

LAUREATE LUNCHEON

Speaker: Sir Fazle Hasan Abed

October 16, 2015 - 12:00 p.m.

Introduction:

Ambassador Kenneth M. Quinn

President - World Food Prize Foundation

So you've been here all week. You saw the video last night. You read about Sir Fazle in the paper. And so his story is known to us, but to introduce him just to say that in the lives of all the laureates there are those moments when they do something incredible that sets them apart from everybody else. And they're usually, in my experience, characterized with humility, and that's certainly the case with Sir Fazle Abed.

So it is my distinct privilege to introduce to you for the Laureate Lecture, Sir Fazle Hasan Abed.

SIR FAZLE HASAN ABED

Chairman and Founder, BRAC; 2015 World Food Prize Laureate

Thank you, Ambassador Quinn. The World Food Prize laureates at this lunch, distinguished guests, friends. It is appropriate that we are gathered here in the month of October in the middle of the harvesting season for all this fun – combines strolling across the fields here, one of the largest corn-producing regions.

In my native Bangladesh where the main crop is rice, October in the Northwest of the country has been a time of chronic food shortage, known as *monga*. Lasting about 60 days, *monga* is often referred to as a season, as though it is like the Indian monsoon or American autumn. But it is a season characterized by widespread unemployment, hunger among the landless. It was long assumed to be part of the enduring fabric of rural life in Northwest Bangladesh. But today we are starting to see the disappearance of *monga*, and many places has gone completely. How has it happened?

It has happened because we have been able to produce long crop maturity rice, so we have transferred the normal white varieties to short maturity rice during the monsoon season. And we have expanded the time between two crops by scrapping the winter and the rice crop in the monsoon season and then got a space of something three and a half months in which to grow another crop. So we are now growing potato, and every hectare of potato that is cultivated in Bangladesh, 65 days man days of labor is needed. So the unemployment that happened during these months of October have now gone because of three harvests we are getting instead of two – two rice crops and one potato crop. So *monga* is now disappearing from North

Bangladesh. And I remember North Bangladesh used to have about 30 million population, 10 million of whom were suffering from chronic hunger during these two months. But that has now disappeared, disappeared because scientists have found short maturity rice, the science is coming to it, and some innovation in terms of crop rotation, which has also helped to make munga disappear from Bangladesh.

So we have thus been able, succeeded in stopping the pattern of suffering that has prevailed for centuries in North Bangladesh. We can count many examples of methods that enabled the poor to end poverty and hunger in their own lives, putting an end to cycles of suffering like the one I have just described.

One of these enabling tools is microfinance. BRAC began offering microfinancial services of savings and credit from 1974 in a small area that we started to work there at that time. Wage employment was low, so we wanted our participants in our development program to have alternative sources of income, so we started making small loans to them to buy seeds, farm tools, boats, nets and other productive assets. These were offered as part of the package of services that included literacy, employment, healthcare, sanitation, hygiene, family planning and so on.

Many of the women we worked with had a hand-to-mouth existence. They could only dream of having 2,000 Bangladeshi taka in their hands – at that time it was a hundred dollars – to buy a cow. And we created borrower groups in each village, thus removing two of the biggest constraints on the poor people, so villagers could take control of their lives, a lack of resources and a lack of solidarity among themselves. Yet our borrowers faced many more problems trying to generate income from assets bought from micro loans.

In 1991 I recall going to a village about two miles from a road. I got out of my car and then walked two miles through the fields to reach the village. And that village had a number of borrowers from BRAC microfinance. And I went to a home where a woman had borrowed 5,000 taka and bought a cow, and she was getting two liters of milk a day. So I said, “You must be doing quite well, getting two liters of milk a day.” She said, “No, no, no. I’m not making much at all, because I can’t sell the milk in the village. There’s no buyer of milk in this village. So somebody comes from seven miles away and collects my milk and gives me seven taka per liter.” Seven taka is about 15 cents a liter. And I recall immediately that we were buying milk in Dhaka, in city for 25 taka. So I told her if I could collect her milk and paid her 15 taka, double her income, I could still make a profit by taking it, refrigerated, chill the milk nearby and take it to Dhaka and pasteurize it and sell them in Dhaka market. So I started a dairy plant, and now we have got hundreds of chilling plants all over Bangladesh where women have access to sell milk for the entire Bangladesh market. We collect about 200,000 liters of milk per day, and they milk..., and that enterprise we call our dairy enterprise, has been also contributing to our income source as well as it supports our program. So this was one enterprise that we felt was needed, to market products for people who produce with microloans.

