexible support from the Partnership. BRAC has achieved significant progress through the leadership of executive level, highly experienced and qualified senior staff, strongly backed by the Executive and complemented by a Technical Working Group and communities of practice across the organisation. Significant achievements include the commercialisation of models for PSEAH to the private sector having demonstrated the financial and economic benefits of good gender practices with quality research and advocacy.

BRAC has also introduced a comprehensive set of 40 gender-specific indicators aligned with BRAC's core strategy across all programs, departments, and enterprises to ensure effective contribution towards gender equality outcomes. BRAC has institutionalized gender objectives and key performance indicators (KPIs) in staff performance management systems to make staff obligated to contribute towards developing a gender-responsive workplace.

Deepening disability inclusion has required significant programming and structural change. Now 1 in every 6 persons with disabilities in Bangladesh accesses support from BRAC, as a result of integrated of disability inclusive strategies into all programs and activities. BRAC acknowledges that there is still progress to be made on mobilising cultural and social change on disability, and in disability disaggregated data collection. Challenges include the relative weak capacity of local Organisations of People with Disability to work with and advocate for policy and practice change of government, or to represent local communities, the pervasive hostile and un-inclusive ecosystem and cultural attitudes affecting BRACs own staffing and systems, and lack of opportunities to work with progressive parts of the Government to advance the agenda.

- c) Safeguarding – is there an organisational culture and practices with strong safeguarding systems present within BRAC?

Finding 2c: The SPA has catalysed a major uplift in BRACs policy and practices on safeguarding, resulting in an organisation wide change to staff awareness and compliance with international standards and good practice. Beyond this, BRACs approach to ‘safe working’ and ‘social compliance’ has been adopted more broadly across the sector, and BRAC provides skills training and advisory services to the private sector in safe workplace policy and practice. The approaches are been taken

up internationally, and BRAC is advocating on domestic policies, such as workplace and sexual harassment laws.

BRACs approach to prevention of sexual exploitation and harassment is now a world leading practice. With the technical support of BRAC's GJD programme, the audit department of BRAC undertakes gender audit (Gender Sensitive Assessment Scale -GSAS), utilising BRAC's Women's Empowerment Index (BWEI) to demonstrate progress and outcomes in this area. The Technical Working Group on Gender and Disability Inclusion (with Partner engagement) undertakes joint planning and reflection for improvement with participation from across the organisation. BRAC also provides training and technical support across civil society and local organisations on PSEAH issues and compliance.

d) *(originally iii in the SOR)* Partnership management - Are partnership management tools, including governance arrangements, effectively supporting the partnership to deliver on its objectives? Are additional tools required?

Finding 2d: The Partnership has evolved to meet the changing needs of partners and is, appropriately, largely relationship based. The basic structures and mechanisms of the partnership (Working Group, Technical Working Groups, Steering Committee) function effectively, but the 'real work' of the partners in policy dialogue, decision making, and priority setting happens through effective relationships and ongoing communications. The risks to partners (donor overreach for BRAC, or lack of control for donors) is managed well but requires ongoing dialogue.

The governance arrangements outlined in the SPA Agreement function effectively to support the operations of the Partnership. Key to this is the signalling from the Executive and senior parties to the Agreement (BRAC CEO, High Commissioners, senior Government officials from Australia and Canada) that the partnership is principles and relationship based, and also that the partnership is supported by operational arrangements that support the intent. The governance operates at the strategic and policy level through Executive engagement, through participation by Australia and Canada officials in the internal operational Working Group meetings, and through grant arrangements that protect the flexibility and responsive of the approach by working through BRAC systems for planning, reporting and financial accountability.

It is important that the Partnership Agreement (a Charter of principles and intent, but also critical operational arrangements) is updated for each phase of the Partnership and refreshed when new relationships and participants enter the arrangements from all parties.

(e) *(originally iv in the SOR)* Value add of the partnership approach - In what ways has the SPA promoted effectiveness, efficiency, flexibility and innovation, within BRAC, and in the management of the SPA by all three partners? In what other ways is the partnership approach adding value for individual partners?

A further significant benefit of the partnership approach for Australia (and Canada) has been the public diplomacy and bilateral relationship benefits able to be drawn upon through the arrangement.

Australia has mobilised many high-level visits to Bangladesh and engaged with government and communities in areas of significant interest to Australia in this period, including the Foreign Minister and High Commissioner, Ambassador to Counter Modern Slavery, People Smuggling and Human Trafficking, Ambassador for Climate Change; and senior officials from Department of Home Affairs and Department of Foreign Affairs. Australia has been able to assess local conditions and understand regional and global affairs from these missions, as well as to engage with officials from the Government of Bangladesh with a deep understanding of the current economic, social and political conditions. These opportunities have been particularly important during times of political uncertainty and crisis in Bangladesh in this period.

