

ELIMINATING WASTE BY THE FOREIGN AID BUREAUCRACY

HEARING

BEFORE THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

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CONTENTS

Opening statements:	Page
Senator Paul	1
Senator Peters	3
Senator Johnson	10
Senator Lankford	14
Senator Blumenthal	16
Senator Hassan	19
Senator Scott	20
Senator Kim	23
Senator Ernst	29
Prepared statements:	
Senator Paul	35
Senator Peters	44

WITNESSES

THURSDAY, FEBRUARY 13, 2025

Michael Shellenberger, Founder, Public News	6
William Ruger, President, American Institute for Economic Research	8

ALPHABETICAL LIST OF WITNESSES

Ruger, William:	
Testimony	8
Prepared statement	67
Shellenberger, Michael:	
Testimony	6
Prepared statement	47

APPENDIX

Senator Ernst pictures	80
Letter to USAID Nov. 2023	82
Letter to USAID Dec. 2023	85
USAID Letter Mar 2024	86
Letter to USAID OIG May 2024	90
USAID Letter May 2024	93
Letter to Rubio Feb 2025	100
Statements submitted for the Record:	
Church World Services	105
National State and Local Organizations	106
RCUSA	112
World Relief	113
USAID OIG Report	120
Q2IMPACT	126

ELIMINATING WASTE BY THE FOREIGN AID BUREAUCRACY

THURSDAY, FEBRUARY 13, 2025

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 10:03 a.m., in room SD-342, Russell Dirksen, Senate Office Building, Hon. Rand Paul, Chair of the Committee, presiding.

Present: Senators Paul [presiding], Johnson, Lankford, Rick Scott, Hawley, Ernst, Peters, Hassan, Blumenthal, and Kim.

OPENING STATEMENT OF SENATOR PAUL¹

Chairman PAUL. The Committee will come to order.

Today, we are going to dive into reckless and wasteful spending of our Federal Government, particularly when it comes to foreign aid. The United States should not be the sugar daddy for the entire world, especially not for countries and organizations who act contrary to our nations' beliefs.

Our country is \$36 trillion in debt, yet we continue to send billions of dollars overseas, often funding projects that are not just useless but, in many cases, actively harmful.

Taking the path to fiscal responsibility is often a lonely journey, but thanks to Elon Musk and Department of Government Efficiency (DOGE), they have brought to light the waste that I have been highlighting for over the last decade. Every year, I release my Festivus Report to expose the ridiculous spending of the Federal Government, and this past year was no exception. I uncovered over \$1 trillion in government waste, with the State Department and United States Agency for International Development (USAID) being some of the worst offenders.

Let me give you just a few examples of what these unelected bureaucrats are spending your hard-earned money on:

\$4.8 million went to Ukraine's public affairs office in Kyiv, to fund social media influencers.

Instead of protecting our own border, \$2.1 million was sent to Paraguay to "enhance" their border security.

USAID also funded a group of Ukrainian women-led designers to travel to the Paris Fashion Show. I do not know about you, but I would imagine Ukrainian women have more important things to worry about than appearing in the Paris Fashion Show.

¹The prepared statement of Senator Paul appears in the Appendix on page 35.

USAID spent \$2 million on transgender surgeries, hormone therapy, and gender-affirming care in Guatemala.

\$3 million was spent to promote “girl-centric climate action” in Brazil. I would love to picture what a conversation about girl-centered climate action looks like. It is like, “Hey, Barbie. Do you know what girl-centered climate change is?” Since when do we believe arguments need to be tailored for girls to understand? How insulting to women, at-large, that they think there are special arguments for girls to understand that are different than boys.

\$25,000 to fund a transgender opera in Colombia. Was nobody in Colombia willing to buy a ticket?

USAID spent \$32,000 in Peru to create a comic featuring a trans hero to address social and mental health issues. What does that have to do with diplomacy?

\$20,000 to fund a diversity, equity, inclusion (DEI) program for a drag theater in Ecuador.

\$20 million was spent to produce a new Sesame Street show in Iraq.

USAID spent \$6 million to promote a project boosting sustainable tourism in Egypt. I guess the United States is now the travel agent for the entire world, since they spent \$50 million on Tunisia’s tourism, even though it is already one of the most visited countries in Africa.

USAID gave \$87.9 million to help Afghans farm, and incidentally, farm poppy, the plant from which opium is extracted. As of 2021, Afghanistan supplied 90 percent of the world’s heroin. I thought the saying in the United States was just say no to drugs. How about we just say no to wasteful foreign aid?

\$70,000 for a live musical event to promote diversity, equity, inclusion, and accessibility in Ireland.

State Department paid \$330,000 to compile a disinformation index to “blacklist” conservative media outlets.

USAID funneled over \$54 million to EcoHealth Alliance, funding the very organization linked to the Wuhan Institute of Virology (WIV), the likely origin of the Coronavirus Disease 2019 (COVID-19) pandemic. Disgraceful.

\$15 million was awarded to Taliban-controlled Afghanistan to distribute oral contraceptives and condoms.

There is still a \$3 billion fund for Afghan reconstruction that I have tried to take that money to pay for other things that the government is spending money on, and yet there has been resistance by the other side, to deplete that fund and say, “We are done funding things in Afghanistan.”

This is just the tip of the iceberg. These are taxpayer dollars being used to fund ideologically misguided, ineffective, and unnecessary projects thanks to the blundering bureaucracy, while our own citizens struggle to put food on the table.

This is not what our government was designed to do. The U.S. Government is not a charity, and it should not be doling out cash to foreign organizations, some of which actively oppose the United States, with no oversight.

We do not have the money to give. We are borrowing the money we send. We need to ask a simple question: Why are we borrowing money to send money overseas?

Even if USAID eliminated the crazy left-wing grants for trans operations, it still makes no sense to borrow money, to then turn around and send it overseas. Borrowing money to send as charity is like the worker who has no money left after paying for their food, rent, and gas, saying, “Oh, well I see this homeless person, I have such great sympathy. I will go to the bank, and I will borrow \$1,000 to give to this person.” That is what we are doing. We cannot pay for our own, and we are borrowing the money we send overseas.

That money could be used to pay down our \$36 trillion debt and take care of the American people, the very people who actually pay these taxes in the first place.

It is time for a real change. America should not continue to be the world’s piggy bank. It is time to end the waste of foreign aid and end the bureaucracy, and for once do what is right by the American taxpayer.

With that I recognize the Ranking Member for opening remarks.

OPENING STATEMENT OF SENATOR PETERS¹

Senator PETERS. Thank you, Mr. Chair. Mr. Chair, I am very discouraged by this hearing and by the witnesses, in particular, that you have chosen to give a platform today. Instead of having a serious discussion, I am sure we are going to hear conspiracy theories, as this Committee holds what amounts to basically a pep rally in support of President Trump’s illegal power grab.

I certainly agree with this Committee that this Committee should conduct rigorous oversight of Federal spending, including wasteful foreign aid. That is certainly what we should be talking about. We should always be working to sort out and eliminate waste and fraud in all Federal programs, and, in fact, this Committee has done that for years, on a bipartisan basis. It is a big part of what we do every week as we come together to consider legislation and deal with the tough issues that we face as a country.

But today’s hearing, I am sure we are going to hear many of our colleagues on the other side of the dais, my Republican colleagues here, cheer on President Trump and his cronies, like Elon Musk, in their illegal and unconstitutional efforts to cutoff foreign aid. It is not only a sham, I think it really misses the point on what this Administration is really doing, and how far President Trump will go to hurt American families so that they can pay for tax cuts for billionaires.

We cannot have a real debate about wasteful spending when President Trump has empowered an unvetted billionaire—and let’s say it, an unvetted billionaire with massive conflicts of interest, massive conflicts of interest, hundreds of millions of dollars of government contracts he receives. I would hope we will look at those hundreds of millions of dollars of government contracts from Elon Musk, as he is cutting of funding to programs that clearly the Administration does not understand or they may not agree with politically.

Let’s be clear. The Constitution does not empower a social media billionaire with massive conflicts of interest, that has never been

¹The prepared statement of Senator Peters appears in the Appendix on page 44.

vetted, to decide on how taxpayer dollars are spent. In fact, the Constitution does not even empower President Trump to make these decisions. The Constitution gives Congress, and only Congress, the sole power to decide how taxpayer money is spent. For the most part, we pass bipartisan laws to determine how that money should be spent.

But President Trump has directed Elon Musk, and many other cronies, to ignore Congress, to ignore the Constitution, and recklessly and illegally cutoff funding that Congress has passed according to the law. Not only is it illegal, not only is it unconstitutional, but President Trump's direction to shutter USAID will have damaging consequences across the globe and here in the United States.

I would like to enter into the record,² Mr. Chair, numerous statements from organizations and experts that detail those consequences.

Chairman PAUL. Without objection.

Senator PETERS. That is why my Democratic colleagues and I are most concerned about what agency, what Federal programs is going to be next, where are the dominoes going to fall after USAID, what is going to be next on the chopping block. We know President Trump has already directed his cronies to shut down the Consumer Financial Protection Bureau (CFPB). Will they halt Social Security payments that seniors count on next? Will they stop Medicare reimbursements and prevent seniors from accessing health care? Will they block disaster aid to States that have suffered from hurricanes and wildfires?

I will tell you, President Trump and his cronies have already hinted, on all of those resources that Americans count on, and more, could be shut down going forward. It is not just that it is illegal. It is not just that it violates the separation of powers. The bottom line is that these actions hurt American families, and it is our job to fight back. That is why Democrats on our Committee will be focused on that today.

If this Committee is seriously about defending American families and Congress' oversight role, a role, Mr. Chair, that I know you have said, over and over again, is part of what we were going to be doing here at the Committee, then the hearing we have today should be about examining blatantly illegal activities that President Trump has led to undermine the laws passed by Congress and to wreak havoc on the programs and services that support Americans.

Mr. Chair, I know you have often talked about how it is Congress versus the Executive, whoever is in the Executive Office. That is what is happening right now. Let's hope we focus on that, because we are seeing it clearly happening.

At President Trump's direction, Elon Musk and his minions have illegally cutoff funding that Congress passed to support farmers. They have cutoff funding to support childcare centers. They have cutoff funding for lifesaving cancer research. They have cutoff funding for community health centers, cutting off funding for religious charities and services that Americans rely on every day. It has all been under the guise of addressing waste.

² Statements submitted by Senator Peters appears in the Appendix on page 105.

But if the Administration is serious about combating waste and fraud, then the President would not have fired 18 inspectors general (IGs), the independent watchdogs who actually identify waste, fraud, and abuse. Why is Donald Trump firing the watchdogs to waste and abuse? If the President is truly serious about addressing waste and fraud in foreign aid, he certainly would not have fired the inspector general for the USAID.

Let's remember, this is not the first time a President has tested the limits of law when it comes to Presidential powers. We have seen this movie before. But it is the first time that Republicans in Congress have simply rolled over and let a President seize power that the Constitution assigns to the Legislative Branch. We have the power of the purse, and I have heard the Chairman talk about that many times in our meetings.

But let's look at an example from history. In the 1970s, when President Richard Nixon refused to spend money appropriated for childcare, job programs, environmental cleanup programs, virtually every Member of Congress, from both parties, rejected that, passed the Impoundment Control Act of 1974 (ICA), which asserted Congress' constitutional power. When it passed, it passed unanimously. Every Republican Senator stood up to Richard Nixon and said, "This is unacceptable."

Now clearly that was a time when we did not have feckless Republican Senators, but it was a great time to look at how we came together to stand up to Presidential power.

It was not just Congress. President Nixon lost in the courts over and over again. No judge ever endorsed President Nixon's argument that he had the right to ignore the laws of Congress. If President Trump thinks his actions are lawful, then his Administration should come forward and be able to answer straightforward questions from Congress. They should operate in the light of day instead of trying to hide what they are doing from Congress, the courts, and independent watchdogs.

Mr. Chair, I was disappointed that over the last few weeks I have had a number of oversight letters that you refused to sign. I would hope that you would reconsider, and I look forward to meeting with you to talk through those letters in the near future.

I think also, Mr. Chair, many of the questions that we have today about the actions of President Trump that have directed by Elon Musk, I think that is something that we should also call in Elon Musk to ask questions, particularly about his numerous and substantial conflicts of interest while he is making these kinds of decisions.

I hope that going forward this Committee will work to defend Congress' role and responsibilities under the law, and conduct real, meaningful oversight of these lawless actions by the Trump administration.

Chairman PAUL. It is the practice of the Homeland Security and Governmental Affairs Committee (HSGAC) to swear in witnesses. Will each of you please rise and raise your right hand.

Do you swear that the testimony you will give before this Committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. SHELLINGER. I do.

Mr. RUGER. I do.

Chairman PAUL. Michael Shellenberger is a best-selling author and journalist who writes on a wide range of topics including free speech, censorship, and the environment. He is the Community-Based Research Chair of Politics, Censorship, and Free Speech at the University of Texas Austin. He also founded the online newsletter, Public, and the research organization, Civilization Works.

Mr. Shellenberger, welcome to the Committee. Mr. Shellenberger, you are recognized for your opening statement.

**TESTIMONY OF MICHAEL SHELLENBERGER,¹ FOUNDER,
PUBLIC NEWS**

Mr. SHELLENBERGER. Thank you, Chairman Paul, Ranking Member Peters, and members of the Committee. Thank you for inviting my testimony.

Since its creation by President John F. Kennedy in 1961, the USAID has had as its mission the promotion of America's values of free speech, democracy, and free markets by helping others abroad. The name suggests that the organization is focused on aiding poor nations in ways that result in their economic growth.

Why, then, has USAID been spending so much money on information control and information operations, both in the form of demanding censorship by social media platforms, and by financing supposedly "independent" journalism? Why is the United States government, in general, and USAID, in particular, the largest donor to supposedly "independent media" worldwide?

For example, USAID in 2021 published a "Disinformation Primer: that urged greater censorship by social media platforms as well as "prebunking," a psychological technique to program people to reject information disfavored by the government without thinking.

USAID may have been doing and funding worthwhile projects, and it may be that Congress will need to pass legislation to continue those projects through the State Department. But it is inaccurate to suggest that the USAID closure and freeze on aid will kill African children, as some have done, or cause other harms. The Trump administration has already created a waiver for human immunodeficiency viruses (HIV) treatment and resumed aid for tuberculosis, malaria, and newborn health. And USAID's health programs should be subject to scrutiny, given the agency's history of using such programs as cover for other activities, including regime change and biodefense research.

For example, under President Barack Obama's administration, USAID was caught using an HIV program to foment rebellion in Cuba. USAID used EcoHealth Alliance as a passthrough organization to funnel \$1.1 million to the Wuhan Institute of Virology, which was conducting risky gain-of-function (GOF) experiments that may have caused the COVID pandemic. USAID gave EcoHealth Alliance \$54 million during that period, which was more even than the \$42 million the group received from the Pentagon.

As such, anyone who believes in public health for poor people and poor nations must agree that USAID needs to be reined in and cleaned up. That starts first with precisely the kind of audits some

¹ The prepared statement of Mr. Shellenberger appears in the Appendix on page 47.

Members of Congress are trying to stop. USAID and all other government agencies must justify what they are spending their money on. The public's interest is ensuring that every dollar of taxpayer money is accounted for and justified.

As recently as 2021, the media acknowledged the obvious. That year, The New York Times published an article headlined, "U.S. aid to Central America hasn't slowed migration. Can Kamala Harris?" In that, The Times acknowledged that experts say the reasons that years of aid have not curbed migration is, in part, because, "much of the money is handed over to American companies which swallow a lot of it for salaries, expenses, and profits, often before any services are delivered." That is precisely the reason President Trump shut down USAID and demanded an audit.

While the subject of today's hearing is on USAID's wastefulness, in general, I would like to focus the Committee's attention on USAID's efforts to take control over independent investigative journalism and to advocate censorship, in particular. Together, USAID's censorship and disinformation activities comprise a complete vision of information control in service of regime change that USAID and other U.S. Government agencies have sought in dozens of foreign nations over the last 75 years.

USAID, in recent years, has been funding censorship advocacy worldwide through a "Countering Disinformation" program, which is part of its Consortium for Elections and Political Process Strengthening. This work has included funding for so-called "fact-checking" organizations, including in Brazil, a country where I am under criminal investigation for sharing the Twitter Files Brazil, all entirely accurate and legal.

At the World Economic Forum last year, a major USAID contractor, Internews, which received \$472.6 million from USAID over the last 17 years, urged advertiser boycotts to demand censorship.

That "advertiser outreach" was precisely the advertiser boycott strategy used by groups with ties to U.S. intelligence community (IC) to pressure Twitter and Facebook to censor disfavored information.

USAID has also heavily promoted digital identification systems, which could be tied to social media accounts to allow governments to punish individuals for what they say and read online.