In order to improve services of livestock farmers, so that means that a lot of women that had livestock, we said that, all right, we will train para veterinarians who would become para professionals in their communities to provide support, veterinary service to the people who were rearing cattle. We also trained 3,000 artificial inseminators to get Friesian cows' semen and other high-yielding, high-producing cows semen to be injected to be inseminated where the

farmers wanted to improve the breeds of their cows. And so we now have almost 3,000 of these workers throughout the country with a motorcycle and a cell phone and able to go to any farmers home whenever the cow is in heat and provide artificial insemination. And that is already providing a growth trajectory for Bangladesh's milk production.

But this was not the end of the story about finding solutions to problems of borrowers. As the time went by, I found many examples like this where microcredit alone was not enough to boost incomes significantly. To help borrowers become more productive, we invested in training, inputs, and ways to get their goods to the market. We also encouraged people to develop marketable streams of income. We urged people to diversify, starting with small vegetable gardens alongside their homesteads. These supplemented their income and added nutrition to their diet. Many of our borrowers who produced vegetables for the market didn't have access to high-quality seeds. And in 1986 we launched our own vegetable multiplication program, vegetable seed multiplication program as a business and began producing high-quality seeds with help, outside help, and we brought an expert from Holland and from FAO to come and teach us how to grow high-quality vegetable seeds so that we could provide the right kind of inputs to our borrowers.

By 1980, microfinance in Bangladesh had grown quite large, even by organizations like BRAC and Grameen Bank. Many times we're now using the microloans to buy and raise important high-yielding varieties of chicken, which produce more eggs than regular domestic chicken. But the real problem there was a high mortality rate of chicken, so we had to then train 40,000 over two year period, we trained 40,000 vaccinators in as many villages and give them to the Livestock Department of the government so that they would supply the vaccines. And these women would collect the vaccines from the Livestock Department and then early in the morning provide vaccination to chicken before the chicken is out of the coop in the morning, early morning. So that has created also a situation where the poultry mortality went down and women started getting quite a high profit from their investment in poultry farms.

Again, we faced another constraint, and this time it was scarcity of quality poultry feed. So we didn't have any maize grown in Bangladesh in those days, so I had to import from Australia Pacific Seeds of Australia who were growing seeds in Thailand, and we thought that these Thai seeds might be adaptable to Bangladesh's ecological zones. So we imported five tons of hybrid maize seeds, but the farmers didn't know what the maize was and didn't know whether there was a market for it or not. So we said – "All right, you grow the maize, and if you can't sell them, we'll give you a guaranteed price of seven taka per kilogram. And if you can sell them at the higher price, sell them in the market." We didn't get a single farmer coming back to us." They all got more prices in the market, and so all the farmers that got our seeds next year said, "We are going to double or triple our size of our plots, because it was very profitable last year." So next year we got 25 tons of seed imported from Thailand from Pacific Seeds, and then we distributed all of it, and it was all sold for very high prices, so farmers were very happy.

And then, of course, we decided that what's the use of getting Pacific Seeds to supply us from Thailand? We might as well grow it in Bangladesh. So with an agreement with Pacific Seeds, we started growing the hybrid seeds in Bangladesh itself. And now, of course, we have not only got Pacific Seeds, so royalty, we pay royalty to, but also we produce our own hybrid seeds of maize in Bangladesh so that Bangladesh now has got a fairly large, two million tons of maize is

produced in Bangladesh, and which has also in its wake has developed an entire poultry industry has grown up because of that seed is available, and the industry has now come up. So that has been one of the things that, in order to try to help poor people, it has also helped the whole entire industry.

In 1998 our seed enterprise entered the market for the company's dominant crop, rice. We started importing hybrid rice seeds from China and field testing them for viability in different ecological zones in Bangladesh. We now market 12 varieties of hybrid rice seeds in Bangladesh, including 4 developed in our own research center. This seed enterprise now generates a surplus of about a million-dollar annually, one of the many enterprises that support our borrowers. We are now working in five countries in Sub-Saharan Africa, using self-employed local agents to extend similar solutions to farmers there.

