

February 4, 2025

The Honorable Marco Rubio
Secretary
U.S. Department of State
2201 C Street, N.W.
Washington, D.C. 20520

Dear Secretary Rubio,

For multiple years, I have expressed grave concerns about willful sabotage of congressional oversight by the U.S. Agency for International Development (USAID). Time and time again, the agency has been unwilling to provide accurate documents in response to my investigations into its frivolous expenditures including many instances of taxpayer-funded assistance to businesses in Ukraine. Despite numerous attempts by me and my staff to work in good faith with USAID staff to conduct oversight, the agency has engaged in a demonstrated pattern of obstructionism.

On November 5, 2024, the American people elected President Trump in a landslide victory and gave him a mandate for change. Americans are no longer willing to tolerate a status quo where federal agencies, managing billions in taxpayer funds, pursue a counter-productive and potentially anti-American agenda abroad with no accountability. I support the President's efforts to achieve government efficiency and rein in unelected bureaucrats. USAID is culpable for decades of unchecked, outlandish expenditures and that behavior must end now.¹

As you work in partnership with President Trump to bring sanity back to America's endeavors on the global stage, I want to offer you my full support. My ongoing efforts to bring transparency to American foreign assistance have triggered the wrath of a bureaucracy desperate to avoid scrutiny. I stand ready to support the Trump administration in taking on the entrenched issues at USAID:

FALSELY CLAIMING CLASSIFIED AID DATA

On September 12, 2024, after months of delayed productions and less-than-informative briefings from the agency, USAID offered, and my staff ultimately agreed to participate in a future review of documents listing recipients of taxpayer-funded assistance to businesses in Ukraine.²

¹ Letter from Joni K. Ernst, Ranking Member, S. Comm. on Small Business and Entrepreneurship, to Samantha Power, Adm'r, USAID, (Nov. 15, 2023), *available at* https://www.ernst.senate.gov/imo/media/doc/us_agency_for_international_development_letter.pdf; Letter from Joni K. Ernst, Ranking Member, S. Comm. on Small Business and Entrepreneurship, to Samantha Power, Adm'r, USAID (Dec. 6, 2023), *available at* <https://www.ernst.senate.gov/imo/media/doc/2023126usaidletter.pdf>.

² Email from Congressional Liaison Officer, Bureau for Legislative and Public Affairs,

However, prior to this review, USAID insisted upon various conditions, including but not limited to requiring the documents to be reviewed in a sensitive compartmented information facility (SCIF) at USAID headquarters. These requirements were all presented to my staff under the false pretense that this data was classified.

However, after accepting the requested accommodations and waiting weeks for available SCIF space at USAID's headquarters, my staff discovered the documents were not classified. The documents my staff reviewed, on their face, failed to comply with standard classifications protocols. Only after demanding to speak to your USAID Office of Security, my staff uncovered that this data was, in fact, unclassified. In a desperate attempt to limit congressional oversight of public information, USAID demonstrated intentional abuse of a system designed to keep our nation's secret information secure.

From my staff's review of the data on USAID assistance to businesses in Ukraine thus far, it seems clear why USAID is trying to withhold information from Congress. Based on the in-camera review, it appears that over 5,000 Ukrainian businesses received U.S. taxpayer funded assistance through the Competitive Economy Program (CEP), Investment for Business Resilience (IBR), Credit for Agricultural Producers (CAP), and Agriculture Growing Rural Opportunities (AGRO) programs with awards of up to \$2 million each.³

MISLEADING CONGRESS ON INDIRECT COSTS OF AID

I understand that some indirect costs are a necessary expense when delivering humanitarian assistance. However, through my oversight investigations, I have found that USAID has signed on to outrageous Negotiated Indirect Cost Rate Agreements (NICRA) with grant recipients. These NICRAs allowed grant recipients to use more than 25 percent of the total award on indirect costs, which can include rent for a partner's corporate headquarters, advocacy costs, and other miscellaneous expenses.

Under the Biden administration, USAID repeatedly stonewalled my efforts to conduct congressional oversight on indirect costs. My staff first reached out to the agency requesting NICRAs in November 2022.⁴ The agency responded to the request for information by claiming that, *"USAID does not have a system to track or report on this data, as it is not possible to compare indirect costs between for-profit and nonprofit organizations at the rate level..."*⁵

On February 8, 2023, my staff followed up with a link to a publicly reported NICRA database that USAID confirmed does exist on February 13, 2023. At this point, USAID's justification for refusing to provide the NICRA rate data shifted and the agency claimed that *"USAID is legally restricted from sharing an implementing partner's proprietary information, including its NICRA."*

USAID, to Minority Staff, U.S. Senate Committee on Small Business and Entrepreneurship (Sept. 12, 2024, 9:12AM EST) (on file with Committee).

³ In Camera Review, USAID, with Minority Staff, S. Comm. on Small Business and Entrepreneurship (Oct. 3, 2024). Please note USAID has failed to provide any of these documents beyond the in-camera review.