Mr. Chair, I have much more to say, but I will end by saying that Congress should defund all and any Federal programs and contractors that promote or engage in censorship and propaganda. Recommitment to an America First foreign policy should require an unwavering commitment to free speech. Congress should cutoff funding to groups, including the Aspen Institute, which interfered in the 2020 election. Trump should order the State Department, the National Science Foundation (NSF), Department of Homeland Security (DHS), and other agencies to end all contracts with censorship advocates and misinformation researchers.

Thank you very much.

Chairman PAUL. Thank you.

Dr. William Ruger is a foreign policy expert with decades of experience as a scholar, practitioner, executive, and military officer. He currently serves as the President of the American Institute for

Economic Research, while also serving as a commander in the U.S. Navy Reserve.

Dr. Ruger was nominated by President Trump to serve as the U.S. Ambassador to the Islamic Republic of Afghanistan, and was appointed to the Fulbright Foreign Scholarship Board at the U.S. Department of State in 2020, serving from 2020 to 2023.

Dr. Ruger, welcome to the Committee, and you are recognized for your opening statement.

**TESTIMONY OF WILLIAM RUGER,¹ PRESIDENT, AMERICAN
INSTITUTE FOR ECONOMIC RESEARCH**

Mr. RUGER. Thank you. Chairman Paul, Ranking Member Peters, and Members of the Committee, thank you for inviting me to testify about foreign aid. It is an honor.

Foreign aid has been pushed to the forefront of the national debate by President Trump's Inauguration Day Executive Order (EO), and then what we have seen since with DOGE. In response, critics have charged that these moves jeopardize humanitarian efforts across the globe, and even threaten U.S. national security. In particular, they have emphasized on the claim that reform efforts would weaken U.S. soft power, create vacuums that will be filled by our adversaries, and hurt our overall ability to compete with China in this area of great power competition.

These national security arguments, though, are not compelling and do not provide a sound basis to slow down efforts to reform and even cut back on foreign assistance itself. I am going to address some of these issues on the national security front.

Cutting aid is simply not going to ruin American foreign policy. The most important determinants of American security do not include, "soft power" resulting from foreign aid, even assuming that foreign aid programs are effective at producing soft power as opposed to our market economy and our great companies in this country, as well as our great culture. Instead, our relative material power, both our military capabilities and our economic and technological strength, and our geostrategic advantages are the most important things for our safety and prosperity. Thus, the geopolitical implications of the fight over foreign aid are fairly limited.

In terms of our material power, maintaining a large national defense capability second to none is what allows us to defend our interest and deter attacks on our territory. Our security is also supported by our fortunate geostrategic position, and as we deal with the rise of potential peer competitors, maintaining our military edge is far more important to our security than even the best aid programs.

This combination of military power and our geostrategic position allow us to enjoy some detachment from problems in the developing world, and thus further reduce the security relevance, though not necessarily the humanitarian relevance of many foreign aid programs in those areas. We should avoid thinking that it is a matter of strategic necessity to be deeply engaged everywhere. Sound geostrategic, and even geoeconomic, thinking requires prioritization and tradeoffs. We cannot be equally concerned about Chinese aid

¹ The prepared statement of Mr. Ruger appears in the Appendix on page 67.

programs in Nepal and what this means for U.S. security and prosperity, and Chinese political penetration of Latin America, which could have a lot of ramifications to the United States.

Our economic strength is also a key cause of our security, and our economy is the golden goose, as long as we do not undermine it through wasteful and excessive spending and the debt and deficits that result, poor tax and monetary policy, constraining over-regulation, or cultural decay. While foreign aid is a small percentage of the national budget, it should still be scrutinized for waste and effectiveness.

There is also some evidence that foreign aid can have a negative impact on target societies and even harm American soft power, exacerbating anti-Americanism by creating winners and losers in these places, with the losers blaming the United States for local problems. In Egypt, a decade ago, protesters said Obama can take his foreign aid and go to hell. That is an example of how foreign aid actually stimulated anti-Americanism in these countries.

Moreover, there are numerous studies that show the ineffectiveness of foreign assistance to even economic development.

Aid spend also does not necessarily work to keep States on our side in today's great power competition. For example, USAID did not stop poor African countries from expelling our forces, though it is not clear it made much sense for those troops to be there in the first place.

Now critics of aid also claim that such a policy will create a vacuum of power that the Chinese will happily fill, thus eating our lunch in great power competition. The problem with this argument is that (1) it is not clear that even where adversaries like China were to fill these vacuums created by cutting aid, that this would necessarily hurt us. And (2) it is not clear that the Chinese experience with aid will be any better than ours at creating soft power that they can meaningfully exploit to their advantage. Indeed, there is evidence that Chinese aid efforts have been backfiring, and I would be happy to say a lot more about that in the question and answers (Q&A).

The other thing is that critics are claiming too much about what the Administration is doing. The fact is that the Trump administration is not proposing cutting all assistance. Secretary Rubio recently stated, on February 10th, in an interview on SiriusXM, he said, "We are not walking away from foreign aid. We will be involved in foreign aid." Instead, what the Administration is doing is trying to make a distinction between aid that can be reasonably argued to advance America's national interests and aid that cannot pass a basic smell test, like the ones that Senator Paul discussed earlier.

If we are going to change our foreign policy to one that prioritizes American national interests and respects the hardworking American taxpayers, then fixing our foreign policy assistance programs is imperative. Too much spending is disconnected from making us stronger, more secure, and more prosperous, to use Secretary Rubio's three-part test from his confirmation hearings here in the Senate. Too often it is in the service of questionable social and political goals that many Americans find dubious. Foreign aid is not

going to be the margin in which we win or lose today's great power competition.

I think it would be wise for us to get our own house in order economically, by looking carefully at programs that cannot deliver for our security or prosperity, or so indirectly connected to legitimate goals as to be based more on an article of kind of faith than sound analysis that I think conservatives should be known for. I commend any efforts to scrutinize aid and provide accountability so programs can deliver for the American people.

Thank you, Senator.

Chairman PAUL. Senator Johnson.

OPENING STATEMENT OF SENATOR JOHNSON

Senator JOHNSON. Thank you, Mr. Chair. Unlike our Ranking Member, I really appreciate you holding this hearing.

In 2019, before the pandemic, total Federal Government spending was \$4.4 trillion. The Wall Street Journal just reported the first four months of this year we spent \$2.43 trillion, multiply that times three, and we are on a course of spending \$7.3 trillion this year, six years later. That is a 61 percent increase while the population has grown 2.6 percent. So we need to scrutinize all this spending.

Now, I thought it was interesting. I do not know how many boards you had up there, but the example after example after example of just outrageous waste and abuse of the taxpayer dollar.

The Ranking Member apparently accused you two gentlemen, you were going to be peddling conspiracy theories. That all was the truth. Do you have any idea what the Ranking Member is talking about, Mr. Shellenberger?

Mr. SHELLENBERGER. Yes, of course I find it somewhat ironic that one of the greatest conspiracy theories of recent times was the Russiagate collusion hoax, which was this idea that President Trump was being controlled by Putin through a sex blackmail operation. It was one of the most wild conspiracy theories ever devised, and of course it was created by deep state operatives working on taxpayer funding.

Another wild conspiracy theory, of course, Senator, was the Hunter Biden laptop was a Russian disinformation effort.

Senator JOHNSON. Which, by the way, the Ranking Member accused me, when I was investigating that, of soliciting and disseminating Russian disinformation on that, wrote an actual Senate report falsely accusing me of that. But go on.

Mr. SHELLENBERGER. Right. Of course, now we know the Federal Bureau of Investigation (FBI) had the laptop in November or December 2019. They then got the Aspen Institute to engage in what is called "prebunking" or a kind of brainwashing, convincing journalists and social media platforms that there would be a Russian hack and leak that fall involving Hunter Biden and Burisma. That is an illegal weaponization of the FBI, of a U.S. Government contractor and grantee, the Aspen Institute. These things have not been fully investigated, but we know, thanks to the Twitter Files, that this was the illegal weaponization of our government agencies, in order to spread a conspiracy theory in service of demanding cen-

sorship, which is what they then did when the New York Post article came out in October.

Senator JOHNSON. I also have to point out that I was a target of that prebunking campaign when both Senator Grassley and I received an unsolicited briefing by the FBI, that we were targets of Russian disinformation. To this day, we have not found out who directed that briefing.

Mr. Ruger, do you want to defend yourself from being accused of conspiracy theorist?

Mr. RUGER. Yes. I am a theorist. I am an international relations theorist. I think what I said is definitely within the broad tradition of political realism that has served this country well, really focusing in, I think, on the importance of our strengths and how we defend and deter against enemies. And I think, applying good economic analysis to aid programs and other government programs because they need to pass a cost-benefit analysis.

Too often, I think, and especially given what we talked about with the \$36 trillion in debt, we are not applying good tradeoff decisions in terms of how we spend our money, and I think, again, that is one of the reasons why it is really important that we focus in on this.

I applaud what President Trump is doing here, because somebody has to get a handle on this. I think it is a good stimulate for Congress to do its own work to help support the President and making sure we are protecting taxpayer money.

Senator JOHNSON. We are very compassionate people. We are. We want to help people. We want to help combat Acquired immunodeficiency syndrome (AIDS) and feed the world.

Where did USAID go off the rails? It was established, I think, good purpose. Even things like Radio Liberty, those types of efforts seem to make sense. But where did they go off the rails? Mr. Shellenberger, do you have a theory on that?

Mr. SHELLENBERGER. The regime change effort that then resulted in this effort that really starts around 2007, 2008. It is led by USAID. USAID creates and provides all of the initial funding. It was from the State Department originally.

Senator JOHNSON. Who was in charge back then?

Mr. SHELLENBERGER. Of USAID? I believe, well, that was 2008, so President—I am not sure.

Senator JOHNSON. So under the Bush Administration—

Mr. SHELLENBERGER. It was under the Bush Administration.

Senator JOHNSON [continuing]. It started going off the rails. Mr. Ruger, do you have any idea? What is your theory? When did all this start going south, or going left?

Mr. RUGER. Again, one question really, at the beginning, is how effective are these types of assistance programs, period. So you could argue that in some senses it just went off the rails from the very beginning because it opens the door to the idea that there is potentially no limit to what could be effective for the United States if we spend that money abroad. But, in fact, that is not the case, right. There has not been the type of cost-benefit analysis that is needed here.

Again, I think part of it is fundamental to a program where you are spending millions and billions of dollars across the globe in a

way that it is very difficult to achieve accountability, particularly if those within the bureaucracy are less subject to the kind of incentives that care about how this money is spent.

Senator JOHNSON. Thank you, Mr. Ruger. Thank you, Mr. Chair. Chairman PAUL. Senator Peters.

Senator PETERS. Thank you, Mr. Chair.

Donald Trump and Elon Musk's illegal dismantling of Federal agencies will definitely harm the safety and financial security of American people. We have seen already, and we are hearing about their unlawful government actions related to USAID.

But let's take a look at their next victim. They have already taken action on their next victim, which is the Consumer Financial Protection Bureau. Conveniently, just as President Trump's top lieutenant and his mega-donor, the man with incredible conflicts of interest, Elon Musk, he is about to launch a new payment system at his company X, and that company would have been subject to CFPB regulation. But now Trump has decided to dismantle that agency. I may also say the CFPB has also received hundreds of complaints about Musk, his other company, Tesla. Isn't that interesting, a man with massive conflicts, a man who has not been vetted, is now working to destroy an agency that would actually oversee his operations, and operations that have received complaints because of the actions that he has taken.

CFPB was created by Congress, with bipartisan support, in the wake of the 2008 financial crisis. Its mission is to protect Americans from scams and predatory companies. CFPB has improved American lives by capping credit card late fees, bank overdraft fees, reduced junk fees, has banned medical debt on credit reports—I could go on.

But now, President Trump and the Office of Management and Budget (OMB) Director Vought are illegally destroying the agency. Let's be clear. This is an agency that has saved American taxpayers \$21 billion—saved taxpayers \$21 billions—and is in the sight of unvetted, billionaire, huge conflicts of interest Musk. He wants to destroy it because it would oversee his new business venture.

With CFPB shuttered, seniors, veterans, student borrowers are going to be at risk of unfair financial service practices, including debanking, payday lending, and mortgage fraud. In fact, if you look at some of that mortgage fraud it changes with the Military Lending Act, where financial institutions taking advantage of the men and women who are serving our country. They counted on CFPB to protect them. Nope. Trump and Musk get rid of that. Scrap saving money for taxpayers. We do not like these regulatory actions over banks and payday lenders and people like Elon Musk.

With CFPB shuttered, seniors, veterans, student borrowers are going to be at risk of unfair service practices on a regular basis, and it will only let companies continue to rip off consumers, and get away with fraud.

Who will President Trump and Musk's next target be? It looks like it is the Federal Aviation Administration (FAA). The FAA works 24/7 to provide the safest flight experience across the country. After the January 29th crash at Ronald Reagan International

Airport, Americans are now, more than ever, concerned about having safe air travel.

However, just days before that tragic crash, President Trump encouraged air traffic controllers to resign. We already have a shortage of air traffic controllers, and the President urged them to resign, knowing full well you just cannot turn on the spigot and hire new controllers when you already have a shortage. It takes months, years to train air traffic controllers. Before that crash, President Trump said, “No, resign, even though we have a shortage.”

He then tapped Elon Musk to lead the efforts to remake the FAA, despite his clear conflicts of interest. Musk leads the largest private space company, SpaceX, which is regulated—oh, a theme here—which is regulated by the FAA. Just this fall, the FAA proposed \$633,000 in fines to SpaceX.

I believe the last thing Americans need is President Trump allowing a self-interested, unvetted billionaire, with massive conflicts of interest, to do whatever he wants to destroy agencies that oversee his companies, where he is making huge profits.

Maybe they are going to go after the National Highway Traffic Safety Administration (NHTSA) next. This agency is tasked with ensuring that all cars on our roads are safe and reliable. Elon Musk, of course, is the Chief Executive Officer (CEO) of Tesla, and has criticized commonsense safety requirements like reporting on crashes that involve his partially automated vehicles.

If we continue to let President Trump and Musk unilaterally decide which agencies can function and even exist, our roads and skies are going to be more dangerous, and more Americans will die.

Or maybe President Trump will make good on his view to get rid of the Federal Emergency Management Agency (FEMA). Unfortunately, we have seen, over the past three weeks of his presidency, he is again and again willing to peddle disinformation, overstep his authority, and break the law. Getting rid of FEMA would mean the Federal Government is abandoning Americans before, during, and after disasters like wildfires, tornadoes, hurricanes, and even floods.

While I am sure everyone here would agree FEMA can and should be reformed, and I will lead that charge to make sure that they better meet the needs of disaster survivors, it still plays a critical role. American lives and helping communities rebuild after increasingly common and more destructive natural disasters is something we should be focused on. Federal-supported resources such as food, water, generators, urban search and rescue teams, and communication infrastructures can save lives in the aftermath of a disaster.

FEMA also administers billions of dollars in mitigation grants to reduce the impact of natural hazards, which can save lives and protect property.

Mr. Chair, I hope that we can look at these other changes that we are seeing, to see whether or not it is fraud or abuse, and whether or not that is something that we need to examine. I would hope in future hearings we will take a look at an unvetted, highly conflicted person making these choices, to understand what is behind their actions.

Chairman PAUL. Senator Lankford.

OPENING STATEMENT OF SENATOR LANKFORD

Senator LANKFORD. Thank you, Chairman Paul. Gentlemen, thanks for being here. Actually, yesterday I released my eighth report, what we call Federal Fumbles, where we regularly put out in front of the American people areas of waste and abuse and fraud for improper payments, and try to be able to highlight those and shine some sunshine on them to hopefully get rid of them and to be able to make tax dollars more efficient in the way we are spending on this.

Many of those things, as you can imagine full well, were foreign aid related, that we have talked about over the last several years, including this year, as well. We highlighted that the Federal Government and the American taxpayer paid for 12 drag shows in Ecuador. I am not sure why the people of Ecuador could not pay for their own drag shows, but apparently Oklahoma taxpayers had to pay for that.

The USAID-funded fisheries in Algeria, where they literally built a fish farm in the middle of the desert, among a people that do not eat fish, actually, in their normal diet because they live in the desert, they do not normally eat fish, and were not interested in eating the fish, but American taxpayers, my Oklahoma taxpayers paid for those, and that has become an issue for me.

There was a study that was done by the National Endowment for the Humanities (NEH) on humans, chimpanzees, and climate change in Sierra Leone. We highlighted how we did a study with Oklahoma tax dollars to study the effect of climate change on European butterflies. Again, I do not know why the Europeans could not pay for that. We did a study on the effects of COVID-19 on the Russians—again, not sure why the Russians could not have paid for that. One of my favorites of the long list of least-favorites here, we did a study on the benefit of seat belts and helmets on individuals driving in Ghana. I could go ahead and tell you right now, seat belts and helmets will help you, and you do not have to pay a dime to be able to do that study.