Considerations

This phase of the Partnership has been particularly effective under the current policy settings, domestic operating context, and global ODA climate. BRAC has had the opportunity to utilise the 11% SPA contribution of its annual development plan and budget in a highly flexible manner sitting alongside the 30% internal self-funded contribution to these efforts (surplus from micro-finance and social businesses) and remaining 59% from project-based grant financing. As the global ODA context is shifting, particularly with the withdrawal of USAID which had approximately \$110 USD million grants cut over multiple years), and potentially declining resources from other donors, this funding mix may change, along with the surplus created from BRACs other enterprises being dependent on the broader economic climate. While Australia and other donors may continue to commit to the partnership model, a declining volume of funds from all parties and/or tighter restrictions on flexibility and scope, could impede significantly on BRACs ability to continue to innovate and leverage broader impact. A continued reliance on project-based grant funding creates vulnerability for BRAC in the medium and longer term. Development Partners and BRAC could jointly consider the likely trajectory and make up of donor support and develop medium term strategies for sustainability, building on the successes to date.

Enquiry focus 3: BRACs role in the broader political economy and changing context

Finding 3: BRAC functions as a 'fifth pillar' of society in Bangladesh that mediates between the government (executive and legislature), public service, civil society, and the private sector contributing to social cohesion and stability. It has reach across all 61 Districts of the country, has long-established trust with communities and the confidence of domestic and international actors. Over the past ten years it has elevated its apolitical and neutral stance to advocate and influence for policy and practice reform and affected change in the market and the policy landscape. It operates at scale and with competence, in critical policy areas of interest to bilateral and multilateral partners beyond the traditional development sectors of poverty alleviation, health, education, skills and employment. This includes people displacement and migration (conflict and climate-induced); disasters; workplace safety, training and skills for a global economy; a strong business enabling environment; private sector governance and accountability, confidence in financial institutions and banking practices. At the global level, BRAC is engaged as a leader of the South in international institutions that promote free market economic systems and a rules-based order. In an increasingly contested world, where Bangladesh is increasingly vulnerable to outside competition and challenged by regressive forces from within, BRAC plays as important role as a national public good for social cohesion, political stability and an open economy; as well as being positioned to respond effectively to external shocks.

BRAC defies simple categorisations such as 'development organisation' or 'NGO'. Over the decades, it has evolved into a 'social conglomerate' offering a comprehensive 'solutions ecosystem' to tackle the diverse challenges faced by the people of Bangladesh. Since its founding in 1972, BRAC has been shaped by the country's turbulent history, visionary leadership, and robust global partnerships. It now operates in a fast-changing environment where political uncertainty, economic fragility, and shifting donor priorities present both risks and opportunities.

Origins in Crisis: Responding to Post-Independence Fragility

BRAC emerged from the ruins of post-independence Bangladesh, amid extreme poverty, institutional collapse, and endemic corruption. It functioned as both a stopgap and a pioneer, stepping in to fill governance vacuums. Initially, a grassroots provider of essential services in education, healthcare, and financial inclusion, BRAC steadily evolved into an integrated development actor addressing systemic gaps.

Through its specialised arms, BRAC gradually transitioned into a sophisticated ecosystem. Institutions such as BRAC Bank supported microenterprises, IPDC facilitated corporate financing, and Delta-BRAC provided housing loans. Guardian Insurance offered protection to vulnerable populations. The establishment of BRAC University in 2001 marked an ambitious leap, aiming not just to meet immediate needs but to cultivate ethical leaders capable of shaping the nation's future.

Strategic Partnerships and Institutional Innovation

This evolution positioned BRAC as Bangladesh's de facto fifth pillar of governance, drawing top talent and innovative partnerships. The Strategic Partnership Arrangement (SPA) with the UK and Australia (later Australia and Canada) was particularly transformative.

Although SPA funds made up only part of BRAC's budget, their flexible and strategic nature acted as institutional capital, strengthening systems, amplifying impact, and reinforcing BRAC's long-term value proposition.

A Stabilising Force Amid Current Political Uncertainty

Bangladesh's present volatile political environment, marked by widespread protests, the formation of an interim government under Prof. Muhammad Yunus, and uncertain elections, has highlighted the stabilising role played by BRAC and a critical entity for development in the country.

With economic growth slowing to 3.9% in 2025 and extreme poverty projected to rise to 9.3% (affecting nearly 51 million people), BRAC's multifaceted interventions have become indispensable. BRAC's ecosystem—spanning BRAC microfinance, BRAC Banks SME loans, IPDC's corporate financing, skills development programs, and social enterprises like its BRAC Aarong—collectively forms a parallel development infrastructure.

While maintaining a disciplined apolitical stance, BRAC exerts considerable policy influence. Through institutions like BRAC University's Institute for Governance and Development and the Centre for Peace and Justice, it contributes to public discourse and reform. These entities have produced influential research, such as the 2022 State of Governance report on COVID-19. BRAC also provided policy recommendations to various reform commissions formed by the interim government.