There are those who say that nonprofits like BRAC should follow a purely charitable model rather than generating its own income. I reject this. Today, BRAC social enterprises, including microfinance, generate revenue in excess of \$600 million and with a net surplus of \$150 million. Together with substantial donor funding, this funds our schools, our programs for maternal neonatal child health, nutrition, water sanitation and hygiene, human rights, training and legal services and many other programs. Microfinance became one of our largest and most successful programs.

By the late 1990s, one of our field research showed that we still were not reaching the poorest 10% of Bangladesh's population, even after 25 years of building rural livelihoods, we were failing to provide any significant opportunities to those most in need. So that was one of the findings. The other finding was that microfinance organizations were funding the poor, but then there was a missing middle, the smaller medium enterprises – the banks were not funding them; microfinance organizations were not funding them. So there needed another kind of institution.

So BRAC asked for a banking license. So we got a banking license, and in 2001 we started providing small-to-medium enterprises. And BRAC banks, small-to-medium enterprise lending is now the largest in Bangladesh and is now getting many other banks to come and see that this is quite a profitable business. So our banks are now advancing towards that. But then the poorest 10% of the population that we were not still touching, we had to do something about that. In 2001 we started a program. And why were these 10% not being reached by us?

Two things happened. One was that the poorest people were kept out by the four groups who were getting microfinance. They thought that these people won't be able to save money, these people won't be able to repay the loan, so keep them out. And they were also not... They were marginalized people. They were women-headed households with children abandoned or divorced and so on, so these were the real ultra-poor, we called them. If you said that the poorest are below \$1.25 a day – that's the World Bank's definition of the poorest people – the ultra-poor were living on less than 80 cents a day. So they were really the poorest of the poor, and they were about 10% of Bangladesh's population were like that.

And so in 2001 we started a program for the ultra-poor. The ultra-poor program actually consisted of four different elements. One was giving them a stipend so that they can keep their body and soul together, monthly stipend, as asset, transfer an asset. Instead of giving a loan to

buy a cow, you gave a cow, or five goats. So an asset which could give them some income, took their children to school because their children were not going to school, so we took them to school. And we provided health services to them. And the fourth and fifth and the most important thing, we held their hands and we provided coaching service to them so that they could understand how to manage money, how to save money and things like this. So that went on for two years. For two years we looked at after the ultra-poor, and then we left them to their own devices. Then they could borrow money from BRAC, the microfinance program and so on and can get out of poverty.

So the 1.4 million families from 2001 to 2015 we have now provided the support, and we had the London School of Economics looking at the data and doing research on what happened to these people. Do they actually come out of poverty? Do they graduate out of poverty, ultra-poverty? And they found that 95% of them do. And four years after they complete the program, in other words, four years after BRAC sort of leaves them to their own devices, they still continue to progress at the high levels of income and livelihood. So that's what's happened with our 1.4 million.

So the World Bank and the Ford Foundation decided that the BRAC program is such a successful program for the ultra-poor why not do it in ten other countries? So the World Bank and Ford Foundation funded the same model to be replicated in ten countries. And six countries' results have just come out in the *Science* magazine published two months ago, and these were studies done by MIT's poverty action lab, and Dean Karlan of the University of Yale, Yale University. And their studies showed that in all six countries... this was a randomized control trial; it is the top in terms of evaluation, is the top, highest-quality evaluation that one could do. And they found that all countries, people who went into this program had benefited. It has succeeded in all countries, not exactly the same way. Some countries have done better than others, but in all countries this had a positive impact on the ultra-poverty.

So that sort of gives us an idea that, even the poorest of the poor can, if given the right kind of push with the right kind of inputs, can with their own efforts, can come out of poverty. Because I recall Esther Duflo, the economist, saying that the amount of money that is spent on these ultra-poor does not match the kind of results you get. Why? She said that it must be something called "hope." So these women suddenly get a new kind of hope that they can actually defeat poverty, can come out of poverty, and they work very hard to come out of poverty – and that's what happens to them. And we hope that this now will be replicated in other countries, and we are getting quite a lot of delegations from other countries, like Tanzania and others, to come and look at Bangladesh, BRAC's program and see whether they could replicate, implement some of the elements of the program so that they could come out of extreme poverty, some of their very, very poor people.