So over and over and over again we have highlighted this. The difference now and then is there is a bigger megaphone, and part of the frustration from my friends on the left is Elon Musk is daring to tell a billion people on X that this is happening. But when it was only a few people that knew, or my limited following on X, it was OK. But if the megaphone gets louder, and it gets pointed out more, it becomes more offensive because then it becomes a risk.

I have several things that I want to be able to drill down on. I have talked for years about Voice of America and the messaging they put out. It is literally government-paid journalists that are supposed to tell the government story of America internationally. What they are actually doing often is talking about murders in America, and riots in America, and how Trump is ruining Christianity in America, and on and on and on have been the negative stories about America that they are telling to the world on it.

One of my first questions to either of you is about the messaging that we put out globally, that we put out with Oklahoma tax dol-

lars and American tax dollars, to tell the American story and how the American story is being told internationally.

Mr. RUGER. Thank you, Senator. I could actually speak a little bit from my experience with the Fulbright Scholarship board, where I was also chagrined to see some of the people that we were thinking about sending abroad clearly did not love this country and clearly had a kind of criticism that I think was not the best message that you would necessarily want to see out there in the world.

I also worry about the boomerang effect, so not just the message that we are sending abroad but because of the nature of technology today these voices that are meant to help create narratives abroad actually coming back and being a form of government propaganda here at home. Because that message, like maybe in the 1950s, when we were trying to, say, subvert communism in Greece, that message then comes back here. The content of that message, like you are talking about, is so critical that it is, in fact, something that is supportive of our interests and accurate, and something that is not going to undermine support for the United States here at home even.

Senator LANKFORD. Right. Mr. Shellenberger, do you want to add anything to that?

Mr. SHELLENBERGER. I mean, of course everybody should be free to speak their mind. But I think if we are going to have taxpayers funding this activity they should be talking about how special this country is. That is why so many people have been trying to come here. The level of anti-Americanism and globalism that we have seen promoted by these organizations, I think it is horrendous. I share your views.

Senator LANKFORD. When the global media outlet for the United States sounds a lot like Russia Today's messaging globally, we have a problem, and that is our problem. They spend a lot of time saying we are going to prove that we have free press by having government-paid reporters tell a story. If they want to prove we have a free press we can point to Columbia Broadcasting System (CBS), American Broadcasting Company (ABC), and National Broadcasting Company (NBC), and say look, we have a free press on it, but we should be getting our messaging out on this.

One other quick question on this. The inspector general for Afghan reconstruction noted at least \$11 million has gone directly to the Taliban from our foreign aid of the \$2 billion, and they could not identify the rest, exactly who were the recipients of that aid. Have you been able to track at all aid that has gone directly to the Taliban since we have left Afghanistan?

Mr. SHELLENBERGER. I have not, sir, but what I will point out is there have been a lot of complaints about the inspector general at USAID being let go. What was the inspector general doing exactly? I mean, we have seen all the waste, fraud, and abuse that you have documented, so what is the point of having an inspector general if they are not going to inspect?

Senator LANKFORD. Right. I do hope that the President actually nominates a new inspector general quickly. That is an important role for Congress to be able to have some insight into different agencies, and it is important to have that role. But I would agree.

Your job is to inspect and to be able to report back, and if you are not identifying this waste, why are you there?

I yield back.

Chairman PAUL. Senator Blumenthal.

OPENING STATEMENT OF SENATOR BLUMENTHAL

Senator BLUMENTHAL. Thanks, Mr. Chair. I am disappointed that we are not having a serious hearing on how to improve USAID. There is room for improvement in every agency, as there is in almost anything that we do. But this hearing is simply designed to give cover for President Trump's unlawful dismantling of a congressionally established agency. Against the law, and against the interests of this country, and against the interests of many in this country, including American farmers who benefit from it.

The inspector general of the U.S. Agency for International Development, Paul Martin, has submitted a report.¹ I ask that it be made part of the record, if there is no objection.

In that report was critical of the so-called pause in foreign assistance funding, saying that it has delayed \$489 million of food assistance, at ports, in transit, and in warehouses—I am quoting—at the risk of spoilage, unanticipated storage needs, and diversion. That is waste in government, and it is not just a little bit of waste. It is humongous waste, \$489 million in those fees alone. He says the pause in funding and reductions in staff, including over 90 percent of Behavioral Health Administration (BHA's) workforce furloughed or placed on administrative leave, as undermined two key oversight mechanisms to assure accountability over humanitarian assistance, funding, partner vetting, and third-party monitoring. I do not have time to go into the details, but that is also waste.

When we talk about the other effects of this pause, let's look at the effect on farmers, American farmers, who grow the food that USAID distributes. American farmers, in 2022 alone, USAID helped to distribute nearly four billion pounds of American-grown food to 58 million people around the globe.

I know that some of my colleagues are reluctant to defend foreign humanitarian aid. It does not always poll well. It is humanitarian assistance. I think Americans are better than trashing the idealistic goals that have motivated our nation over the years. But putting aside the humanitarian instincts behind some of USAID, here is what American farmers have said in reaction to these actions.

President of the Iowa Farmers Union said, "USAID is important for farmers. It is unfortunate that we would drop those relationships that we have built over time."

The Ohio Farmers Union President said, "USAID plays a crucial role, not only providing food aid to millions around the world but also directly purchasing grains from Ohio farmers. Ohio farmers are more than capable of rising to the challenge of feeding the world, but they need stability to do so."

In shuttering USAID, President Trump is pulling billions of dollars away from American farmers without apparently a second thought. That is a lot of harm, that is a lot of waste and a lot of

¹ The report submitted by Senator Blumenthal appears in the Appendix on page 100.

abuse to people who are the backbone of food production in this Nation.

Already, a lot of their labor, investment, produce going to waste as a result of the Musk power grab, slash-and-trash agencies, in the name of eliminating waste, fraud, and abuse, but in fact creating it, and profiting from it. Elon Musk is giving America a middle finger, in seizing power, engaging in the biggest heist of information in America's history, delving into agencies and destroying them when his own corporations profit from contracts with them, and controlling contracts in the future that will benefit his corporations. That is waste and fraud, Mr. Chair.

Chairman PAUL. Thank you. The accusation or criticism has been made that this is an un-serious hearing full of conspiracy theorists. Yes, the Democrats were asked to participate, like they always are, the same way we were when we were in the minority. They could have brought a witness. They chose not to even bring a witness. I cannot conjecture as to why, but maybe it is because it is so embarrassing, the stuff that USAID is spending their money on.

Who could possibly be against ending \$2 million for sex change surgeries in Guatemala? I mean, who wants to defend that? I have not heard anybody yet defend the waste and malfeasance that is going on over there. Three million dollars for girl-centric climate change. Maybe there is not a witness here, maybe it is not serious, but I do not hear anybody explaining why we should continue to do that.

Now there is a legal question. If there is \$40 billion in USAID and they do not spend it at all and it just sits there, can the President impound it? This is a real question, and it may come to that.

But I do not think any court is going to find that the Executive Branch cannot pause and audit spending. To crassly say, and just to jump to say, "It's illegal. It's unlawful. It's a tragedy. It's constitutional chaos," well, auditing spending is what government should do. It is the traditional oversight that has not been done in a generation. That is why we are finding this stuff. It has been creeping up for a generation.

And \$4.8 million for social media influencers in Ukraine. If people want to defend that, step forward and defend it. We are finding waste and malfeasance.

You also have to realize that when you have a social agenda, and your social agenda is, lesbian, gay, bisexual, transgender and queer (LGBTQ), well, when you take that to a conservative country that has religious problems with that, and you want to foist it on them and fly flags, what ends up happening is that does not increase diplomacy; that actually goes against diplomacy. I do not care what people's views are on any of these subjects. You can have any view on LGBT, but it should not be part of foreign policy to force this on everybody around the world. It just is not part of government, and should never be part of government.

But we are only finding this out because we have a President with the courage, including the advice of Elon Musk, including the advice of a lot of us, who have been saying for years we need to look at USAID and make sure that they are not committing fraud.

Look, this morning the Chief Financial Officer (CFO) of FEMA was fired because she is spending \$54 million on luxury hotels for

illegal aliens. My goodness. There are a lot of Americans struggling to find work. Laken Riley's killer, we flew him and put him up in a luxury hotel in New York. He was there for a few months, we spent all of the money on his meals, and then we flew him to Atlanta, and then he drifted over to Athens, and then he killed Laken Riley. Most Americans think that is crazy and we should not be doing it, but we are only finding it out because for once we have a President with the courage to say no, to go over there and put a padlock on the door and take the name down.

But ultimately there will be a legal question. Can he impound it, or will it have to come back to Congress? I actually, frankly, think the better way is spend about \$30 billion and send \$10 back, and we do a recission. There is a method for doing that, and I hope that is what is done.

But even on the impoundment question there are questions exactly, and I do not think it has ever made it all the way to the Supreme Court. There is court precedent on it. We have not gotten to that. A pause in funding is an impoundment. A pause in funding to do an audit is just good government, frankly.

The question I have for the panel is this, though.

Senator BLUMENTHAL. Mr. Chair, may I just inquire——

Chairman PAUL. Sure.

Senator BLUMENTHAL [continuing]. Because the Chair mentioned that we do not have a minority witness. I would suggest, and I am speaking out of turn here because the Ranking Member is not here and I do not purport to speak for him——

Chairman PAUL. We are docking your time for next week. I am just kidding.

Senator BLUMENTHAL. But I would respectfully suggest that we have Paul Martin, who was fired as inspector general, come before us, along with——

Chairman PAUL. We did not deny any witnesses. Your side did not put forward a witness. We did not deny any witnesses. You did not put forward a witness. But I just think it is disingenuous to sit there and——

Senator BLUMENTHAL. Rather than standing——

Chairman PAUL. It is a personal attack on me to call this un-serious and a bunch of conspiracy. It is an attack on our witnesses, as well. That is a pejorative, and that is name-calling. All right? You are welcome to object to things they say have facts to counter them, but to call this an un-serious hearing of conspiracy theorists——

Senator BLUMENTHAL. I never used that term, Mr. Chair.

Chairman PAUL. You said it was not serious. You said the hearing was not serious.

The thing is, you all chose not to participate in it, so that is on you.

Senator BLUMENTHAL. Maybe we can have a second hearing, because this is such an important topic.

Chairman PAUL. We can have a dozen on this. There is so much to talk about.

But anyway, I am not criticizing your Ranking Member for being un-serious or conspiracy theorist. He has his opinions. We make our arguments, both sides. But we call names and say, oh, well,

your ideas are conspiracy theories, that is a pejorative, and that does not get us anywhere, frankly. Because it is also dangerous in the sense that many people who then say, oh, it is a conspiracy theory, well, government should suppress that.

This is what went on. We had 23 scientists come forward in *Lancet* and say that the possibility that the virus came from a lab in Wuhan was a conspiracy theory. Then government promoted back, to Twitter and others, and met with them on a weekly basis, trying to suppress. Facebook, for a year and a half, said that ideas like mine, that it could have come from the lab, were to be suppressed.

Michael Shellenberger, if you would not mind responding to how the government was involved with trying to suppress speech, that you found out through Twitter Files.

Mr. SHELLENBERGER. Sure, and also I would think whenever you hear somebody accuse somebody of a conspiracy theory, I think you should consider that they are themselves spreading disinformation. In other words, we know that the proximal origins paper that you are describing there, we know from their internal discussion that those scientists were pursuing the lab leak theory. We saw it in their Slack messages. Then they got a phone call—they talked from the higher-ups—and then they ended up changing their whole hypothesis over a weekend.

We have seen repeatedly that term used to dismiss very serious evidence of misconduct and of actual conspiracies. We have seen the rise of an entire censorship industrial complex. There is no theorizing here. These are just the facts of the censorship industrial complex that was created by the Department of Homeland Security, starting in 2021, really started before then in 2020, all the way culminating in the Disinformation Governance Board, which was so Orwellian that even Democrats had to back away from it.

Chairman PAUL. Senator Hassan.

OPENING STATEMENT OF SENATOR HASSAN

Senator HASSEN. Thanks, Mr. Chair. I want to thank you and the Ranking Member. For years I have worked on a bipartisan basis to reduce waste, fraud, and abuse within the Federal Government, including on bills with you, Mr. Chair. These efforts are critical to ensure that taxpayer dollars are being spent efficiently.

If this Committee and President Trump, though, actually wanted to reduce waste and fraud, they would work together to support and bolster inspectors general. Inspectors General are indispensable watchdogs who identify multimillion-dollar overpayments to big corporations, exactly what Elon Musk claims he wants to root out.

To use the inspector general of the Department of Health and Human Services (HHS) as an example, last year the HHS inspector general exposed \$35 million in improper Medicare payments after equipment companies charged the government for thousands of catheters for patients who did not need them. Additionally, last year two pharmacy owners went to jail after the HHS inspector general helped uncover that they had fraudulently submitted at least \$20 million in false Medicare claims for cancer medication.

All told, the HHS inspector general identified \$7 billion last year in waste, fraud, and abuse within the Department but did Presi-

dent Trump and Elon Musk support and empower inspectors general? No, they did not. Instead, just days into his Administration, President Trump illegally fired at least 17 inspectors general in a move to silence those who would provide accountability and oversight over his Administration. Since their firing we are growing to get a better picture of why they were fired. Just yesterday, we found out that the State Department is planning to buy \$400 million in armored vehicles from Elon Musk's Tesla company. Elon Musk spent \$250 million to get President Trump elected, and now President Trump is returning the favor.

After clearing out the watchdogs, the President decided to unleash chaos and confusion on Granite Staters and Americans through an illegal order to cutoff nearly all Federal grants. These were grants that fire departments count on to upgrade their equipment, police departments use to hire officers to protect our streets, and shelters need to provide homeless veterans a place to sleep.

While Federal courts have temporarily halted the President's funding cutoff, I continue to hear from organizations that are unable to access the Federal funding that they had been awarded, that we appropriated, that is law.

This is the real cost of the illegal move by President Trump to cutoff funding, Granite Staters left in the lurch, not knowing how much longer their community health center will remain open, or if their childcare facility will be able to stay open and they will be able to go to work.

The American people want relief from high costs, and they want their government to work. But as inflation and egg prices soar, the President illegally fired the people, the very people, who root out waste and fraud, and have a track record of doing it. Then he illegally took funding away from law enforcement and community groups.

I urge the President to reverse course and for this Committee to work together to find commonsense ways to address the challenges that Americans are facing today.

Thank you, Mr. Chair.

Chairman PAUL. Senator Scott.

OPENING STATEMENT OF SENATOR SCOTT

Senator Rick Scott. Thank you, Mr. Chair. This is a great hearing. As you know, the Federal Government is spending money like it is going out of style. Last year it spent nearly \$7 trillion, and the revenues were \$5.2 trillion. Nobody in this country can do that. Nobody can do it in their personal life. Businesses cannot do it. Only the Federal Government. We are being forced to borrow another \$1.9 trillion to make up for it. It is one of the reasons we now have over \$36 trillion worth of debt, and we are heading quickly to \$37 trillion.

Over the last four years, while the population has grown two percent, the Federal Government has increased spending by 53 percent. They have added \$8 trillion to the national debt in four years. This is not sustainable. If nothing changes, our Federal Government is on track to add \$1 trillion to the Federal debt every 180 days.

The cost of debt is another massive problem. Right now more than \$1 trillion, money that hardworking Americans pay in taxes each year, is just going to pay the interest on the Federal debt. That is a waste.

I am very appreciative of what President Trump is doing and what DOGE is doing to try to find all this waste. They are going agency by agency, one by one, and finding out how every single dollar is spent, and making sure it is spent in the best interest of the American public.

Unfortunately, many Democrats among this Committee have expressed outrage, but the outrage is better suited for some of the absurd, wasteful spending they have already uncovered. Let's look at USAID. They provided full funding for al-Qaeda terrorist, Anwar al-Awlaki, to attend college in Colorado. They gave \$310 million to start a Palestinian cement factor, which was used to help Hamas build terror tunnels into Gaza. How can you be this stupid?

Another \$1.5 million to advance diversity, equity, and inclusion in Serbia's workplaces and to business communities. How does that help an American? Forty-seven thousand for a transgender operation in Colombia. How does that help America? And \$2.5 million for electric vehicles in Vietnam. How does that help America?

A multiyear study for the Middle East Forum uncovered \$164 million of approved grants to radical organizations, \$122 million, according to groups aligned with designated terrorists. How does that help Americans? Billions more to charities that have histories of failing to vet their partners.

The families I represent would agree that is not how they want their tax dollars spent. They would rather have their tax dollars spent putting Americans first or advancing our interests abroad, not funding terrorists against us or allies who are funding some fringe globalist agenda.

I am very appreciative of what President Trump has done, I appreciate what DOGE is doing, and I appreciate what Marco Rubio, our ex-colleague, is doing running State.

Mr. Shellenberger, DOGE also discovered that the Biden administration spent millions of dollars on subscriptions to left-leaning media outlets like Politico. The Biden administration censored certain media and Americans online that did not favor the administration's narrative, and now we see that their administration was essentially financing media outlets to favor them. How is this not a conflict of interest, and what do you think of this?