⁴ E-mail from Staff, Office of Senator Joni K. Ernst to USAID Bureau of Legislative and Public Affairs (Nov. 17, 2022).

⁵ E-mail from USAID Bureau of Legislative and Public Affairs to Staff, Office of Senator Joni K. Ernst (Feb. 1, 2023).

*These legal constraints arise from a number of statutory and regulatory proscriptions, including the Economic Espionage Act, Protection of Trade Secrets Act, and Disclosure of Confidential Information Act that carry civil and criminal penalties.”*⁶ As you well know, congressional oversight of federal spending and contracting negotiations most certainly does not violate federal law, including the acts listed in USAID’s response.

The agency then acknowledged this reality when it shifted to its most recent justification on February 17, 2023, noting that, *“USAID wanted to clarify a point we included in Monday’s responses. The Agency protects the confidential business information of its implementing partners, including NICRAs. It is longstanding executive branch practice, under Presidents of both parties, to protect confidential business information from disclosure outside the scope of a formal oversight request by a committee of jurisdiction.”*⁷

It was absurd that USAID failed to share NICRA rates on the grounds that the agency can refuse any congressional oversight unless they originate from a “committee of jurisdiction.” Nevertheless, on April 24, 2023, former House Foreign Affairs Committee Chairman Michael McCaul and I requested access to the NICRA data. After that, USAID finally allowed my staff to review.

Even then, USAID refused to permit my staff to acquire the documents or take substantive notes on the NICRA rates. The lack of transparency was alarming because the NICRA rates far exceeded staff’s expected range of indirect costs allowed.

FAILURE TO RESPONSIBLY STEWARD TAXPAYER FUNDS

The American people have good reason to be concerned about the size and scope of USAID’s various slush funds, including its programs for Ukrainian businesses that I’ve focused on in my investigations as the top Republican on the Senate Small Business and Entrepreneurship Committee. Many of these initiatives, including the Competitive Economy Program (CEP) administered by the D.C.-based consultancy Chemonics, claim to enhance Ukraine’s wartime posture by increasing Ukrainian businesses’ sales in new markets.⁸ Instead, the American people have funded extravagant trade missions and vacations for Ukrainian business owners to film festivals and fashion weeks across the glamorous capitols of Europe and beyond.⁹

Further, and perhaps what is most concerning, is the track record of USAID’s gross negligence in overseeing the activities of the entities it has chosen to implement and manage these multi-

⁶ E-mail from USAID Bureau of Legislative and Public Affairs to Staff, Office of Senator Joni K. Ernst (Feb. 13, 2023).

⁷ E-mail from USAID Bureau of Legislative and Public Affairs to Staff, Office of Senator Joni K. Ernst (Feb. 17, 2023).

⁸ See, e.g., [USAID Economic Growth Programs in Ukraine](#) (Jul. 4, 2024), (last visited October 25, 2024),

⁹ See, e.g., [USAID Competitive Economy Program \[CEP\] in Ukraine \(USAID CEP\) LinkedIn, Post - Berlin Film Festival](#), (Feb.17, 2023) (last visited July 31, 2024); [USAID CEP LinkedIn, Post -Frankfurt Ambiente International Design Festival](#), (Feb.13, 2024), (last visited July 31, 2024); [USAID CEP LinkedIn, Post - Las Vegas Consumer Electronics Show](#) (Sept. 20, 2023), (last visited July 31, 2024); [L’OFFICIEL Monaco- Ukrainian Women-Led Fashion Brands Unite and Shine at Paris Fashion Week](#) (Nov. 10, 2023) (last visited October 25, 2024)

million-dollar grant programs. For example, Chemonics, in addition to questionable expenditures in the CEP, has a track record of allegedly overbilling U.S. taxpayers and possibly offering kickbacks to terrorist groups, bringing into question whether they could ever be a proper steward of taxpayer dollars.¹⁰

Previously, Representative Mariannette Miller-Meeks pointed out serious, wide-ranging allegations of fraud, waste, and abuse in a Chemonics-led \$9.5 billion USAID project meant to improve global health supply chains.¹¹ That project failed to deliver promised health commodities on time, led to 41 arrests and 31 indictments related to illicit resale of USAID-funded commodities on the black market, and fueled ongoing allegations that Chemonics falsely portrays its projects' outcomes to secure future contracts with USAID.¹² Additionally, USAID's Inspector General found, in July 2023, that Chemonics over-billed the United States government for its contracting services to USAID by as much as \$270 million through fiscal year 2019.¹³

But overbilling the United States taxpayer, while very serious, is not the most eyebrow raising allegation Chemonics faces. The firm is also alleged to have collaborated with a terrorist group and avowed enemy of the United States, bribing the Taliban while carrying out USAID-designated programs in Afghanistan.¹⁴ Evidence to substantiate these allegations comes from on-the-ground sources, congressional reports, media reports, and government watchdogs, and a lawsuit by families of wounded or killed United States servicemembers alleges Chemonics negotiated pay-offs to the Taliban to secure approval for construction projects in Afghanistan.¹⁵ Thousands of American men and women have given their lives fighting against the tyranny of the Taliban and Taliban-backed terrorists. It is an insult to their memories for USAID to continue