BRAC continues its operations in politically sensitive areas like the Chittagong Hill Tracts and Rohingya refugee camps, delivering critical services that carry political risks for government actors. This ability to function effectively in challenging environments speaks to BRAC's credibility and commitment to neutrality.

Adapting to a Changing Development Landscape

The international policy settings for Official Development Assistance are being challenged by changing political priorities and wavering international commitments. Both the US and UK have reduced international aid allocations, including for immediate humanitarian as well as longer term development assistance. While Australia and Canada, and other likeminded countries, continue to support a sustainable development agenda, the changing donor landscape related to climate financing, strengthening of economic and national security interest priorities, and domestic policy settings, are likely to significantly influence traditional funding sources for BRAC and other development entities. In this context, strategies for development partnerships that build sustainability and bilateral relationships beyond the aid paradigm, taking into consideration security, climate, migration, trade and economic interests may provide new opportunities for collaboration.

Recommendations

The Review outlines the significant achievements of the Partnership over the past three phases and places the role and function of BRAC in the changing political, economic and policy landscape. The following recommendations are presented for consideration by the Partners.

Recommendation 1: Continue next phase of Strategic Partnerships with BRAC

1. Australia, Canada and other Development Partners should continue and extend their strategic relationship with BRAC as an important actor in Bangladesh's political economy that contributes to social cohesion and stability.

Future Strategic Partnerships should include non-financial and financial relationships, recognising the importance of policy engagement and relationships between Partners and BRAC as an actor in Bangladesh's social, economic and political governance.

There are significant benefits in addition to poverty alleviation and development results for bilateral partners in an ongoing relationship with BRAC including:

- Building political understanding and linkages with key actors in Bangladesh
- pre-positioning for responding to shocks (such as COVID, floods, disaster, people migration).
- strengthening the basis for good governance and demand from citizens and civil society in Bangladesh, critical for long term democracy
- positioning strong institutions in Bangladesh as a buffer to external influences and actors
- creating opportunities for commercial linkages and investment
- preparing Bangladesh for graduation to Middle Income Country status and stronger ally in regional affairs.

Recommendation 2: Extend the scope and change the function of the Strategic Partnership

2. BRAC should re-configure their Partnership modality to focus on the strategic relationship and policy engagement with a broader group of external actors, beyond the financial relationship which can be managed at an operational level for the financial contributors.

These potential partners may include multilateral development banks and international organisations, as well as other likeminded countries. This would enable dialogue and relationship with a broader range of financial and non-financial contributors to extend global influence and reach, and to build coalitions and commitment to a reform and governance agenda in Bangladesh. BRAC already engages with many of these actors in more or less formal ways. A Strategic Dialogue or Strategic Partnership with a larger group would formalise the spirit and intent of these relationships, within which a sub-group of financial contributing partners could work operationally.

Recommendation 3: Governance, management and operational features are fit-for-purpose

3. The operational mechanisms and structure of the SPA are largely fit for purpose and should continue to be primarily relationship based.

Future financial partnerships could recognise the importance of soft-earmarking donor funds to critical policy priorities, but should retain an element of partner-driven flexible funding that aligns with locally-led development principles and has driven effectiveness in previous phases. The focus of financial support under a Strategic Partnership could include exploring alternative forms of development financing and a pathway to financial independence for development operations.

Recommendation 4: Partners to bring all assets and capabilities to the relationship

4. Development Partners, including Australia, should explore opportunities to leverage their ODA support with non-ODA assets, to partner with BRAC to advance economic, commercial and strategic interests.

To date, the BRAC relationships have been ODA-led and built from a traditional grant and project based relationship to a more strategic partnership. There is an opportunity to advance that relationship to be more akin to a bilateral whole of Government (team Australia, team Canada) relationship based on all policy, commercial and strategic interests not just development interests. There has been considerable movement in this direction in the relationships over the past five years with Home Affairs and Climate Change departments engaging with BRAC through DFAT, and there is scope for introducing Austrade, Export Finance Australia and others to advance regional economic and trade interests.

Recommendation 5: Leading the global agenda 'beyond aid'

5. Partners should explore opportunities to work together on the global stage for advancing a multilateral policy agenda for sustainable development that anticipates a post-ODA world.

A future strategic partnership could be structured on the basis of mutual interest, benefit and obligation. BRAC is well-positioned to advance the international narrative 'beyond aid' and Australia and other like-minded can be at the forefront on this new paradigm for international cooperation, with a uniquely placed, trust and competent domestic and international partner. Issues such as alternate development financing (green bonds, ethical investment frameworks, climate financing and alternate multinational taxation regimes) could be examined and explored as pathways towards sustainability.

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