Mr. SHELLENBERGER. Yes, I agree it is a huge conflict of interest, and it is really just the tip of the iceberg. What we uncovered in our reporting is that the USAID has basically been bankrolling an organization called the Organized Crime and Corruption Reporting Project (OCCRP), which has been in the process, over the last decade and a half, of really taking over so-called independent investigative journalism around the world, usually relying on strategic leaks by the intelligence community but with an aim to really undermine the independence of investigative journalism.

When we started investigating these guys they threatened to sue us right away. They have a \$9 million fund just to sue people. It is called Reporter's Shield, but it is an offense weapon that they use to basically shut down any inquiry into what they are doing.

We have even seen now, we have now traced that USAID money to investigations that were essential to the 2019 impeachment of President Donald Trump and then also to the Russiagate hoax, particularly spreading misinformation and malinformation about Trump's alleged ties to the Russians.

Of course, one of the greatest conspiracy theorists of the recent era, which alleged that because President Trump banked with Deutsche Bank, and that there were Russian oligarchs who also banked with Deutsche Bank, that there had to be some sort of a conspiracy.

So that is just the tip of the iceberg, sir. It is really a deep corruption of so-called mainstream independent media.

Senator SCOTT. Based on your investigation, you also talk about how USAID transfers funds between projects to make it hard for anybody to track the funds. Can you elaborate?

Mr. SHELLENBERGER. Sure. Part of what happened is that one of the media organizations in Germany, one of their big television stations, Norddeutscher Rundfunk (NDR), really turned the tables on OCCRP and began an investigation. USAID admitted, on camera, that they had routed money from the State Department's Law Enforcement Bureau through USAID just for optics reasons, admitting on camera that they did that because they knew that it would look bad for an investigative journalism organization to be supported by effective the cops, by law enforcement. That is not good journalism practice that violates basically every code of ethics by every journalism organization in the world.

They also acknowledged that the USAID has to agree to OCCRP's work plan and that they have to agree to their key staff. This was all literally recorded on video, USAID officials saying this. Then, afterwards, OCCRP denied it. They just said that that was not true. It just asserted that it was false.

I mean, really what you are looking at with OCCRP and also Internews is that these are really vectors of disinformation. They spread disinformation and then demand censorship on the basis of it. That is what they did with the COVID lab leak, as the Chair was mentioning. First they spread the disinformation that it was a conspiracy theory that it could have come from a lab when, of course, their own scientists suspected that is what it was. Then they demanded censorship on the basis of it.

The same thing happened with Hunter Biden, and we see that playbook, I think, underway here today, where when journalists start to expose these misdeeds, they just project and say, you are spreading a conspiracy theory, and, of course, that has been traditionally the basis for demanding censorship.

Senator SCOTT. In 2022, the Biden administration donated \$344 million to United Nations Relief and Works Agency for Palestinian Refugees, and continued to donate hundreds of millions of dollars throughout 2023 and during the Israeli-Hamas war. We now know Hamas terrorists were stealing food and supplies intended for humanitarian purposes. So was the U.S. Government funding a terrorist organization?

Mr. SHELLENBERGER. It sure looks like that, and I have not investigated that particular case. But I think one of the big lessons from all this, we may remember, those of us that are old enough

to remember what we were learning after September 11, 2001 (9/11) is that that was a process of blowback. We had been arming the Mujahideen, and we had been in alliance with the folks that actually then, their networks then ended up creating the 9/11 attacks.

I think what we are seeing here is starting to blow back on us, where we see the disinformation and censorship being weaponized against the American people, because we have a USAID complex that has been completely unaccountable. Obviously, the inspector general was not doing his job right, and therefore I think merits this very serious audit.

I agree with the Chair. If there is good stuff that they have been doing—and I do not doubt that there has been—then it should make the case for it and be added in back later, rather than sort of, that we all assume that everything is fine.

Senator SCOTT. Thank you, Mr. Chair.

Chairman PAUL. Senator Kim.

OPENING STATEMENT OF SENATOR KIM

Senator KIM. Thank you, Mr. Chair, for pulling this together. I just want to reflect on this a little bit because there is a room, and there is a way for us to have a debate about the effectiveness and the efficiency of foreign aid. But what is happening right now in our Nation, this is not the right way to go about it. I hear about a pause here, but this is not a pause. We are seeing a gutting of the staff down to approximately 600.

If it is a pause to look and reflect and see what is not working, what should not be done, then let's pause on the gutting of the staff. Let's pause on the transfer of USAID under the State Department.

I just wanted to show that this is not a pause. This is not a review. This is already a reorganization, already a dismantling of USAID as it is. I say that as someone who, a little over 20 years ago, stepped into the Ronald Reagan building for the very first day of my career in public service. I served at USAID. I do not know who else in this room has.

But I will just tell you that I was proud to be able to serve at USAID and serve this country. I worked at USAID. I worked at the Pentagon. I worked at the State Department. I have been a part of the three D's of our foreign policy, of defense, diplomacy, and development, and seen that in action. So I disagree with the idea that the type of power, the type of influence that we are trying to move forward on at USAID does not matter, that it is only about material military power.

We have seen how, for instance, when it was our response to the earthquake in Turkey or the flooding in Pakistan, how that was something that was able to open up diplomatic channels, to be able to move forward, build on the relationship. It was the work that we were doing through USAID that was able to get some of our diplomatic efforts, and including our military efforts, in a better position.

I say that as someone who walked into the Reagan Building. There is a reason why USAID is in the Ronald Reagan Building. It is because Ronald Reagan himself was a strong supporter of

USAID and foreign assistance. He said, "The ultimate importance to the United States of our security and development assistance programs cannot be exaggerated." He said, "Our national interests are inextricably tied to the security and development of our friends and allies."

When it came to people criticizing USAID, he said, "You know the excuses. We can't afford foreign aid anymore, or we are wasting money, pouring it into these poor countries, or we cannot buy friends. Other countries just take the money and dislike us for giving it," a lot of things that we heard here today.

Ronald Reagan concludes, saying, "Well, all of these excuses are just that, excuses, and they are dead wrong."

What I heard today, people talking about USAID as if it is charity. One person said, "Foreign aid is not charity. We must make sure it is well spent but is less than one percent of the budget and critical to our national security." The person who said that is Secretary of State Marco Rubio, when he was with us in the Senate.

He also went on to say that he urged President Biden to move forward and prioritize USAID funding, because he said it, "countered the Chinese Communist Party's (CCP) expanding global influence." Our current Secretary of State also said, "We do not have to give foreign aid. We do so because it furthers our national interests. That's why we give foreign aid."

I just wanted to be able to frame that. When I worked at USAID, I worked at USAID under the Bush Administration. I worked under a Republican President. I worked under an administrator there who was appointed by a Republican President, Andrew Natsios, who was just recently asked, "Could you specifically respond to what Elon Musk's functionaries at the Department of Government Efficiency have done in terms of actually shutting down USAID?" And Andrew Natsios said, "It is illegal and it is outrageous. They have no right to abolish an agency, a statutory agency in the Federal Government."

I just wanted to raise this, because what we are talking about here is efforts that are trying to end a long-standing, bipartisan understanding about our strength as a global leader. What we are also seeing—and this is something that just feels so personal—is just the demonization of public service. We can have a debate about foreign aid, but we can do it without demonizing the people who have sworn an oath to this country, many of them right now working in difficult and dangerous places. Some of them do not know how they are going to get back home right now because of how quickly all of this had been shut off.

What it really just shakes around the world when I hear from leaders in other countries is they say, "What is the value of the American handshake right now?" and I think that has been detrimentally affected and really negatively affected over the course of the last couple of weeks.

With that I will yield back.

Chairman PAUL. Thank you. It has been bandied about that certain things are illegal, and I think it is worth a little bit of discussion over that—inspectors general have been let go, people at the USAID have been let go—and it has been alleged that this is illegal.

It is actually a little more complicated than that. This goes all the way back to Andrew Johnson and his fight with Congress. There was a Tenure of Office Act that was passed, and it said that he could not even fire members of his Cabinet, and they were in the same party. The Republicans controlled Congress, and Johnson, at the time, I guess, had become a Republican, being Lincoln's Vice President.

It was finally repealed, but there was a big dispute over if he could even hire members of his Cabinet. Later, in 1926, in *Myers v. United States*, the court rules that you really cannot restrict a President's right to hire and fire their Cabinet.

Now it has gone beyond that. In 2020 or 2021, the CFPB the Democrats created this and they did not want it to ever go away. The funding was supposed to go on forever, and the person in charge of it was not to be fired. Well, the court ruled that you cannot do that. You cannot set up an executive agency under the auspices of the President and say he cannot fire them.

Then there is the question with the inspectors general, and the Trump administration is challenging it, and I think we have to go with what the court decides. But there is legislation saying you cannot fire them. He asserts that under the court precedence that he can, and so this is in argument. That is what constitutional law and separation of powers is about. We will find out whether it is legal or illegal. But at this point it is an allegation that it is illegal.

With regard to the waste and abuse and the outrageous things that we are seeing, sure it draws the attention. It should draw the attention. But there is also the question of where the money comes from. What we bring in, in tax revenue, is equal to about four programs—Medicare, Medicaid, Social Security, and food stamps would soak up all of the revenue. There is nothing left.

When we vote on a budget, as Congress, for military and non-military, what is called discretionary spending, which is a third of all spending, it is all borrowed. Nearly \$2 trillion of what we vote on, it is all borrowed.

This gets to the point that I will ask both of you on foreign aid. If it is about \$40 billion, do you think we could just get better people over there and they will not do the bad projects, or do you think maybe they need a smaller number in order to have an incentive to cut out the waste?

We will start with Dr. Ruger.

Mr. RUGER. Yes, I think you are exactly right. There is very little incentive for agencies to get lean when the money keeps coming through the door. In fact, even if you increase the aid, or the support rather, then why would they change? I think this is the case in almost every government agency out there, is that putting it on a diet means that it will actually work better. When the budgets are bloated, then you see some of these less-prioritized or less-important projects are not scrapped or subject to the same type of analysis, in terms of their benefits relative to their cost that we would like to see.

One thing I would like to say also is that given the potential for USAID and the State Department to pursue different and potentially contradictory goals, it is also good governance to actually try to find a different architecture that can make sure that the money

that is spent is actually doing so for a common purpose and achieving a common end, as opposed to being potentially contradictory here. That is one of the challenges that I think Secretary Rubio is trying to handle with this reform that he has already started down the path for.

Chairman PAUL. Mr. Shellenberger.

Mr. SHELLENBERGER. Yes, of course I absolutely agree you cannot get efficiency if you have a big or growing budget. I think the other issue is that, what is this money actually for? I think the fact that they are putting it in State Department is correct. If this is about our relations with foreign countries, encouraging the kind of governments we want, discouraging the kind of governments we do not want—you might call that regime change—that belongs in State Department.

Even on things that seem innocent, like food aid, there has been a long literature of academic studies on really big driver of starvation and hunger in poor countries tends to be war. It tends to be used as a weapon of war. Countries that are so vulnerable that they depend on food imports and cannot afford to replace them if the United States were to end those, those are countries that have a huge food sustainability problem. They have problems that go much deeper than just not getting that month's shipment of food from us. I think if we want to subsidize American farmers, that is a question that needs to be discussed, and economists and others can debate that.

But I think this idea that somehow it is good to just dump food on poor countries has been shown to really be quite devastating in many cases, undermining the local farmers who are actually required to make those countries self-sufficient.

I think if we are really concerned about helping poor countries to develop, then we have to have an eye toward self-sufficiency and self-reliance and not just endless dependence on the United States.

Chairman PAUL. Apparently I am the last person to vote, and they really want me to go vote. I am going to go vote, and nobody is here to object. I am going to leave it open because there is one more Senator coming, and she is going to gavel it closed when she gets here, Senator Ernst, and I am going to let her ask questions for as long as she wants, and she gets to end it.

But if you would not mind sitting patiently, she wants to ask a few questions. [Pause.]

Senator SCOTT [presiding.] All right. If we can start again. I think Senator Ernst is coming back also.

This is for both of you. How important is it for the administration agencies to be completely transparent with U.S. taxpayer funds to ensure it is used to advance U.S. interests?

Mr. SHELLENBERGER. I will say I think it is absolutely essential at least in terms of the actual development in AID. Obviously, there are covert operations. We have the Central Intelligence Agency (CIA) to carry those out. We have the State Department that obviously directs foreign policy. But I think if it is genuinely a charitable project or genuinely aimed at public health, that should be transparent.

We saw what happened with these huge investments into the Wuhan Institute of Virology, sort of masked through EcoHealth Al-

liance. Huge problems, obviously. If we had known about that, there probably could have been better regulation and better governance of it. It is one of the many unintended consequences of that kind of government secrecy.

Mr. RUGER. Yes. I mean, we talk about these programs being wasteful, and in many cases they are, I actually think that there is something potentially more pernicious, which is why I think shining the light on this and being transparent is so important, which is that I think, in many cases, these are purposely designed to try to promote progressive causes abroad, and that ideally that will have a boomerang effect here at home. In other words, this is part of a kind of progressive, global prioritization of different policy ideas. I mean, you seen this, \$5.5 million for LGBTQ advocacy in Jamaica and Uganda. You see mental health programs for LGBTQ+ youth advocacy in Venezuela, for example.

This is part of a kind of progressive political campaign. I think the more and more that is brought to the fore and the people understand what is going on, then they can have a legitimate discussion about whether this best supports our national interests, as opposed to something, I think, that supports the interests of, again, many people in America but not the public good, if you will.

Again, shining that light on it, I think, will have that disinfectant that we have talked about throughout our country's history.

Senator SCOTT. So how would you do it? How would you create more transparency?

Mr. RUGER. One thing is a hearing like this. I think one of Congress' most important roles, as an overseer of spending, is to shine a light on things and to call people on the carpet, if you will. I would bring these people here regularly and ask them, why are you spending \$6 million for Egyptian educational opportunities in the North Sinai? How does that tier up to our national interest?

If they have a good answer, great. Everyone has done their job. But if they cannot explain it in an open forum and look at the American public and say, look, if you are from Des Moines, Iowa, we want you, hardworking American, to pay for this because of X, Y, and Z reasons. The American public should be able to say, yes, that makes sense. But a lot of these things we have been seeing just do not. I do not understand why we are spending \$20 million to tailor a program in Iraq through the Sesame Workshop. How does that support what Secretary Rubio talked about in terms of our strength, our security, or our prosperity? It just does not. It does not pass that test. I think Americans are fed up with that.

Again, we heard about Ronald Reagan praising these programs, but I am guessing that Ronald Reagan would not be proud of these programs today.

Mr. SHELLENBERGER. Yes, I agree. I think that the whole concept of foreign aid needs to be reconceptualized. If it is part of soft power then it should be done through the State Department. If it is part of a genuine economic development initiative it should be focused on the things that we know drive economic development, including cheap energy, infrastructure, manufacturing, the ways that all poor countries rise out of poverty and develop. That is clearly not what it has been about because it would not be funding

these frivolous projects around the world if it were serious about genuine economic development.

For me, I think it is an amazing moment, and I think the fact that it took such dramatic action shows just how burdened that agency was by all sorts of conflicting agendas. I think it is a great time for the Congress to recreate an aid function that is sort of separated from U.S. foreign policy, or at least from the soft power part of it.

Senator SCOTT. So in your jobs, how have each of you figured out how to be heard, because it is hard, right?

Mr. SHELLENBERGER. One of the things that we have realized is that the way that we have imagined what the news media was for a long time, it really was not what we thought it was, that there was a really intense level of control that was being exercised by the national security state. We saw in the Twitter Files, and we saw with the Cyber Threat Intelligence League (CTIL) files, which a whistleblower gave to us, that showed that you had a former Ministry of Defense contractor from Britain, you had a Department of Defense (DOD) contractor in the United States on a kind of limited hangout, describing how the U.S. Government and British government had really exercised serious control over the news media since World War II.

That all starts to break apart with the rise of social media. Social media, at first, was being used to foment regime change operations in the Middle East in terms of the Arab Spring, and then in the color revolutions in Eastern Europe. Then when Trump was elected in 2016, there was really a turning inward, a turning against the American people for a counter-populated effort by the intelligence agencies, as well as by USAID.

You see them participating in effectively regime change operations in the United States. That included this revelation that much of the investigative journalism that USAID had been funding since around 2008, 2009, through groups like OCCRP and Internews, were really aimed at gaining control over the information environments around the world. We would not have known that without the Twitter Files, which revealed the censorship industrial complex, seeking to censor millions of Americans, flagging disfavored information, including accurate information such as around COVID-19 origins, around the COVID-19 vaccines.