Education. BRAC, of course, we realize that without education the poverty, intergenerational poverty will continue. We have to break the cycle of poverty. So I started to take an education program for the poor. But the poor needed the best-quality education, because they don't have access to quality, learning at home. Most of their parents are illiterate, too. So they need high-quality education, so I was determined to give them high-quality education. So I read in a *Times* educational supplement an article about where do they teach children best. And I found that in Holland they teach children math and languages best.

And I also found that New Zealand teaches their children in their mother tongue, teaching is the best. So I went to see the New Zealand ambassador in Delhi – he was also covering Bangladesh – and he was Sir Edmund Hillary, the conqueror of Everest. So I went to see him, and I said, “I want two teachers from New Zealand to come and teach us how to develop new methods of teaching language.” So he said, “Yes, no problem. Let me send you a couple of teachers.” So within two months I got two teachers from New Zealand to come and work with our team to try and teach better high-quality language training.

And then I got teachers from England and Holland, Netherlands to try and develop new curriculum, new methods and new ways of teaching math. So our team produced very high-quality educational materials and methods to try and get the poorest children the best education possible. So that’s what we started in 1984 and how... Did we go for the teachers in the teachers college? No. We recruited housewives from the village with secondary education, and they... we only provided two weeks of training initially, and then we made two visits every week to their classes to see whether they’re teaching them well. And also we gave them one day a month, a refresher course one day a month. And then over time these teachers became excellent teachers who had...lesson plans every day. They know exactly to what to teach students that day. Day 1, Day 2, to 272 per day for every year.

So we had everything sort of structured in such a way that our students, our poor children got the best education possible. And we also insisted that 70% of these children must be girls. So the girls got very high-quality education. And of course it showed in the... We have, after five years of schooling, everybody has to take a primary school completion examination. And our children went right up to the top, 90th percentile and over; they’re black children, and they were the poorest children coming from families who were illiterate. So one could see that we are doing quite well.

But then I thought that we could teach something to the government. Would they learn something from us? But I was disappointed that the government didn’t want to learn anything from us, because I think the teachers’ union thought that it’s a kind of privatization through the back door, so they didn’t want that. So I had to set up a university, and so I set up a university, and the university’s first graduate school was the Institute of Educational Development. So the Institute of Educational Development is now working with the Ministry of Education, trying to develop new curriculum, new materials, new methods to try and get the school system to try and address some of the things that have been lacking all of these years.

So I hope that in the next few years, we’ll be able to have real influence in the quality of education that we provide to our children in the public sector. Because after all, BRAC was only taking 10% of the children, by taking a million, a million and a half children, and Bangladesh government was taking 15 million. So I mean, unless we change the entire state system, we really can’t have influence, high-quality education in our society. So we are now doing that. And fortunately, what has happened is that our Educational Institution has made a good name for itself. The government of Punjab in Pakistan has now hired the, for one year, to try and develop their curriculum and methods in the government of Punjab in Pakistan. So that’s what is happening right now.

Now, breathing space, I would end by reflecting on remarks made by Norman Borlaug in 1970, Nobel Prize acceptance speech, when the Green Revolution was still in its early days. Despite

the spectacular gains in wheat production that had been seen in India and West Pakistan and the Philippines, Borlaug said that the Green Revolution is not yet a victory but merely a temporary success in man's war against hunger and deprivation. It had granted us a "breathing space", he said, in which we had a chance to solve larger problems. Ladies and gentlemen, I believe that today we are still within this breathing space created by the Green Revolution.

We now have a historical opportunity to end extreme poverty and hunger within our lifetime. The Sustainable Development Goals now having been approved by all members of the governments of the U.N. sets the target of eradicating extreme poverty by 2030, and I believe it is within our power to do so. We have called into question the fatalistic belief prevalent throughout history that widespread human misery is an inevitable part of nature.

We understand finally that things once considered an inevitable aspect of the human experience often thought to be ordained by higher power, things like hunger, poverty, seasonal famine, the oppression of women, and the marginalization of great portions of society are in fact changeable through the power of human activity. And we understand that even the poorest among us can be the agents of the change. Let us, therefore, make good use of the breathing space of the Green Revolution to disrupt the cycles of suffering forever.

Thank you.