

May 1, 2024

The Honorable Paul K. Martin  
Inspector General  
Office of Inspector General  
U.S. Agency for International Development  
1300 Pennsylvania Ave, NW  
Washington, D.C. 20004

Dear Inspector General Martin:

As Ranking Member of the U.S. Senate Committee on Small Business and Entrepreneurship, I am writing to request information on your office's oversight of funds the United States Agency for International Development (USAID) has provided to small and medium-sized enterprises (SMEs) in Ukraine.

Since November 2023, USAID Administrator Power has refused to provide clear or substantive responses to my requests for more information on USAID assistance to SMEs in Ukraine despite repeated inquiries.<sup>1</sup> There is no doubt about it: the American people deserve transparency. This is especially true given USAID has pledged to spend hundreds of millions of dollars more on SMEs in Ukraine.<sup>2</sup> Unfortunately, USAID is unwilling to allow for transparency and so the job falls to you, the watchdog tasked with ensuring the agency spends taxpayer money prudently.

Despite refusing to provide Congress with information, USAID is putting out glowing social media profiles of the projects it funds, which include bankrolling a fashion festival for Ukrainian streetwear brands;<sup>3</sup> a trade-mission to Bordeaux, France for "young Ukrainian animator talents";<sup>4</sup> and a designer of "astonishing yet functional interior objects," including a \$12,000 coffee table.<sup>5</sup>

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<sup>1</sup> Senator Joni K. Ernst, [Letter to USAID Administrator Samantha Power](#), November 15, 2023; Senator Joni Ernst, [Letter to USAID Administrator Samantha Power](#), December 6, 2023.

<sup>2</sup> "[United States Announces Additional \\$230 Million Investment in Ukraine's Economy and Reconstruction](#)," U.S. Agency for International Development, July 19, 2023.

<sup>3</sup> [LinkedIn post on assistance to Streetwear Alliance SSWEPP](#), USAID Competitive Economy Program in Ukraine, 2024.

<sup>4</sup> [LinkedIn post on assistance to Linoleum Contemporary Animation Festival](#), USAID Competitive Economy Program in Ukraine, 2023.

<sup>5</sup> [LinkedIn post on assistance to Panoptikum Collections](#), USAID Competitive Economy Program in Ukraine, 2023; [Panoptikum Collections Gallery](#), accessed April 2024.

I firmly support America's efforts to support Ukraine on the battlefield, but we must provide weapons, not welfare. Sending artillery to the Ukrainian army will help freedom and democracy prevail over Putin's tyranny. Sending young Ukrainian artists to Bordeaux just wastes Americans' hard-earned tax dollars. I am concerned USAID views itself as a slush fund for Ukrainian businesses unrelated to the war effort. This is not an effective use of resources to help Ukraine win. To inform ongoing discussion over how best to support a Ukrainian victory, we need robust oversight.

In line with your office's mission to "safeguard and strengthen U.S. foreign assistance" through oversight, I request that you conduct a stringent assessment of USAID's current and previous assistance to SMEs in Ukraine.<sup>6</sup> I request the following information, as a result of this investigation and any prior oversight work, no later than May 22, 2024:

1. How many Ukrainian SMEs 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?
  - a. What is the range and average value of any in-kind or cash assistance received, per SME?
  - b. Which industry sectors does USAID assistance to Ukrainian SMEs support? Please provide a detailed account broken down by NAICS code or equivalent identifiers.
  - c. What percentage of USAID assistance to SMEs in Ukraine directly aids the Ukrainian warfighter?
2. Are the recipients of this USAID assistance being reported to the Department of the Treasury for inclusion in the USAspending website in a timely and complete manner as required?
3. Of the SMEs which have received USAID assistance, do any have ties—both in their business structure as well as individuals comprising their leadership teams—to Russian oligarchs, firms associated with the Russian military, or ties to individuals accused or linked to allegations of corruption?<sup>7</sup>
4. Prior to obligating funds, does USAID have sufficient procedures in place to identify and evaluate risk of waste, fraud, or abuse of taxpayer dollars by potential recipients of funds or entities responsible for distributing USAID funds for entrepreneurial or economic development purposes, as well as other small business-related purposes in Ukraine?

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<sup>6</sup> [Mission Statement](#), Office of Inspector General, U.S. Agency for International Development, accessed April 2024.

<sup>7</sup> ["USAID's Expanded Approach to Anticorruption"](#) Office of Inspector General, U.S. Agency for International Development, February 16, 2024.

5. Does USAID have sufficient measures in place to ensure that its assistance to firms in Ukraine does not put these firms in competition with American companies?

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.” Small businesses in particular are concerned at the sheer scale of subsidies USAID offers to foreign companies, possibly creating competitors to their businesses through awards to potentially under-vetted firms.

The American people deserve to know where their money is going and at what scale. I am grateful for your efforts to ensure transparency for taxpayers.

Sincerely,



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Joni K. Ernst  
Ranking Member

CC: The Honorable Samantha Power, Administrator, United States Agency for International Development