For me this is the golden age of journalism. People can actually find sources of information outside of a tiny, narrow band of sources that we had between World War II and really the early 2000s, 2010, when social media rose. That is what is going on here. It has really been the revolt of the public, and now we see a revolt of the elites demanding that we put the genie back in the bottle. I do not think long-term it is going to work out. It really took someone like Elon Musk to unleash the full potential of social media, and we saw it in the last election podcasting playing this massive role.

I think it is a revolutionary moment. Get a huge change in apparently American foreign policy with a huge political transformation also occurring at the same time of this media transformation and revolution.

Mr. RUGER. Yes, and to add to that, my institution, the American Institute for Economic Research, was involved with the creation of the Great Barrington Declaration. You saw our institution and the authors of the Great Barrington Declaration, including, I think, the incoming head of the National Institute of Health (NIH), being subject to claims of disinformation and attempts to squelch our voice in trying to get the message out about different public policy approaches to how to handle the COVID-19 pandemic.

It is not just happening abroad. It is happening here at home. Again, I applaud what we have seen with the opening of Twitter and X, making that much more of an open forum. Again, I think generally speaking, kind of light is the disinfectant here.

Senator SCOTT. We see a lot of money being paid to researchers to, "study disinformation." Can you paint a picture of that research can translate to actions to take down constitutionally protected speech, especially here in the United States?

Mr. SHELLENBERGER. Sure. I am happy to talk about that, and, I think you have to understand that social media was first used by the U.S. Government to foment regime change in the Middle East and Eastern Europe. After Trump was elected, those tools were all brought back here, and there was an effort to create this conspiracy theory that President Trump was somehow controlled by the Russians. Then with COVID-19 we saw the rise of basically Department of Homeland Security asking four separate groups, Graphika, University of Washington, the Stanford Internet Observatory, and the Atlantic Council, to create really a cluster of organizations that would create little committees of experts to flag what they called misinformation. It was often just disfavored information, often accurate information, first around the 2020 elections and then around COVID-19 in 2021, where they actually had a direct pipeline to this JIRA software system, ticketing system, where they were able to basically demand directly to Facebook and Twitter that they take down posts that they thought were contributing, again, not just to false information but to the wrong narrative, including true stories of vaccine side effects that were contributing to vaccine hesitancy.

The good news is that after that was revealed in the Twitter Files and then Congressman Jim Jordan's committee on the House side subpoenaed and had witnesses, there was a whole elaborate process over the last two years, Stanford Internet Observatory shut down last year, under the weight of evidence that it was engaged in censorship. I think we have now been able to push back against a significant amount of it, and President Trump has obviously signed the Executive Order supporting free speech.

But I think it was a very dark moment over really the last 10 years, where we saw a whole set of groups that were involved in regime change operations abroad start to turn those weapons inward against us.

Senator SCOTT. Senator Ernst.

OPENING STATEMENT OF SENATOR ERNST

Senator ERNST. Thank you, Mr. Chair, and thanks to our witnesses for being here today for this important hearing.

All Americans should be able to take great pride in our generosity, and the government agencies coordinate aid efforts should be eager to share the details about how their use of taxpayer money makes the world a better place.

Yet the hard truth is, as we have seen, USAID has been out of control for decades. There is no shortage of questionable USAID projects. For example, a \$20 million grant to the Sesame Workshop nonprofit to create an Iraqi version of Sesame Street. More than \$9 million intended for civilian food and medical supplies in Syria ended up in the hands of violent terrorists. And another one, \$27 million was designated to so-called reintegration gift bags, which may even include a Barbie doll, for deported Central Americans. There was also \$68,000 awarded for dance classes in none other than Wuhan, China.

After being stonewalled by USAID for years, I learned funds meant for economic relief in Ukraine were instead paying for Ukrainian models and designers to attend Fashion Weeks in New York City, London, and Paris.

Mr. Chair, I ask unanimous consent (UC) to enter my oversight letters¹ and USAID's responses into the record.

Senator Rick Scott. Without objection.

Senator ERNST. Thank you, Mr. Chair.

USAID is notorious for exploiting legal loopholes, as my COVID-19 origins investigations exposed. By law, all Federal spending is required to be publicly available on USAspending.gov. We have known for a while that Dr. Fauci used NIH funding to finance bat coronavirus research at the Wuhan Institute of Virology, but it took the watchdog White Coat Waste Project to expose evidence that USAID was funding it too. In fact, the bulk of the money came from USAID. Yet no grants to the Chinese lab appeared on USAspending.gov. It was hidden from the public through layers of unreported subgrants and subawards. Thankfully, my push to defund EcoHealth Alliance was successful, and the group is now barred from receiving U.S. Government grants.

But this is why my Tracking Receipts to Adversarial Countries for Knowledge of Spending (TRACKS) Act must become law, to prevent money being sent to China, the Taliban, or any other foreign adversary. Every grant recipient must be disclosed to ensure accountability, and we should not stop there. My bipartisan Stop Secret Spending Act, introduced with Ranking Member Peters, would add additional transparency to Federal spending.

Mr. Shellenberger, I will start with you, please. Why is USAID so secretive about how it spends billions of taxpayer dollars? Is it to avoid the public outrage over the waste, or is there something more nefarious there?

Mr. SHELLENBERGER. Thank you, Senator, and first of all, thank you for your leadership in bringing transparency and accountability to USAID and the funding there.

Obviously, this example you just gave of the Wuhan Institute of Virology is incredible. It appears that the U.S. Government funded the creation of the virus that caused the global pandemic. We also know that President Barack Obama had banned that research, and

¹ The oversight letters submitted by Senator Ernst appears in the Appendix on page 82.

that Anthony Fauci had created a workaround to get around that and move that research to the Wuhan Institute of Virology. Had there been some transparency about it, I think some questions would have been raised.

One of the claims, of course, that was made right after Senator Cotton raised the idea that maybe it did leak from a lab, Washington Post claimed it was a debunked conspiracy theory. Anybody who had just googled “virus lab leak” would have discovered that there had been years and years, maybe decades, of news stories about viruses leaking from labs. It is a very common thing. Of course, it was one of the main reasons that we wanted to end that risky gain-of-function research because we knew the high risk of something leaking from a lab.

I think I applaud your work. We need much more transparency with it. As I mentioned before, I do think that some part of that motivation may have been to hide regime change operations that were run by USAID in concert with the State Department. If you are going to be doing regime change operations, those belong in the State Department and with the CIA, not in a charitable organization. Because if you genuinely want people to trust in vaccines or other public health measures, it is a terrible thing for them to believe that maybe it is part of some counter-terrorist operation or some manipulation by the U.S. Government that has some political motivation or some regime change motivation. If it is truly charitable support for things like good causes, then there has to be a firewall between that and what the CIA and the State Department are doing.

Senator ERNST. Yes. Transparency, transparency, transparency. It is so important.

I will continue with you and then, Mr. Ruger, you can add your thoughts, as well. But absent a forensic audit by the Trump administration, do you think we would have ever known the full depth of USAID’s spending, or misspending in this case?

Mr. SHELLENBERGER. No. I mean, obviously the Administration is pursuing a model that Silicon Valley has used for a long time, which is that you do need to make changes to actually see what is going on. So yes, no, I think it is an incredible moment of reform. I wish it were bipartisan. The last time of serious reform in the United States was, of course, in the mid-1970s we had the Church Committee hearings, exactly 50 years ago this year, that were bipartisan, that revealed much of the abuses of power by the CIA, by the FBI. It led to a set of reforms, including greater whistleblower protections. I do hope that Democrats will join you, Senator, in pushing for those reforms because it is obviously in the interest of all of us, all Americans.

In most of the past, the FBI has been weaponized against leftists in the United States. It is only recently that we see the deep state mostly targeting right-wing populace. But this sort of commitment, it is an all-American commitment to not letting the State be abused for political reasons. I think next time you never know. It could be weaponized against the left again. I hope that Democrats will join you in making this renewed push, and I applaud the Republicans for taking up the mantle of pushing for greater disclosure, greater transparency, greater accountability.

I just think some overall clarity about what does the United States want its interaction with the world to be. Are we still in the period after World War II to today, or do we need to kind of rebalance our relationship? I think the public voted for a rebalancing toward a more America First agenda. I also do not think Americans want to completely withdraw from the world. But again, I do think that some basic hygiene is in order in terms of separating out what is genuinely charitable or development activities from what is regime change, censorship, disinformation, information control activities.

Senator ERNST. Right. I agree. Thank you

Mr. Ruger, do you have thought there, as well?

Mr. RUGER. Sure. I think what DOGE is doing, really, is a form of creative destruction, right. It is breaking through the status quo and getting these issues at the front of the Americans' minds and the front of the minds of elites here in Washington.

Too often things continue to kind of be on autopilot, and it is very hard, as you well know. There are so many issues that could be focused on and to put them under the microscope is challenging, even when it is pretty obvious to some of the experts out there. But how do they get that voice up there?

I think what Elon Musk has been able to do, and again, through President Trump's leadership, is to make sure that this does not disappear, that there is sustained attention to it. That is going to mean that some messiness will occur, right. You are going to have to put holds on things to make sure that we are not spending wastefully. I think that, on net, is going to be valuable as we try to reform our Federal Government, particularly in light of the fact that we are \$36 trillion in debt.

We are spending my children's money and your children's and grandchildren's money. We are spending their money now. We better make sure that if we are going to do that, because sometimes it is necessary to take out debt, for example, for war, purposes of fighting wars, that we are doing that for good reason. That means that we really need to be really kind of, I think, rinsing out the kind of towel of government spending and make sure that only what survives is necessary.

Senator ERNST. Thank you. There are so many analogies that we could use. We are breaking up the boulder of Federal Government, and there are some gems that we will be able to pull out of there. But the rest is rubble, and it needs to go away.

I know from the Chair, Chairman Paul, Senator Johnson, Senator Lankford, and I have all engaged in these efforts, each of us, for over a decade now, and attempting to identify the waste, the fraud within our Federal Government, trying to get those reforms over the finish line. It was not until we had the Trump presidency and the appointment of those in the Department of Government Efficiency with Elon Musk that we actually have the platform now to get it down. I am really grateful that we have that opportunity to do that now.

I know I am way over, but we will go ahead and close out. But I will give you some closing thoughts, as well. I just want to be clear, as we are talking about this, that there are many other groups that are supported by USAID that are doing great work. As

I said, there are some gems amongst the rubble. There are programs that help us care for orphans. There are programs that help us care for people with HIV. Those are important programs. But imagine how much more good work could be done if we used those dollars that instead ended up enriching terrorists and mad scientists in adversarial countries.

So after keeping its spending records hidden from Congress and taxpayers, USAID employees are now protesting the review of the agency's records by President Trump's Department of Government Efficiency. It is pretty outrageous. It is no surprise that Washington insiders are more upset at DOGE for trying to stop wasteful spending than at USAID for misusing their constituents' tax dollars. The question that we really should be asking at this point is not why USAID's grants are being scrutinized, but why it took so long.

I want to thank both of you very much for being here today and sharing your thoughts. I think it was a very important Committee meeting here in the Homeland Security and Governmental Affairs Committee.

With that, I do want to thank your witnesses for joining us here today to share their testimony and their expertise with the Committee. The record for this hearing will remain open for 7 days, until 6 p.m. on Friday, February 20, 2025, for the submission of statements and questions for the record.

The hearing is now adjourned.

[Whereupon, at 11:50 a.m., the hearing was adjourned.]

A P P E N D I X

HSGAC Hearing
Eliminating Waste by the Foreign Aid Bureaucracy
February 13th, 2025
Opening Statement as delivered

Today, we are going to dive into the reckless and wasteful spending of our federal government—particularly when it comes to foreign aid. The United States should not be the sugar daddy for the entire world, especially not for countries and organizations who act contrary to our nations' beliefs.

Our country is \$36 trillion in debt, yet we continue to send billions of dollars overseas, often funding projects that are not just useless but, in many cases, actively harmful.

Taking the path to fiscal responsibility is often a lonely journey, but thanks to Elon Musk and DOGE they've brought to light the waste that I've been highlighting for over the last decade. Every year, I release my *Festivus Report* to expose the ridiculous spending of the federal government, and this past year was no exception. I uncovered over \$1 trillion in government waste, with the State Department and USAID being some of the worst offenders. Let me give you just a few examples of what these unelected bureaucrats are spending your hard-earned money on:

- \$4.8 million went to Ukraine’s public affairs office in Kyiv—to fund social media influencers.
- Instead of protecting our own border, \$2.1 million was sent to Paraguay to “enhance” their border security.
- USAID also funded a group of Ukrainian women-led designers to travel to the Paris Fashion Show. I don’t know about you, but I’d imagine Ukrainian women have more important things to worry about than appearing in the Paris Fashion Show.
- USAID spent \$2 million on transgender surgeries, hormone therapy, and gender-affirming care in Guatemala.

- \$3 million was spent to promote “girl-centric climate action” in Brazil. I’d love to picture what a conversation about girl-centered climate action looks like. “Hey, Barbie. Do you know what girl-centered climate change is?” Since when do we believe arguments need to be tailored for girls to understand? How insulting to women, at-large, that they think there are special arguments for girls to understand that are different than boys?
- \$25,000 to fund a transgender opera in Colombia. Was nobody in Colombia willing to buy a ticket?
- USAID spent \$32,000 in Peru to create a comic featuring a Trans hero to address social and mental health

issues. What does that have to do with diplomacy?

- \$20,000 to fund a DEI promoting drag theater in Ecuador.
- \$20 million was spent to produce a new Sesame Street show in Iraq.
- USAID spent \$6 million to promote a project boosting sustainable tourism in Egypt. I guess the U.S. is now the travel agent for the entire world—since they spent \$50 million on Tunisia’s tourism, even though it is already one of the most visited countries in Africa.
- USAID gave \$87.9 million to help Afghans farm and incendetly, farm poppy—the plant from which opium is extracted. As of 2021, Afghanistan supplied 90% of the world’s heroin. I

thought the saying in the U.S. was just say no to drugs. How about we just say no to wasteful foreign aid?

- \$70,000 for a live musical event to promote Diversity, Equity, Inclusion, and Accessibility in Ireland.
- State Department paid \$330 thousand to compile a disinformation index to “blacklist” conservative media outlets.
- USAID funneled over \$54 million to EcoHealth Alliance—funding the very organization linked to the Wuhan Institute of Virology, the likely origin of the COVID-19 pandemic. Disgraceful.
- \$15 million was awarded to Taliban-controlled Afghanistan to distribute oral contraceptives and condoms. There’s still a \$3 billion fund for

Afghan reconstruction that I've tried to take that money to pay for other things that the government is spending money on, and yet there's been resistance by the other side—to deplete that fund and say, “We're done funding things in Afghanistan.”

This is just the tip of the iceberg. These are taxpayer dollars being used to fund ideologically misguided, ineffective, and unnecessary projects thanks to the blundering bureaucracy, while our own citizens struggle to put food on the table. This is not what our government was designed to do. The U.S. government is not a charity, and it should not be doling out cash to foreign organizations, some of

which actively oppose the United States, with no oversight.

And we don't have the money to give. We're borrowing the money we send. We need to ask a simple question: Why are we borrowing money to send money overseas? Even if USAID eliminated the crazy left-wing grants for trans operas, it still makes no sense to borrow money to, then turn around, and send it overseas. Borrowing money to send as charity is like the worker who has no money left after paying for their food, rent, and gas saying, "Oh, well I see this homeless person, I have such great sympathy. I'll go to the bank, and I'll borrow \$1,000 to to give to this person." That's what we are doing. We

can't pay for our own, and we are borrowing the money we send overseas.

That money could be used to pay down our \$36 trillion debt and take care of the American people—the very people who actually pay these taxes in the first place.

It's time for a real change. America should not continue to be the world's piggy bank. It is time to end the waste of foreign aid and end the bureaucracy and for once, do what's right by the American taxpayer.

**Ranking Member Peters Opening Statement as Prepared for Delivery
Full Committee Hearing: Eliminating Waste by the Foreign Aid Bureaucracy
February 13, 2025**

I am very discouraged by this hearing, and by the witnesses you have chosen to give a platform to today.

Instead of having a serious discussion, we're going to hear conspiracy theories as the Committee holds what amounts to a pep rally in support of President Trump's illegal power grab.

I agree that this Committee should conduct rigorous oversight of federal spending – including wasteful foreign aid – and that we should always be working to identify waste and fraud in federal programs.

But today's hearing, where I'm sure we'll hear many of our colleagues on the other side of the dais cheer on President Trump and his cronies like Elon Musk in their illegal and unconstitutional efforts to cut off foreign aid. It is not only a sham, it completely misses the point on what this Administration is doing and how far President Trump will go to hurt American families so they can pay for tax cuts for billionaires.

We can't have a real debate about wasteful spending when President Trump has empowered an unvetted billionaire with massive conflicts of interests to cut off funding for any program that the Administration doesn't understand or doesn't agree with politically.

The Constitution doesn't empower a social media billionaire with massive conflicts of interest to decide how your tax dollars are spent. It doesn't even empower President Trump to make those decisions! The Constitution gives Congress – and only Congress – the sole power to decide how taxpayer money is spent. And, for the most part, we pass bipartisan laws to determine how that money should be spent.

