

Dear Rep. Mike Coffman:

Congratulations on your reelection for another term representing Colorado in Congress. I hope you will have an enjoyable and productive term. Now that the euphoria of the election is over I would like to provide you some input and thoughts concerning the Foreign Aid Transparency and Accountability Act of 2012 which I understand you are part.

I am an emeritus professor in the Soil and Crop Sciences Department at CSU, who has spent my entire professional career working with smallholder producers in developing countries. Most of this has been as a USAID contractor and much of it through CSU and the international contracts they had several years ago. As I have moved into mostly retirement I have been reviewing my career and USAID's mode of operation and have seen a couple serious limitations that severely limited its overall effectiveness in poverty alleviation for smallholder communities.

Genocide Oversight

The first concern, which I sometimes refer to as the Genocide Oversight, is the underlying assumption, that has never substantiated, that there is a surplus of labor available in smallholder communities. The term genocide may seem a bit dramatic, but it might be uncomfortable close to the truth. Please bear with me. The assumption that smallholder communities have a labor surplus, has led to an emphasis on labor intensive innovations, such as the treadle pumps developed and promoted by IDE (International Development Enterprise) of Golden, CO that President Clinton recently visited to endorse the treadle pump initiative, in what is most likely a severely labor deficient environment. This is most easily understood by looking at the caloric energy balance of smallholder farmers. As best I can estimate this, most smallholders are lucky to have a diet of 2000 kcal/day. This is barely enough to meet basic metabolism requirements with little if any caloric energy available to undertake a diligent day of manual agricultural labor. That would require a diet in excess of 4000 kcal/day. The result is smallholder farmers can only diligently work a couple hours a day, perhaps more if they pace themselves and it takes up to 8 weeks to complete basic crop establishment. This is too long to take full advantage of most recommendations promoted for their benefit and rendering the recommendations null and void.

An example of limited calories would be the USAID supported Millennium Village Project, implemented by Columbia University in New York. In East Africa the projects allocates 1.1 tons of maize (corn) per family 5.7 for subsistence needs as the primary source of dietary energy. If you trust my computations, this amounts to only 1930 kcal/person/day and only marginally represents enough energy to meet the 2000 kcal/day for basic metabolism as used in developing diets for refugee camps with the expectation of little physical exertion. There is really no energy for field work. Similarly, IDE's treadle pumps represent heavy exertion and would most likely consume at least 300 kcal/hr. Thus while 1000s of treadle pumps have been manufactured, they are all distributed by NGOs as part of innovative development packages with virtually none sold on the open market. The open market sales would be the ultimate proof of the viability of the technology and appreciation of the pumps by small farmers. The open market pump sales are all small portable 5 hp gas pumps. The bottom line here is that for over 40 years we have expected poor hungry, exhausted people to work harder in excess of the energy they

have available. We seem to appreciate that smallholders are poor and hungry, and it seems trite to say you cannot expect a hungry person to work hard, but that is precisely what we have done for over 40 years. Thus, if we are serious about poverty alleviation for smallholders it will be necessary to take a closer look at the calorie energy balance of the smallholder beneficiaries. This could easily lead to less emphasis on labor intensive innovations and shift to more drudgery relief innovation with an emphasis on facilitating access to mechanization.

Unfortunately, this idea of dietary energy balance, availability of labor and other operational resources needed to implement development projects by expanding beautiful small plot agronomic demonstrations across entire farms and communities appear to fall into an administrative void in the overall development effort. No one seems responsible to take the in-depth look at it. Therefore, the only way to get the issue taken seriously would be through a legislative mandate as part of a foreign assistance appropriation bill. Thus my request to you would be for you to work with your committee to require USAID projects involved with rural poverty alleviation and promoting labor intensive innovations to undertake a detailed caloric energy balance of their beneficiaries to see how many calories they have access to, how this will impact on the work day, how long it will take to complete various tasks with the available caloric energy, and ultimately the impact on the proposed innovations. You might wish to involve IFPRI (International Food Policy Research Institute) the CIGAR center located in Washington to coordinate this study. I might even suggest that Dr. José Benjamin Falck-Zepeda, if he is still with IFPRI, lead the effort. He reviewed my book a few years back and rather adamantly claimed the delay in crop establishment was a deliberate effort at risk aversion. He thus might profit from taking a closer look and become a good advocate. It really should not take long or cost too much to develop a preliminary evaluation, perhaps just a few case studies, but could pave the way for major revision in USAID's and other donors overall approach to poverty alleviation for smallholder communities that will ultimately be more effective and allow smallholders a more reliable path out of poverty. If not we will continue on our present merry course, making beautiful demonstrations but with only very limited acceptance by the smallholder producers as the intended beneficiaries, and blaming the lack of acceptance on their limited education!!! Meanwhile, please ponder the idea that if we promote programs that carry an expectation for smallholder to routinely exert more caloric energy than they have access to, how close are we coming to meet the definition of genocide by starvation as a crime against humanity, regardless of how inadvertent and be subject to referral to the Tribunal in The Hague that deals with crimes against humanity.

