

November 15, 2023

The Honorable Samantha Power
Administrator
U.S. Agency for International Development
1300 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Dear Administrator Power:

As Ranking Member of the U.S. Senate Committee on Small Business and Entrepreneurship, I write to express my concern regarding recent reports of the U.S. Agency for International Development (USAID) providing taxpayer-funded assistance to support small businesses in Ukraine. My staff contacted your agency on November 1, 2023 to request further information on these concerns. Your staff did not provide any information following the request.

Like countless Iowans and Americans, I find these assistance activities and USAID's lack of transparency particularly troublesome in light of the Biden administration's recent request of approximately \$14 billion in additional appropriations for non-military aid to Ukraine, including for accounts that facilitate distribution of funds to bolster Ukrainian businesses.¹

My support for providing weapons and munitions to Ukrainian fighters as they counter Putin's regime on the battlefield is steadfast. But I'm weary of doling out nearly \$25 billion in hardworking Americans' tax dollars for so-called economic aid to Ukraine, including subsidies² for overseas businesses such as a luxury "contemporary knitwear couture" company in Kyiv.³

As you know, American small businesses are struggling. In Iowa and across our country, I visit main streets to speak directly with family-owned and locally-run businesses and their employees. I hear time and time again about how they are challenged due to record-high inflation, driven by too much government borrowing and spending. Compounding the problem, Washington drowns them in unnecessary red tape as they try to simply keep their doors open. They find it so difficult to stay afloat let alone try to access federal programs designed to support them.

¹ "Letter Regarding Critical National Security Funding Needs for FY 2024." The White House, October 20, 2023. <https://www.whitehouse.gov/wp-content/uploads/2023/10/Letter-regarding-critical-national-security-funding-needs-for-FY-2024.pdf>.

² "60 Minutes: What U.S. Taxpayers Are Getting for Their Money in Ukraine." CBS News, September 24, 2023, <https://www.cbsnews.com/news/us-aid-ukraine-60-minutes-transcript/>.

³ 91LAB, <https://91labknitwear.com/>.

Meanwhile, USAID is spending millions of our hard-earned dollars each year to bankroll companies around the world, spurring competitors to American businesses through assistance programs with too few barriers to entry. This year alone, your agency pledged \$230 million to support businesses in Ukraine.⁴ Many, if not most, of these businesses are unrelated to the ongoing war effort.

Iowans and hardworking *American* small business owners across our country are left to wonder why our government is bailing out companies abroad while so many struggle to make ends meet at home. Through USAID's efforts, it appears to be easier for foreign businesses to profit from our tax dollars than it is for our small business owners here at home to receive support.

Given these concerns, I request the following information no later than Friday, December 1, 2023:

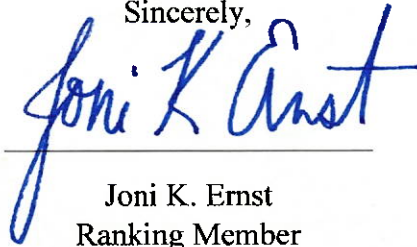
1. A complete list of businesses in Ukraine which have received American taxpayer support via in-kind assistance, cash assistance, technical assistance, or any other USAID program funded in whole or in part by the United States since February 2022, including:
 - a. The name and address of each business;
 - b. The amounts and types of assistance each business received;
 - c. An analysis of the benefit to American taxpayers of providing the assistance to each specific Ukrainian business; and
 - d. The appropriations account from which the assistance originated.
2. A complete list of partner organizations operating in Ukraine which have assisted USAID in the distribution of American taxpayer-funded assistance to businesses since February 2022.
3. A description of USAID procedures for evaluating potential recipients, as well as those entities responsible for facilitating distribution of Americans' taxpayer dollars for entrepreneurial, economic development, or other small-business related purposes in Ukraine.
4. A list of unsolicited and solicited proposals from businesses in Ukraine provided to USAID which were rejected, as well as the justification provided by the Contracting Officer (CO), Agreement Officer (AO), or any other adjudicating official for the rejection.

⁴ "United States Announces Additional \$230 Million Investment in Ukraine's Economy and Reconstruction: Press Release," U.S. Agency for International Development, July 19, 2023, <https://www.usaid.gov/news-information/press-releases/jul-19-2023-united-states-announces-additional-230-million-investment-ukraines-economy-and-reconstruction>.

5. A list of unsolicited and solicited proposals from businesses in Ukraine provided to USAID which were accepted, as well as the justification provided by the CO, AO, or any other adjudicating official for the acceptance.

As stated in Senate Rule XXV(o)(3), the Committee on Small Business and Entrepreneurship shall “study and survey by means of research and investigation all problems of American small business enterprises.”⁵ While I stand firmly with Ukrainians in their fight against Russian aggression, Americans deserve answers about how their tax dollars are being spent to support businesses abroad at a time when the challenges our small businesses face here at home are so great.

Sincerely,



Joni K. Ernst
Ranking Member

⁵ “Rules of the Senate: Standing Committees.” U.S. Senate Committee on Rules & Administration, 118th Congress, <https://www.rules.senate.gov/rules-of-the-senate>.