But President Trump has directed Elon Musk and his other cronies to ignore Congress and the Constitution, and recklessly and illegally cut off funding that Congress has passed into law.

Not only is it illegal and unconstitutional, but President Trump's direction to shutter USAID will have damaging consequences across the globe and here in the United States.

I'd like to enter into the record numerous statements from organizations and experts detailing those consequences.

What my Democratic colleagues and I are most concerned about is what agency, what federal program, will be the next domino to fall? What's next on the chopping block?

President Trump has already directed his cronies to shut down the Consumer Financial Protection Bureau.

Will they halt Social Security payments that seniors count on next? Will they stop Medicare reimbursements and prevent seniors from access critical health care?

Will they block disaster aid from states that have suffered damage from wildfires and hurricanes?

President Trump and his cronies have hinted that all of these resources that Americans count on and more could be shut off on a whim.

It's not just that it's illegal. It's not just that it violates the separation of powers. The bottom line is that these actions hurt American families and it's our job to fight back. That's what the Democrats on our Committee will be focused on today.

If this Committee is serious about defending American families and Congress' oversight role – a role, Mr. Chairman, that you said you would champion – then the hearing we should be having today would examine the blatantly illegal activities that President Trump has led to undermine the laws passed by Congress and to wreak havoc on the programs and services that support hardworking Americans.

At President Trump's direction, Elon Musk and his minions have illegally cut off funding that Congress passed to support farmers, child care centers, lifesaving cancer research, community health centers, religious charities and services that Americans rely on every day.

It's all been under the guise of addressing waste. But if the Administration is serious about combatting waste and fraud, then the President would not have fired 18 Inspectors General – the independent watchdogs who identify the very waste, fraud and abuse.

If the President is serious about addressing waste and fraud in foreign aid, then he would not have fired the Inspector General for USAID.

Let's remember, this isn't the first time a President has tested the limits of the law when it comes to presidential powers. We've seen this movie before.

But it is the first time that Republicans in Congress have simply rolled over and let the President seize the power the Constitution assigns to the legislative branch. We have the power of the purse, as the Chairman likes to say.

But let's look at an example from history. In the 1970s, when President Richard Nixon refused to spend money Congress appropriated for child care, job programs and environmental clean up programs, virtually every member of Congress from both parties rejected that and passed the Impoundment Control Act of 1974, which asserted Congress' constitutional power. And when it passed, it passed unanimously. Every Republican Senator stood up to Richard Nixon and said 'this is unacceptable.' Now clearly that was a time when we did not have feckless Republican senators. But it is a great time to look at how we came together to stand up to presidential power.

And it wasn't just Congress. President Nixon lost in the courts over and over again. No judge ever endorsed President Nixon's argument that he had a right to ignore the laws of Congress.

If President Trump thinks his actions are lawful, then his Administration should be able to answer straightforward questions from Congress.

They should operate in the light of day, instead of trying to hide what they are doing from Congress, the courts, and independent watchdogs.

Mr. Chairman, I was disappointed that over the last few weeks, I've had a number of oversight letters that you refused to sign. I would hope that you'd reconsider, and I look forward to meeting with you to talk through those letters in the near future.

And I think also, Mr. Chairman, many of the questions that we have today are about the actions that President Trump has directed Elon Musk to take. I think we should also call in Elon Musk to ask questions, particularly about his numerous and substantial conflicts of interest while he's making these kinds of decisions.

I hope that going forward, this Committee will work to defend Congress' roles and responsibilities under the law and conduct real, meaningful oversight of this Administration's lawless actions.

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USAID Censorship and Disinformation Operations Aimed at the American People

Testimony by Michael Shellenberger for a hearing on “Eliminating
Waste by the Foreign Aid Bureaucracy” before the Committee on
Homeland Security and Governmental Affairs on February 13, 2025

Chairman Paul, Ranking Member Peters, and members of the Committee thank you for inviting my testimony.

Since its creation by President John F. Kennedy in 1961, the United States Agency for International Development, USAID, has had as its mission the promotion of America's values of free speech, democracy, and free markets by helping others abroad. The name suggests that the organization is focused on aiding poor nations in ways that result in their economic growth.

Why, then, has USAID been spending so much money on information control and information operations, both in the form of demanding censorship by social media platforms, and financing supposedly "independent" journalism? Why is the United States government in general and USAID in particular the largest donor to supposedly "independent media" worldwide?¹

For example, USAID in 2021 published a "Disinformation Primer" that urged greater censorship by social media platforms as well as "prebunking," a psychological technique to program people to reject information disfavored by the government without thinking.² The FBI and Aspen Institute used prebunking as a disinformation tool in the summer of 2020 to make the top censors at social media platforms and mainstream journalists believe that a future release of information relating to Hunter Biden and Burisma would be the result of a Russian "hack and leak" operation.³

None of that means that the administration should ignore Congress, court orders, or the potential public health problems that could be created by the closure of USAID and freezing of its funds. USAID may have been doing and funding worthwhile projects. And it may be that Congress will need to pass legislation to continue those projects through the State Department.

But it's inaccurate to suggest the USAID closure and freeze on aid will kill African children, as some have done, or cause other obvious harms. The Trump administration already created a waiver⁴ for HIV treatment and resumed aid⁵ for tuberculosis, malaria, and newborn health. And USAID's health programs should be subject to scrutiny, given the agency's history of using such programs as cover for other activities, including regime change and biodefense research.

For example, under President Barack Obama's administration, USAID was caught using an HIV program to foment rebellion in Cuba.⁶ USAID used EcoHealth Alliance as a passthrough organization to funnel \$1.1 million to the Wuhan Institute of Virology, which was conducting risky gain-of-function experiments that may have caused the Covid pandemic.⁷

USAID gave EcoHealth Alliance \$54 million during that period, which was more even than the \$42 million the group received from the Pentagon.⁸ Samantha Power,

the USAID Director under President Barack Obama, evaded questions about the nature of USAID funding for WIV.⁹

Evidence of USAID withholding information from Congress is sufficient justification for Congress to shut down the organization, which may have been hiding from Congress its support for dangerous biomedical research.

And anyone who truly believes in public health for poor people in poor nations must agree that USAID needs to be reined in and cleaned up. That starts first with precisely the kind of audit some members of Congress are trying to stop. USAID and all other government agencies must justify what they are spending money on. The public's interest is ensuring that every dollar of taxpayer money is accounted for and justified.

The media and others in Washington, D.C., have known for decades that USAID was a hub of fraud and abuse. The Washington Post cited two individuals with the Center for Global Development, a center-left think tank funded by Bill Gates that has been defending USAID, who told the Washington Post that a claim by Elon Musk that just 10% of USAID money reached people on the ground was “wildly incorrect and misleading.”¹⁰

But their clarification — that just “10 percent of USAID payments are made directly to organizations in the developing world” and the “remaining 90 percent” is delivered by organizations in the US and developed world — underscored that USAID fundamentally isn't working.

In truth, Democrats and Republicans alike have recognized for decades that USAID needed reform. In 2015, even the Center for Global Development urged a “top-to-bottom review of USAID's sector- and country-based activities based upon program effectiveness, allocation of USAID resources, alignment with partner priorities, and national security implications” followed by “comprehensive reform.”¹¹

As recently as 2021, the media acknowledged the obvious. That year, the New York Times published an article headlined, “U.S. Aid to Central America Hasn't Slowed Migration. Can Kamala Harris?”¹² In it the Times acknowledged that “experts say the reasons that years of aid have not curbed migration” is in part because “much of the money is handed over to American companies, which swallow a lot of it for salaries, expenses and profits, often before any services are delivered” — precisely the reason President Trump shut down USAID.

While the subject of today's hearing is on USAID's wastefulness in general, I would like to focus the Committee's attention on USAID's efforts to take control over independent investigative journalism and advocate censorship, in particular. Together, USAID's censorship and disinformation activities comprise a complete vision of the

kind of information control in service of regime change that USAID and other US government agencies have sought in dozens of foreign nations over the last 75 years.

USAID Support for Censorship and Digital ID

USAID has in recent years been funding censorship advocacy worldwide through its “Countering Disinformation” program, which is part of its Consortium for Elections and Political Process Strengthening (CEPPS). This work has included funding for so-called “fact-checking” organizations, including in Brazil,¹³ which governments use as a predicate for demanding censorship by social media companies. The USAID program lays out its strategy, which is to fund ostensibly “civil society” organizations to pressure social media companies like Facebook and X to censor more, and to conduct “fact-checking.”

The agency promoted “prebunking,” like the kind used by Aspen Institute to program journalists and social media companies to censor the Hunter Biden laptop, as well as “strategic silence,” which is similar to what Aspen promoted to journalists in the summer of 2020 before the New York Post published its first story about the laptop. USAID has funded the Aspen Institute in the past.¹⁴

USAID has encouraged its grantees to pressure advertisers to demand greater censorship by social media platforms. In its “Disinformation Primer,” USAID called for “advertiser outreach” to “disrupt the funding and financial incentive to disinform.”

At the World Economic Forum last year, a major USAID contractor, Internews, which received \$472.6 million from USAID over the last 17 years, urged advertiser boycotts to demand censorship.¹⁵ “Disinformation makes money,” said Jeanne Bourgault, Internews’ CEO. “We need to follow that money. We need to work with the global advertising industry. A lot of those dollars go to pretty bad, bad content. So you can work really hard on exclusion lists or inclusion lists to focus ad dollars and challenge the global advertising industry all around the world to focus their ad dollars towards the good news and information, the good, the accurate, and relevant news and information.”¹⁶

This “advertiser outreach” was precisely the advertiser boycott strategy used by groups with ties to the US intelligence community to pressure Twitter and Facebook to censor disfavored information. These groups, with uncritical support and amplification from the media, were able to use this strategy to successfully get Facebook and Twitter to censor more content.

USAID has heavily promoted digital identification systems, which could be tied to social media accounts to allow governments to punish individuals for what they say or read online.¹⁷ USAID pioneered digital identities in Ukraine with the Diia mobile app.¹⁸ It allows Ukrainians to access government services, store their identification, and also log in to bank accounts. In 2018, the WEF admitted that apps like Diia "open up (or close off) the digital world...."¹⁹ USAID has also promoted a digital ID for India.²⁰

USAID was a main funder for the groups behind overthrowing governments during the so-called "Arab Spring" and the Eastern European "Color Revolutions."²¹ USAID was among the first donors on the ground in Tunisia, giving \$19 million to political parties and activist mobilizations, as well as millions for similar activities in Egypt.²² USAID funded the Serbian youth movement Otpor!, which played a key role in overthrowing Slobodan Milošević, and the independent media outlet Rustavi-2, which was instrumental in mobilizing public opinion against the government to support the Rose Revolution in Georgia.²³

That work continued around the world. In 2014, the Associated Press [reported](#) that the Obama administration "secretly dispatched young Latin Americans to Cuba using the cover of health and civic programs to provoke political change, a clandestine operation that put those foreigners in danger even after a U.S. contractor was hauled away to a Cuban jail."²⁴

To combat alleged "misinformation," the Censorship Industrial Complex used counterterrorism and intelligence tactics developed abroad, including psychological operations, and repurposed them to shape domestic opinion and thought.²⁵ This repurposing of national security tools was a key feature of the weaponization of government against President Trump, his supporters, and other dissidents.

USAID Behind Trump Impeachment

The House of Representatives impeached President Donald Trump on December 18, 2019, after a White House whistleblower went public with evidence that Trump abused his powers by withholding military aid to Ukraine in order to dig up dirt on his rival, Joe Biden.

In the complaint, the whistleblower claimed to have heard from White House staff that Trump had, on a phone call, directed Ukrainian President Volodymyr Zelensky to work with his personal attorney, Rudy Giuliani, to investigate Joe Biden and Hunter Biden.²⁶ The whistleblower who triggered the impeachment was a CIA analyst who was first brought into the White House by the Obama administration.

Reporting by Drop Site News last year revealed that the CIA analyst relied on reporting by a supposedly independent investigative news organization called the Organized Crime and Corruption Reporting Project (OCCRP), which appears to have effectively operated as an arm of the United States Agency for International Development (USAID), which President Trump has just shut down.²⁷ The CIA whistleblower complaint cited²⁸ a long report by OCCRP four times.²⁹

The OCCRP report alleged that two Soviet-born Florida businessmen were “key hidden actors behind a plan” by Trump to investigate the Bidens. According to the story, those two businessmen connected Giuliani to two former Ukrainian prosecutors. The OCCRP story was crucial to the House Democrats’ impeachment claim, which is that Trump dispatched Giuliani as part of a coordinated effort to pressure a foreign country to interfere in the 2020 presidential election, which is why the whistleblower cited it four times.

In a 2024 documentary that German television broadcaster NDR made about OCCRP’s dependence on the US government, a USAID official confirmed that USAID approves OCCRP’s “annual work plan” and approves new hires of “key personnel.”³⁰ NDR initiated and carried out the investigation with French investigative news organization Mediapart, Italian new group Il Fatto Quotidiano, Reporters United in Greece, and Drop Site News in the United States.³¹

However, according to a Mediapart story published the same day as the Drop Site News article, NDR censored the broadcast “after US journalist Drew Sullivan, the co-founder and head of the OCCRP, placed pressure on the NDR management and made false accusations against the broadcaster’s journalists involved in the project.”³²

On December 16, Drop Site’s Ryan Grim posted a link on X to the 26-minute-long documentary.³³ “NDR, Germany’s public broadcaster, is facing a censorship scandal and has defended itself by saying it never killed a news report about OCCRP and its State Department funding — b/c no report was ever produced to kill,” said Grim. “That was absurd — and dozens, maybe hundreds, of journalists knew it to be false, and now of course, someone has leaked it.”

The journalistic collaboration revealed that OCCRP’s original funding came from the Bureau of International Narcotics and Law Enforcement Affairs of the State Department, and quotes a USAID official who says, “I think Drew is just nervous about being linked with law enforcement,” referring to Sullivan. “If people that are going to give you information think, ‘Oh, you’re just a cop,’ maybe it’s a problem.”³⁴

OCCRP does not operate like a normal investigative journalism organization in that its goals appear to include interfering in foreign political matters, including elections, aimed at regime change. Sullivan told NDR that his organization had

“probably been responsible for five or six countries changing over from one government to another government... and getting prime ministers indicted or thrown out.”³⁵

As such, it appears that CIA, USAID, and OCCRP were all involved in the impeachment of President Trump in ways similar to the regime change operations that all three organizations engage in abroad. The difference is that it is highly illegal and even treasonous for CIA, USAID, and its contractors and intermediaries, known as “cut-outs,” to interfere in US politics this way.

In a response to an inquiry from my colleague and me, Miranda Patrucic, the Editor in Chief of OCCRP, linked to a website with a screenshot from OCCRP’s own agreement with USAID. The agreement states, “Requests for approval of new Key Personnel shall include (a) written justification; and (b) CV curriculum vitae in English... Key personnel positions, candidates and changes to such personnel will require concurrence from the AOR [Agreement Officer’s Representative] and approval from the AO [Agreement Officer].”

OCCRP claims on its website that USAID’s oversight of OCCRP is not what it appears to be. “This represents a serious misunderstanding of a common procurement procedure. This person or persons, referred to as the grant’s ‘key personnel,’ ensures that the money we get is spent appropriately and that the work gets done. This is not an editorial role, but a logistical one.”³⁶

But there is nothing in the agreement that suggests USAID’s approval of OCCRP’s work plan and senior staff are unimportant to the editorial content produced by OCCRP.

Indeed, USAID’s Shannon McGuire emphasizes, in the NDR documentary, that USAID controlled OCCRP through what is known as a “substantial involvement clause.” “There’s a substantial involvement clause in a cooperative agreement,” said McGuire. “So, specifically for this Cooperative Agreement with OCCRP, it’s things like reviewing and approving an annual work plan. And there’s key personnel. If OCCRP needs to change key personnel, for example, the chief of party, which is Drew Sullivan, then they submit a request with a resume and we review it and say, ‘Okay, we approve your nominee for a new chief of party,’ or whoever it is listed in the key personnel.”

Sullivan confirmed this. “Under cooperative agreements, which we don’t like to take,” he said, “they have a say on who the people are, but they can veto somebody.”

Patrucic told Public, “I am the editor-in-chief of OCCRP and was appointed during a USAID grant, but my CV was never sent to USAID and no approval was sought or received. OCCRP is governed only by its board of directors and no one else.”

But a second USAID official, Mike Henning, confirmed to the NDR filmmakers that USAID approval is not just for “logistical” or “administrative” functions.

“A cooperative agreement has more strings attached,” said Henning, “than a grant... Some of the strings that are attached in a cooperative agreement are approval of key personnel, approval of an annual work plan, approval of sub grants of a certain amount above a certain amount.”

USAID, he added, would have to approve “the editor in chief or who’s the CEO, who’s the, you know, managing editor.”