Scandal and Spin Cover-up

The second concern that needs to be addressed is the excessive reliance on the cooperative business model to funnel assistance to smallholders. This is really a *bon a fide* scandal and cover-up that can be fairly easily demonstrated and is squandering millions of dollars each year, possibly deliberating doing so. While such cooperative models are socially desirable and have worked to some extent in the US, as modified and apply to smallholder communities in the developing world, they are just administratively too cumbersome and too inconvenient to attract sufficient participation on the part of the intended beneficiaries to have substantial impact on poverty alleviation, and the intended beneficiaries wisely take the bulk of their business elsewhere. This limited effectiveness is then covered up with some

substantial spin reporting. This is usually done by emphasizing aggregate numbers that sound good, but when disaggregated can amount to trivial, and stopping any accounting at the cooperative instead of extending it to the farmer, effectively allocating the substantial cooperative overhead costs as a financial benefit to the farmers, that they will never see. The problem is clearly seen in the USAID funded ACDI/VOCA implemented Fair Trade Coffee program in Ethiopia. The project boasts assisting a cooperative of some 21,900 members, nice number to publicize, and they marketed 181 tons of coffee. Again that sounds impressive, but when you divide it out it comes to only 8.3 kg per member, and at the Fair Trade preferential price might provide a net financial benefit of \$5.00/member, provided it does not get fully adsorbed with the excessive overhead costs to operate a Fair Trade business. It would also represent less than 5% of the marketable green bean coffee and less than 5% of the farmers' annual income. Now how can that have any impact on poverty alleviation for these farmers? Also, what happened to the rest of the farmer's coffee? To whom was it marketed and why that was the farmers' preferred choice for marketing their coffee?

The need here is for the Project Officers, Contract Officers, and Monitoring & Evaluation officers to make certain that progress reports plus any periodical articles not only include such nice publicity items as number of members, but go beyond that to determine how well the members are relying on the project to provide needed services vs. diverting the service to competing providers. Really the basic business parameters that determine if a business venture is or could become a sustainable success beyond donor assistance and external facilitation, and are normally the first thing most people would consider when starting a business venture. These parameters are:

1. Cost of business comparison between what is currently available and what is being promoted to replace it. Just to make certain you have a business proposal that is competitive.
 - a. Part of this would be the sustainable overhead cost to operate a cooperative and make certain this does not exceed the profit margins of the competition. The sustainable overhead would be that with the facilitation and any initial subsidizes remove and thus what it would take to succeed once donor assistance ends as mandated as the expected result of the project.
2. The percent of the potential beneficiaries that are actively participating in the cooperative, not just those who allow their name to be used but then take most of their business elsewhere although that should become apparent in the next two items.
3. The market share of inputs or produce the members rely on the cooperative to provide.
 - a. If credit is involved what percent of the marketed goods represent the repayment of credit vs. goods marketed in excess of credit obligations, as well as how much of the credit payments confiscation of good from the better farmers to pay off loans of weaker farmers as members of credit clubs.
4. Likewise the degree of side selling in which goods mandated to go through the cooperative are deliberately diverted to the competition.

5. The total market share for the community, including both members and non-members
6. The payment or projected payments of the promised dividends.

My concerns for the absence of this information were referred to the USAID Office of Inspector General, facilitated by the good office of Sen. Mark Udall. At the time I did not know you were more directly involved. The reply confirmed the importance of the information but that it was not being collected, and that it would cost too much to do so. I disagree with the time and cost to collect this data as I have done a fairly good job of estimating the values off the internet at no cost other than volunteered time. This data should be just an integral part of routine data collection for progress reporting, and have no additional costs to projects. One would think that if this information would clearly demonstrate the degree the beneficiaries appreciate a project, it would be some of the most promptly and predominately reported data. Unfortunately, the lack of it indicates that projects are not nearly as effective as the spin reporting indicates. Since there appears a high degree of collusion between USAID's project and contract officers supervising projects, whose demand for success stories is virtually a directive to implementing NGO contractors to spin reporting, the collection of this data will most like require a legislated mandate. I hope you can arrange for this. It really would not take a lot, just a few key case studies to demonstrate the degree of deception taking place, and then some innovative adjustments of projects to better serve the beneficiaries. You might want to again involve and fund IFPRI to coordinate and evaluation across different projects, countries, and regions as well as different donor other than USAID. It might also be possible for a your committee on Transparency and Accountability to simple request the USAID Administrator to have on-going projects provide this information and report back to your committee prior to the next appropriation hearings. It should take a contractor only a few hours to provide most of the information from information already readily available. You might also ask them for the dietary information, but it might take longer to obtain and compile it.