¹⁰ See, e.g., [USAID CEP LinkedIn, Post - Fashion Festival for Ukrainian Streetwear Brands, \(Jan. 9, 2024\) \(last visited July 31, 2024\)](#); see also [USAID CEP LinkedIn, Post- Trade Mission to Bordeaux, France for Ukrainian Animators, \(Oct. 16, 2023\) \(last visited July 31, 2024\)](#); see also MEMORANDUM, DAVID A. MCNEIL, DIRECTOR OF EXTERNAL FINANCIAL AUDITS DIVISION, OFFICE OF INSPECTOR GENERAL, USAID, TO MAYA COLE, USAID/MANAGEMENT/OFFICE OF ACQUISITION AND ASSISTANCE/COST, AUDIT AND SUPPORT DIVISION, CONTRACT AUDIT MANAGEMENT BRANCH, ACTING SUPERVISORY AUDITOR, PERFORMANCE AUDIT OF INCURRED COSTS FOR CHEMONICS INTERNATIONAL, INC. FOR FISCAL YEARS 2018 AND 2019 (July 7, 2023) [hereinafter *OIG Chemonics Report*]; see also Jessica Donati, *Lawsuit Accusing Contractors of Paying Protection Money to Taliban is Expanded*, WALL ST. J., (June 8, 2020), available at <https://www.wsj.com/articles/lawsuit-accusing-contractors-of-paying-protection-money-to-taliban-is-expanded-11591471172>.

¹¹ Michael Igoe, *US Lawmaker Questions \$9.5B USAID Health Supply Chain Project*, DEVEX, (Jan. 19, 2024) available at <https://www.devex.com/news/us-lawmaker-questions-9-5b-usaid-health-supply-chain-project-106952>; see also Michael Igoe et al., *'Too big to fail': How USAID's \$9.5B supply chain vision unraveled*, DEVEX, (Nov. 9, 2023), available at <https://www.devex.com/news/too-big-to-fail-how-usaid-s-9-5b-supply-chain-vision-unraveled-105141>.

¹² *USAID's Top Management Challenges and OIG's Continuing Oversight Before the Subcomm. on State, Foreign Operations, and Related Programs of the H. Comm. on Appropriations*, 116th Cong. (July 11, 2019) (statement of USAID Inspector General Ann Calvaresi Barr) available at <https://www.congress.gov/116/meeting/house/109749/witnesses/HHRG-116-AP04-Wstate-CalvaresiBarrA-20190711.pdf>.

¹³ *OIG Chemonics Report*, *supra* note 6.

¹⁴ Jessica Donati, *Lawsuit Accusing Contractors of Paying Protection Money to Taliban is Expanded*, WALL ST. J., (June 8, 2020), available at <https://www.wsj.com/articles/lawsuit-accusing-contractors-of-paying-protection-money-to-taliban-is-expanded-11591471172>.

¹⁵ See First Amended Complaint, *Cabrera v. Black & Veatch Special Projects Corp.*, No. 1:19-cv-03833-EGS, 2020 WL 5361723 (D.D.C. June 5, 2020), available at <https://afghanistan.terrorismcase.com/wp-content/uploads/2020/06/2020-06-05-082-FIRST-AMENDED-COMPLAINT.pdf>.

funneling major contracts around the world through an organization that provided financial support to this notorious terrorist group.

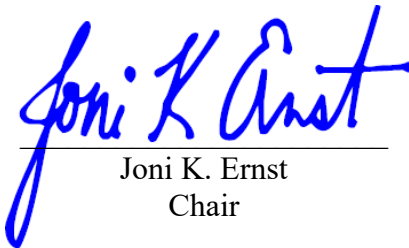
In the wake of this series of significant misjudgments and oversight obstruction by USAID, it is of the utmost importance to conduct a full and independent analysis of the recipients of USAID assistance. Congress must pay particular attention to the activities of USAID's implementing partners, including Chemonics, to verify whether USAID erred in selecting them to manage this funding.

The American people are rightfully raising questions regarding USAID's vast and unmonitored funding of foreign interests, especially as the agency leverages contractors with such a checkered history. As I've said time and time again, Americans deserve answers about how their tax dollars are being spent abroad.

In response to my concerns, USAID has acted in an unacceptably deceptive and egregious manner. The agency's attempts to thwart congressional oversight amount to exactly the type of gaslighting that the American people despise most and see so frequently from Washington. When approached with reasonable questions, bureaucrats and political appointees stated first that there was nothing to be concerned about. Subsequently, they took every measure possible to resist scrutiny or oversight while they pumped millions in American taxpayer dollars around the globe. One might assume they have something to hide.

As I've said before, sunshine is the very best disinfectant— now is the time to get to the bottom of USAID's shady practices once and for all. I strongly support your efforts to overhaul this rogue federal agency and stand by ready to assist.

Sincerely,



Joni K. Ernst
Chair