Sullivan said, “We try to keep [OCCRP journalists] away from the donors as much as possible so they don’t have to worry.” He then added, “We’re not always successful. There’s always some embassy official from some country somewhere seeking to do something.”

Samantha Power, then head of USAID, said in November 2021 that OCCRP was a “partner” of the US government. Under its Strengthening Transparency and Accountability through Investigative Reporting (STAIR) program, USAID allocated \$20 million to OCCRP from September 2022 to September 2027 to support investigative journalism in Europe and Eurasia. One of the reporters on the Giuliani story was based in Ukraine. Although OCCRP claims to assign grants retrospectively, it appears that a USAID STAIR grant may have funded the story.

Steve Engleberg, managing editor of the investigative journalism nonprofit, ProPublica, said that OCCRP’s relationship with the U.S. government undermines OCCRP’s claim to independence.

“The point at which a funder has influence over the personnel who do the news,” said Engleberg, “that is a very powerful lever because we all know in journalism that a lot of what happens depends on who does it, right? I mean, who’s the editor? Who’s the reporter? Who’s the, the leader, right? You know, the preferences of that person are going to shape the coverage. So I think if you are worried about pleasing a funder, particularly a governmental funder, which has clear viewpoints on things, to me that would be a bit problematical.”

Indeed, as the NDR reporter notes, “If you look at the [1961] Foreign Assistance Act [which created USAID] it says several times in there that the funds should be used to advance American foreign policy.”

In May 2024, found Drop Site, the OCCRP wrote a report with the Royal United Services Institute (RUSI) paid for by the UK government. “The RUSI has close links with the defense and security professions,” noted Drop Site. “One of its senior vice presidents is General David Petraeus, a former director of the CIA.”

Elsewhere in the documentary,³⁷ Sullivan described re-routing the original grant from the State Department's INL through USAID. State Department "got the money and then they turned it over to USAID," said Sullivan.

"USAID administered it," said the reporter, to clarify, "but the money came from the State Department's Law Enforcement and Narcotics division."

"Yes," said Sullivan.

Meg Gaydosik, a USAID official, "confirmed she had not only pushed to get funding for OCCRP internally but even helped re-write the group's application for a major USAID grant," reported Drop Site. Gaydosik said, "It was from USAID," about the OCCRP's initial support.

Evidence of USAID Seeking To Silence Journalists

OCCRP threatened to file a lawsuit against my coauthor and me merely in response to a set of emailed questions. "The premise of your article is factually false and defamatory," wrote Patrucic. "The claim by Dropsite News and partner media that USAID has control over editorial appointments has been disproven³⁸ and we suggest you read our response³⁹ to that."

OCCRP also threatened Drop Site News, it said. "The news outlets involved in this project, including Drop Site, have been on the unpleasant end of increasingly aggressive legal threats from Drew Sullivan, co-founder and head of OCCRP," the authors wrote. "While we strived to be as fair as possible, and have posted most of Sullivan's responses,⁴⁰ what we're not going to do, of course, is back down to threats, even ones backed with the resources of the federal government."

In December 2022, OCCRP launched Reporters Shield, a program aimed at protecting international journalists and outlets from lawsuits and providing them with legal support. USAID gave Reporters Shield \$9 million in 2023.⁴¹ The "shield" appears to be an offensive measure by a US government agency to deflect scrutiny of its political meddling and manipulation of narratives abroad.

Stefan Candea, a Romanian investigative journalist previously involved with OCCRP, made public his concerns about the organization's lack of transparency, funding, and governance structure. In response, OCCRP attempted to smear Candea, accusing him of holding conflicts of interest and calling his actions "malicious and unprofessional." Candea and his colleagues wrote a series of articles exposing OCCRP's strategic disinformation efforts aimed at undermining the credibility of its critics.⁴²

USAID Behind Trump-Russia Collusion Hoax

OCCRP describes itself as a cost-effective arm of the US government's anti-corruption efforts, writing that "our stories have helped return more than \$11 billion to public coffers through seizures and fines" and that "OCCRP has brought in at least ten times more money to the U.S. government than it has received in grants."

But if it's an arm of the US government, it's also one that was weaponized against Trump. OCCRP played a significant role in developing the narrative that Trump and his associates had ties to Russian banking and Russian money laundering, as well as other undisclosed conflicts of interest with Russia.

Trump's first term was plagued by accusations that he had coordinated with senior Russian officials to interfere in the 2016 election, and that Russian President Vladimir Putin held leverage over him due to "*kompromat*" that included financial information. In 2017 and 2018, reports suggested that Trump properties were used for money laundering by Russian financial criminals and Russian state entities. Trump's entanglements with Russian oligarchs, Democrats and political commentators argued, had made him "Putin's puppet."

Much of this now-debunked conspiracy theory originated with the Steele dossier, which included allegations that Russians had purchased Trump properties using illicit funds, that Trump and his associates had ties to organized crime in Russia, and that Trump's businesses had suspicious links to Russian entities. This was part of a broader allegation that the Russian government had cultivated Trump as an asset and had financial leverage over him.

But some of the dossier's claims may have had a basis in reporting from OCCRP about the "Russian laundromat," an alleged Russian money laundering scheme that funneled \$20 billion out of Russia between 2010 and 2014 through a Moldovan banking network and shell companies in other countries.

The first efforts to frame Trump as corrupted by Russians was in the summer and fall of 2016. In early August, a Defense Department contractor at Georgia Tech and another "researcher" claimed to have found a connection between the Trump organization and a Russian bank, Alfa Bank. A Hillary Clinton attorney, Michael Sussmann, then brought the supposed evidence of a connection to the FBI in September 2016. The Alfa Bank allegations proved to be baseless and emails revealed they were motivated by anti-Trump sentiment.⁴³

Concurrent with this effort, in August 2016, references to OCCRP investigations made their way into the U.S. Justice Department. It was then that Nellie Ohr, an employee at Fusion GPS, the political consulting firm that the Hillary Clinton campaign

had hired for opposition research, sent⁴⁴ articles⁴⁵ about Russia to her husband, Bruce Ohr, at the Department of Justice. Several referenced OCCRP reports related to money laundering.

Nellie Ohr had previously worked as a CIA contractor from 2008 to 2014.⁴⁶ John Durham's 2023 report found that Nellie's work for Fusion GPS influenced the Steele dossier's key claims about collusion. Bruce Ohr had passed his wife's findings to the FBI's Crossfire Hurricane team investigating Trump. This created what Durham called "circular reporting," in which Nellie's work both informed the Steele dossier and the FBI investigation used to corroborate its claims.

But OCCRP's influence on the Trump Russia collusion hoax extended well beyond Nellie Ohr's emails. On March 20, 2017, OCCRP revived a series⁴⁷ it had published years earlier on Russian money laundering to suggest some involvement with a Trump golf course, which the Associated Press and other outlets picked up.⁴⁸ OCCRP claimed in 2017 that companies "unwittingly took part" in Russian money laundering, including Total Golf Construction Inc., which renovated Trump's golf course in the Grenadines.

The 2017 series involved records of over 75,000 financial transfers, and OCCRP worked with dozens of media outlets to release particular bits of information. OCCRP's editor Paul Radu stated that the investigation was prompted when "law enforcement" in the UK, Moldova, Russia, and other countries became "frustrated" over Russian government inaction, suggesting that "law enforcement" may have been behind the leak to OCCRP.⁴⁹

"OCCRP assembled a team of reporters from 32 countries on three continents to track down the money and produce 'The Russian Laundromat Expose' investigative series," explained Radu. OCCRP's partnership with international outlets established an appearance of global consensus around the story. With so much international participation, the series, and its selective allegations, became fact.

"We're proud to expose truths that empower people to decide their own futures, but we do not advocate for any specific political outcome or government," said OCCRP in its response to our story. "not in the U.S. and not anywhere."

In contrast to OCCRP's dismissal of any wrongdoing by Hunter Biden, who we now know brought in tens of millions of dollars to the Biden family by selling access to his father, including to the Chinese government, the timing and volume of OCCRP's laundromat series appeared aimed at supporting the media narrative of Russian collusion and election interference. The release coincided with Democrats' demands that Congressional probes into Russian election interference investigate Trump's

financial ties to Russia. Although OCCRP did not state explicitly that this was the purpose of its laundromat reporting, some of its partners suggested it.

In an article from [Barron's](#), listed by OCCRP as a “partner” story, Bill Alpert made the purpose of the laundromat coverage clear: “As Congress holds hearings on suspected Russian meddling in the recent U.S. presidential election and the Federal Bureau of Investigation probes for ties between Trump campaign officials and Russia, *Barron's* now presents a detailed examination of what Eastern European authorities claim is questionable money leaving the Russian Federation to fund payments around the world.”⁵⁰

OCCRP was also the key source for a Guardian story headlined, “Bank that lent \$300m to Trump linked to Russian money laundering scam.” The article stated, “The German bank that loaned \$300m (£260m) to Donald Trump played a prominent role in a money laundering scandal run by Russian criminals with ties to the Kremlin, the Guardian can reveal.”⁵¹

The story cited OCCRP and relied upon its “Russian Laundromat” reporting. But there was never anything that tied Trump to Russian criminals other than the fact that they shared the same bank. After OCCRP fed this narrative to The Guardian, the New York Times and many other major news media wrote story after story suggesting a conspiracy between Trump, Deutsche Bank, and Russian criminals – all without evidence.

Seven paragraphs into a September 2017 New York Times article, the three authors noted, “Although Deutsche Bank recently landed in legal trouble for laundering money for Russian entities — paying more than \$600 million in penalties to New York and British regulators — there is no indication of a Russian connection to Mr. Trump’s loans or accounts at Deutsche Bank, people briefed on the matter said.”⁵²

Consistently, journalists wrote articles with assumptions, remote connections, and loose sets of facts to insinuate that Trump was criminally guilty of something. “The scandal-hit bank that loaned hundreds of millions of dollars to Donald Trump has conducted a close international examination of the US president’s personal bank account to gauge whether there are any suspicious connections to Russia, the Guardian has learned,” wrote one Guardian report.⁵³ Readers had to wait until the fourth paragraph to learn that “The internal review found no evidence of any Russia link...”

Even so, noted the Guardian, “Deutsche Bank is coming under pressure to appoint an external and independent auditor to review its business relationship with President Trump,” citing a Democratic Congressman, who explained that the

investigation was needed simply because Deutsche Bank had lended to Trump and was under investigation for other reasons.⁵⁴

Rachel Maddow of MSNBC and other commentators engaged in repeated conspiracy theorizing about a supposed association between Trump and Russian criminals on the basis of no evidence other than sharing a bank, the ninth largest in Europe.

On top of the vague Deutsche Bank connection and link to one of Trump's golf courses, OCCRP provided additional source material for the efforts to smear the president as compromised by financial dealings with corrupt Russian oligarchs. In November 2017, OCCRP collaborated with the Washington, D.C.-based International Consortium of Investigative Journalists (ICIJ) on the "Paradise Papers," a trove of 13.4 million records that were, again, selectively released. One "Paradise Papers" story showed ties between Russia and Trump's commerce secretary, Wilbur Ross, as well as 120 other politicians around the world. ICIJ, another ostensibly independent organization, receives funding from the US State Department.

"In the aftermath of the election, investigations by Congress and the U.S. Department of Justice have explored potential business ties between Russia and members of President Trump's administration," noted OCCRP.⁵⁵ "While several of Trump's campaign and business associates have come under scrutiny, until now no business connections have been reported between senior Trump administration officials and members of Putin's family or inner circle."

The German journalists who previously published the "Panama Papers" with ICIJ and OCCRP, Bastian Obermayer and Frederik Obermaier, contributed to the Ross story. Earlier that year, in January 2017, Obermayer and Obermaier had made the case for investigating Trump in *The Guardian*, writing, "Donald Trump alone has his hands in hundreds of companies, so it is impossible for one news outlet alone to investigate this properly. But it is not impossible if there's a collaborative investigation."⁵⁶

The collaboration, they argued, should be international. "Another project could be to investigate his ties to Russia and his past with Russia, which also is very promising, even if you don't believe a single word of the Trump dossier⁵⁷ BuzzFeed made public," they wrote. "Unknown conflicts of interests in both fields can turn out to be a huge danger to the national security of the US."

In September 2017, OCCRP collaborated on a documentary with Dutch public television, in part of a series called "The Dubious Friends of Donald Trump," about the links between former Trump business associate Felix Sater and Kazakh money laundering.⁵⁸

In a connected story, published in June 2018, OCCRP alleged a “complex offshore trail” connecting the purchase of three Trump SoHo tower apartments to a Kazakhstan fraud and money laundering case.⁵⁹ Although not the first to report on the purchase of Trump’s SoHo property by a money laundering network, OCCRP claimed to directly link illicit funds from Kazakhstan to the condo purchases, thereby suggesting potential criminal activity by Trump and his business.

All this reporting, from an ostensibly neutral anti-corruption organization, helped seed and legitimize the narrative that Trump had financial ties to Russia and had thus collaborated with Putin to steal the 2016 election. Democrats, commentators, and activists urged special counsel Robert Mueller to “follow the money” and include alleged evidence of Trump’s corruption in his investigation.

The basis for this cloud of suspicion traces back to the supposedly legitimate cross-border reporting by OCCRP, which identified numerous records and transactions incriminating Trump and his associates, including the Deutsche bank link, the golf course development, and deals with money launderers. Why was OCCRP, a news organization created and funded by the State Department and USAID, so involved in sourcing and developing a key element of the Russia collusion hoax?

USAID Aimed To Control Investigative Journalism

The US government has, largely through USAID and the State Department, for decades funded NGOs and media organizations to act as agents of American soft power abroad. These groups can engage in influence operations or sow unrest to spark “color revolutions,” while hiding their activities under the mantle of free expression and freedom of the press.

Media outlets have successfully framed US government financing of opposition media and civil society groups as support for “independent” journalism. “Strongmen celebrate as Trump aid freeze hits the media,” a Financial Times headline read last week, tacitly admitting that the US government is the primary funder of adversarial media in former Soviet states.

It is possible that groups like OCCRP and ICIJ serve passthrough organizations that intelligence agencies can use to launder information as news and investigations. The Panama Papers, in which OCCRP was heavily involved, were mysteriously leaked by a “John Doe.” Some have speculated that the US intelligence community leaked the information as part of information warfare against Putin.⁶⁰ Unlike WikiLeaks, OCCRP and the ICIJ do not fully release documents, allowing for significant narrative manipulation by the reporters involved.

Another aspect of the relationship between the US government and global investigative journalism may be the use of journalists as sources of information. Said State Department official Mike Henning in a censored German documentary, "The beauty of investigative reporters and truly independent journalists—and independent in a serious way—is that people will talk maybe more to a journalist than they might necessarily to a government official." In other words, the government can use a pretense of journalism to gain intelligence. "So having journalists do this work lends a certain—reduces some fear and encourages more openness," said Henning.

In his 2020 PhD thesis, Candea suggested that the USAID funding structure for international investigations is a way to centralize journalism in alignment with the US State Department and foreign policy establishment. Central to this project is the framing of journalism as an elite activity in need of special protections. "Over the last decade, the emphasis on an elite carrying out important work has persisted and multiplied," wrote Candea. Reporters involved in organizations like OCCRP "are signalling that they are part of something special that is not available to all journalists... It is so special that it has a mystery aura... This kind of special group needs extra security and protection for doing the work..."

This air of expertise and secrecy creates the illusion that special US government-created or funded nonprofits and media groups are needed to execute the special craft of "independent journalism."

USAID and the State Department appear to have created a vast network to coopt the international press. These agencies funneled \$472.6 million to Internews, which operates in over 100 countries, over the last 17 years. Internews trained thousands of journalists and collaborated with hundreds of media outlets globally. Jeanne Bourgault, Internews' CEO, advocated⁶¹ for exclusion lists on social media "to combat disinformation" of disfavored views at the World Economic Forum (WEF) in 2024. The WEF then issued a report naming "misinformation" as the number one "Global Risk."⁶²

That same year, an Internews publication advocated for "deplatforming," meaning bans on individuals like Facebook and X imposed on President Trump in 2021, and other forms of censorship.⁶³

Through these methods, USAID specifically, and the US deep state in general, have used taxpayer money not only for censorship, but also for propaganda, agenda setting, and information control around the world.

Narratives like the Trump Russia collusion hoax, which once seemed to be emerging organically in response to a body of evidence, were actually the product of a sophisticated and coordinated campaign to shape public opinion through an

appearance of media consensus. This consensus was artificially constructed by a US government-created “independent media” apparatus, with taxpayer-funded legal protection, to promote the deep state’s interests abroad under the guise of professional journalism.

This weaponization of the press was yet another tool of foreign intervention and regime change that, to combat the rise of populism, was turned against the American people in general, and Trump in particular. The agencies that taxpayers fund to ensure our security began treating the domestic population as an enemy force, and repurposed the national defense and foreign policy toolkit for illegal censorship and influence operations at home.