Defining Success

Perhaps one thing that needs to be done and help the process would be a definition of success. To that end I would suggest that a poverty alleviation effort should result in a net total financial benefit to the beneficiaries of at least 10%. By net total financial benefit this would take into consideration all farm enterprises the beneficiaries are involved with both crop and animal, and not just the enterprise for which value chain is being developed and promoted. It would also have to assign financial value to any subsistence production being undertaken. Thus a value chain promotion that provided the farmers (not the cooperative) a 20% increased return, but for which the farmers are only willing to consign 50% of their produce could be marginally considered a success. However, if the value chain promotion only represents 30% of the total farm enterprise system and thus a net total economic benefit of only 3% it would not constitute a success. Also all accounting of benefits much extend to the farm gate and not stop at the cooperative or similar farmer organization as frequently has been done in the past. I seriously doubt if the American public would support any lower returns to the foreign assistance programs. Perhaps that could be legislatively specified at last as a target for projects to measure their success or lack thereof against.

Unfortunately, from my perspective as I approach the twilight of my professional career my alternatives for getting these changes accomplished are not very pleasant. For the Genocide Oversight, since there was nothing particular deliberate in the oversight, my options are to generate as much publicity as possible. This would include working with such organization as Al Jazeera, that has a sizeable following in the developing world and a tendency to be critical of western efforts. I'm not certain USAID or other donors would appreciate their assistance programs being portrayed as promoting the genocide of their intended smallholder beneficiaries. As for the cooperative scandal, to the degree it is a true scandal with deliberate deceptive reporting, it represent substantial liabilities. Thus my recourse would be establishing a NGO such as the Committee for Effective Assistance to pursue class action litigation against those individual authoring and publishing deceptive reports, with the hope it will ultimately back up to the project and contact officers who are effectively demanding them and the M&E officers who are not requiring effective reporting. Isn't it their mandate as public servants to be good stewards of the public funds entrusted to them? How many litigation cases will it take to force changes or before USAID has no one willing to bid on their contracts? This could get very messy very quickly as people will start distancing themselves to protect their posteriors, so please do what you can to make it not necessary for me to proceed with this.

I do appreciate your taking the time to sort through this message. Please share it with your colleagues for Transparency and Accountability, or others who you think will profit from its contents. Please if possible add some amendments to the next foreign aid appropriation bill to cover these issues. I really don't see how this will impact on personnel involved in the overall development effort. It might force some redefinition of job descriptions, but should not involve additional funding for specific projects, just for some overall coordination. I would like to think those sincerely dedicated to assisting smallholders would welcome an opportunity to be more open in their reporting and the opportunity to look at more effective alternative means of poverty alleviation for this vulnerable population as it could substantially enhance their professional satisfaction. It might require biting a bullet on some issues, but then that would be short term, and lead to a long term substantial improvement on the overall effectiveness of the poverty alleviation effort. With the pending financial cliff, would this make a good budget cut that would not even be noticed by the intended beneficiaries? I think the American public deserves a better return on their invested tax dollar for development and the smallholder beneficiaries programs that they appreciate and are willing to activity participate in. We really have to stop toying with this fragile group of people. You might also contemplate that if rural poverty alleviation programs are as ineffective as implied in this message that, while highly touted for their proclaimed success but really mostly a publicity statement of the US's good intentions, they become more an inspiration for anti-American and anti-western terrorism instead of enhancing National Security.

If you wish I would be more than happy to meet with you or one of your staff to review the aid program in more detail or even come to Washington and testify before you committee.

Thank you,

Richard (Dick) Tinsley

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Reference material:

www.smallholderagriculture.com

<http://lamar.colostate.edu/~rtinsley/CalorieEnergyBalance.htm>

<http://lamar.colostate.edu/~rtinsley/DeceptiveReporting.html>

<http://lamar.colostate.edu/~rtinsley/InspectorGeneralUSAID.pdf>

<http://lamar.colostate.edu/~rtinsley/InspectorGeneralReply.pdf>