While OCCRP may continue to deny its role as an arm of US deep state propaganda, the impact of USAID’s defunding speaks for itself. Now cut off from USAID support, OCCRP has already lost 29% of its funding and has been forced to lay off 20% of its staff.

A Way Forward

Many members of Congress are deeply enmeshed with the USAID, which supports both Democrat and Republican think tanks, the National Democratic Institute (NDI)⁶⁴ and the International Republican Institute (IRI),⁶⁵ which bring members of Congress to foreign nations on various junkets. NDI calls its work with Democrats “Legislative Development” while IRI calls it “Legislative Strengthening.” The efforts appear to be open efforts to influence members of Congress to support USAID. Those members may next week register their upset with Trump.

But both the American people and foreign leaders want reform. Sixty-percent of Americans have long supported cutting foreign aid, which has long been popular with the public.⁶⁶ Left-wing Mexican President Claudia Sheinbaum said that USAID is “This agency has funded everything from research projects to groups that oppose the government. In Mexico, ‘Mexicanos Contra la Corrupción’ has received proven support from this agency. So how is it that these so-called ‘aid’ agencies get involved in politics? Its involved in so many things that, honestly, it’s better if they just shut it down. If there’s going to be aid, it should come through other transparent channels—that’s the real issue.”⁶⁷ And Right-wing El Salvador President Nayib Bukele [wrote](#) on X, “Most governments don’t want USAID funds flowing into their countries because they understand where much of that money actually ends up. While marketed as support for development, democracy, and human rights, the majority of these funds are

funneled into opposition groups, NGOs with political agendas, and destabilizing movements.”⁶⁸

Congress should defund all and any federal programs and contractors that promote or engage in censorship and propaganda. Recommitment to an America First foreign policy should require an unwavering commitment to free speech. Congress should cut off funding to groups, including the Aspen Institute, which interfered in the 2020 election. Trump should order the State Department, the National Science Foundation, the Department of Homeland Security, and other agencies to end all contracts with censorship advocates and “misinformation researchers.”

¹ Sharon McGuire, “[Press Freedom Under Threat. Learn three ways USAID is ensuring free...](#)” Medium, February 14, 2024

² “Disinformation Primer,” *United States Agency for International Development (USAID)*, February 2021, retrieved from <https://web.archive.org/web/20240622164647/https://www.usaid.gov/sites/default/files/2023-01/Disinformation-Primer.pdf>.

³ @shellenberger (Michael Shellenberger), “Twitter Files: Part 7,” X, December 19, 2022, <https://x.com/shellenberger/status/1604871630613753856>.

⁴ “UNAIDS welcomes US decision to keep funding life-saving HIV treatment,” *UN News*, January 29, 2025, <https://news.un.org/en/>.

⁵ Andrew Joseph, “Trump administration allows some global aid to restart, but concerns remain on impact of USAID shutdown,” *Stat*, February 7, 2025, <https://www.statnews.com/>.

⁶ Fred Barbash, “Report: USAID used HIV program in Cuba to foment rebellion,” *Washington Post*, August 4, 2014, <https://www.washingtonpost.com>.

⁷ Diala Jadallah-Redding, “Letter to Guy Reschenthaler,” May 6, 2021, USAID, retrieved from <https://web.archive.org/web/20220401185350/https://reschenthaler.house.gov/sites/evo-subsites/reschenthaler.house.gov/files/Rep.%20Reschenthaler%20EcoHealth%20RESPONSE.pdf>; “Reschenthaler Uncovers \$1.1 Million in Taxpayer Funding Sent to the Wuhan Institute of Virology,” *Guy Reschenthaler*, May 14, 2021, <https://reschenthaler.house.gov/media/>.

⁸ Sharon Lerner, “The Virus Hunters,” *The Intercept*, December 28, 2021, <https://theintercept.com/>.

⁹ “Biden Administration Stonewalls Covid-19 Investigations,” *Rand Paul US Senator*, April 26, 2023, <https://www.paul.senate.gov/>.

¹⁰ Clara Ence Morse and Sarah Ellison, “How an ex-State Department official fueled Elon Musk’s attack on USAID,” *Washington Post*, February 6, 2025, <https://www.washingtonpost.com>.

¹¹ Casey Dunning and Ben Leo, “Making USAID Fit for Purpose — A Proposal for a Top-to-Bottom Program Review,” *Center for Global Development*, July 20, 2015, <https://www.cgdev.org/>.

¹² Natalie Kitroeff and Michael D. Shear, “U.S. Aid to Central America Hasn’t Slowed Migration. Can Kamala Harris?” *New York Times*, June 6, 2021, <https://www.nytimes.com/>.

¹³ “Agência Lupa,” *Countering Disinfo*, March 8, 2021, retrieved from <https://web.archive.org/web/20240131154716/https://counteringdisinformation.org/interventions/agencia-lupa>.

¹⁴ Ibid.

¹⁵ @wikileaks (WikiLeaks), "USAID has pushed nearly half a billion dollars," X, February 7, 2025, <https://x.com/wikileaks/status/1888072129327083979>.

¹⁶ Jeanne Bourgault - Follow Money to Fight Disinformation," YouTube, uploaded by World Economic Forum, January 18, 2024, <https://www.youtube.com/>.

¹⁷ "USAID Digital Policy 2024 - 2034," *United States Agency for International Development (USAID)*, 2024, retrieved from https://web.archive.org/web/20241207195307/https://www.usaid.gov/sites/default/files/2024-07/DigitalPolicy_USAID_FINAL_24JUL.pdf.

¹⁸ Ministry of Digital Transformation of Ukraine, Дія (Diaa) [app], 2020, Google Play Store.

¹⁹ "Identity in a Digital World," *World Economic Forum*, September 2018, p. 10, retrieved from https://web.archive.org/web/20230502072717/https://www3.weforum.org/docs/WEF_INSIGHT_REPOR_T_Digital%20Identity.pdf.

²⁰ "Welcome to myAadhaar," *myAadhaar*, retrieved on February 11, 2025, from <https://web.archive.org/web/20230416082447/https://myaadhaar.uidai.gov.in/>.

²¹ Ian Traynor, "US Campaign behind the turmoil in Kiev," *The Guardian*, November 25, 2004, <https://www.theguardian.com>; Office of Inspector General, May 29, 2014, "Audit of USAID's Strengthening Civil Society in Ukraine Project," (No. 9-121-14-002-P) retrieved from <https://oig.usaid.gov/sites/default/files/2018-06/9-121-14-002-p.pdf>.

²² Ellen Bocuzzi and Jan Cartwright, "One Year On, the Arab Spring Continues to Inspire and Challenge," *Frontlines (USAID)*, January/February 2012, <https://2012-2017.usaid.gov>.

²³ Shadi Hamid, "The Struggle for Middle East Democracy," *Brookings Institution*, April 26, 2011, <https://www.brookings.edu/>.

²⁴ AP: U.S. Sent Latin American Youth Undercover In Anti-Cuba Plot," *NBC News*, August 4, 2014, <https://www.nbcnews.com>.

²⁵ Alex Gutentag, "US Military Contractors Used Counterterrorism Tactics Against The American People, New Documents Show," *Public*, December 4, 2023, <https://www.public.news>.

²⁶ "Read the whistleblower complaint regarding President Trump's communications with Ukrainian President Volodymyr Zelensky," *Washington Post*, October 16, 2019, <https://www.washingtonpost.com>.

²⁷ Ryan Grim, Ștefan Cîndea, and Nikolas Leontopoulos, "A Giant of Journalism Gets Half its Budget From the U.S. Government," *DropSite*, December 2, 2024, <https://www.dropsitenews.com>.

²⁸ Ibid.

²⁹ Aubrey Belford and Veronika Melkozerova, "Meet the Florida Duo Helping Giuliani Investigate for Trump in Ukraine," *Organized Crime and Corruption Reporting Project*, July 22, 2019, <https://www.occrp.org>.

³⁰ "OCCRP," *NDR*, December 16, 2024, uploaded by lauren_robin retrieved from Dalek Zone <https://dalek.zone/w/xjUjomMZxRCvp3Z3GtK9sT?start=0s>.

³¹ Ibid.

³² Yann Philippin, "German broadcaster NDR censored own investigation into world's largest consortium of investigative media," *Mediapart.fr*, December 2, 2024, <https://www.mediapart.fr/en/>.

³³ Ibid.

³⁴ Ibid.

³⁵ Ibid.

³⁶ "Frequently Asked Questions on OCCRP's Funding and Editorial Policies," *Organized Crime and Corruption Reporting Project*, retrieved on February 11, from <https://www.occrp.org>.

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⁶¹ Ibid.

⁶²“Global Risks 2024: Disinformation Tops Global Risks 2024 as Environmental Threats Intensify,” *World Economic Forum*, January 10, 2024, <https://www.weforum.org>.

⁶³“Internews Framework for Information Integrity,” *Internews*, retrieved on February 11, 2025 from <https://t.co/gYyXumB5VS>.

⁶⁴“Legislative Development,” *National Democratic Institute*, retrieved on February 11, 2025, from <https://web.archive.org/web/20240716051741/https://www.ndi.org/house-democracy-partnership>.

⁶⁵Jenna Ruffoni, “A Year of Legislative Strengthening,” *International Republican Institute*, April 22, 2024, retrieved from <https://web.archive.org/web/20240422222721/https://www.iri.org/news/a-year-of-legislative-strengthening/>.

⁶⁶Ellen Knickmeyer and Meg Kinnard, “What USAID does, and why Trump and Musk want to get rid of it,” *AP*, February 4, 2025, <https://apnews.com>.

⁶⁷Jesus Mesa, “Trump and Musk Find Unexpected Ally in Push to Shut Down USAID,” *Newsweek*, February 4, 2025, <https://www.newsweek.com>.

⁶⁸@nayibbukele (Nayib Bukele), “Most governments don’t want USAID funds...” *X*, February 2, 2025, <https://x.com/nayibbukele/status/1886059275174506850>.

67

Written Testimony

of

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President

American Institute for Economic Research

To the Committee on Homeland Security and Governmental Affairs

United States Senate

For a Hearing Titled:

“Eliminating Waste By the Foreign Aid Bureaucracy”

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10:00 a.m.

Senate Dirksen Building, SD-342

Chairman Paul, Ranking Member Peters, and members of the Committee, thank you for inviting me here today to testify about foreign aid. I am honored by the invitation.

Background

In FY2023, the United States spent approximately \$65 billion on foreign aid.¹ The U.S. Agency for International Development (USAID) accounts for nearly two-thirds of that spending with the State Department responsible for most of the rest along with a few billion dollars doled out by the Department of the Treasury and Health and Human Services. National security spending at the Pentagon and the Department of Energy, for comparison, amounts to well over \$850 billion.

Foreign aid has been pushed to the forefront of the national debate by President Trump's inauguration day Executive Order on "Reevaluating and Realigning United States Foreign Aid."² This order paused foreign assistance (with a waiver exception) and initiated program review on the basis that aid institutions and many programs are not supporting American interests. Soon thereafter, the United States DOGE Service (USDS) moved to examine and help eliminate unnecessary or wasteful USAID spending. Most USAID staff were also placed on leave and agency offices closed. On February 3rd, Secretary of State Marco Rubio was appointed acting administrator for USAID and notified Congress of his own review "with an eye towards potential reorganization."³

¹ See <https://www.wsj.com/politics/policy/how-much-the-u-s-spent-on-foreign-aid-and-where-it-went-a8c66088> and <https://crsreports.congress.gov/product/pdf/R/R48150>. The Pew Research Center places the number at about \$72 billion, but counts \$8.2 in military aid within foreign assistance reported at [ForeignAssistance.gov](https://www.pewresearch.org/short-reads/2025/02/06/what-the-data-says-about-us-foreign-aid/).

² <https://www.pewresearch.org/short-reads/2025/02/06/what-the-data-says-about-us-foreign-aid/>
³ <https://www.whitehouse.gov/presidential-actions/2025/01/reevaluating-and-realigning-united-states-foreign-aid/>

³ <https://thehill.com/homenews/administration/5124136-rubio-notifies-congress-of-potential-usaid-reorganization/>

In response, critics have charged that these moves jeopardize humanitarian efforts across the globe and even threaten U.S. national security. Examples of the former are plentiful, from concerns about global programs that save lives from HIV/AIDS to those that help victims of violence against women in Latin America.⁴

Perhaps unexpectedly, Democratic critics have used the national security angle to push back against the Trump administration's reform efforts, with particular emphasis on the claim that they hurt our ability to confront China. For example, *Politico* reported that Representative Dana Titus (D-Nev.) warned “that cutting this foreign aid funding could weaken U.S. soft power around the world and limit the ability of the U.S. to boost democratic movements around the world.”⁵ Representative Raja Krishnamoorthi (D-IL.) argued that shuttering USAID “cedes leadership to our foremost adversary—the Chinese Communist Party” and “severely kneecaps us in the pacing challenge that is China. To compete with China, we need USAID.”⁶ Biden administration USAID official (and former Open Society Foundation senior policy advisor) Francisco Bencosme likewise claimed that “China is already reaching out to partners. They will fill in the void in places like Cambodia and Nepal, and those are just the places we know about.”⁷

These national security arguments, though, are not compelling and do not provide a sound basis to slow down efforts to reform how we administer aid or even to cut back on foreign assistance itself.

⁴ <https://abcnews.go.com/Politics/humanitarians-warn-dire-consequences-us-foreign-aid-ends/story?id=118611697>

⁵ <https://www.politico.com/newsletters/national-security-daily/2025/02/10/as-usaid-retreats-china-pounces-00195922>

⁶ <https://www.newsweek.com/we-need-usaid-compete-china-opinion-2028966>

⁷ <https://www.newsweek.com/trump-usaid-cut-china-foreign-aid-political-influence-2028949>

Cutting Aid is Not Going to Ruin American Foreign Policy (or Why Material Power Matters Most to Winning at Great Power Competition)

One of the reasons that critics are off base with their criticism of aid cuts is that the most important determinants of American security do not include “soft power” resulting from foreign aid (even assuming that our foreign aid programs are effective at producing it). Instead, our relative material power—both our military capabilities and our economic/technological strength—and our geostrategic advantages matter most for our safety and prosperity. The results of great power competition will be decided primarily on these margins. Thus the geopolitical implications of the fight over foreign aid are fairly limited.

In terms of our material power, maintaining a large national defense capability second to none is what allows us to defend our interests and deter attacks on our territory. In particular, our ability to maintain strong air and naval power keep our enemies far from our shore, allow us to project power abroad, and provide for a secure second-strike nuclear capability. Capable land forces contribute to our defense and meet our needs should we have to fight overseas. As we deal with the rise of potential peer competitors, maintaining our edge militarily is far more important to our security than even the best aid programs. Of course, those that track with progressive political causes are going to be even less important or even negative.

Our security is also supported by our fortunate geostrategic position. We are far from our most threatening strategic adversaries, especially China, and the “stopping power of water” makes it difficult for them to project power into our hemisphere across the Atlantic and Pacific oceans.⁸ We have friendly, weak

⁸ John Mearsheimer. *The Tragedy of Great Power Politics*. (Norton: New York, 2001), 114ff.

neighbors in our sphere of influence who can be protected from adversary penetration by a strict faithfulness to the Monroe Doctrine. We also have plentiful natural resources at home and throughout the Americas.

This combination of military power and our geostrategic position allows us to enjoy some detachment from problems in the developing world—and thus further reduce the security relevance (though not necessarily the pure humanitarian rationale) of many foreign aid programs in those areas. In other words, we simply do not have as much at stake in what happens outside the three economic hubs of the world (East Asia, Europe, and the Persian Gulf) and thus should avoid thinking that it is a matter of strategic necessity to be deeply engaged everywhere. Sound geostrategic and even geoeconomic thinking requires prioritization and trade-offs. So we can't be equally concerned about Chinese aid programs in Nepal and what that means for U.S. security and prosperity (very little, actually) and Chinese political penetration of Latin America (a lot, potentially). Even in those three critical regions abroad, we should be cautious about how we engage so as not to injure ourselves through unnecessary or wasteful interventions, including using foreign assistance in a way that backfires or alienates allies and partners.

Our economic strength is also a key cause of our security. Our robust, innovative, and technologically sophisticated economy allows us to build that strong defense capability at a relatively small fraction of our \$30 trillion dollar economy. This is why Admiral Mike Mullen, when he was the chairman of the Joint Chiefs of Staff, argued that our debt is our greatest national security challenge.⁹ Our economy is the golden goose as long as we don't undermine it through wasteful and excessive spending (and the debt and deficits that result), poor tax and monetary policy,

⁹ <https://www.politico.com/story/2012/12/mike-mullen-focuses-on-debt-as-security-threat-084648>

constraining overregulation, or cultural decay. So while foreign aid is a small percentage of the national budget, it should still be scrutinized for waste and effectiveness. And even when it comes to soft power, the private sector of our economy is more likely to produce it abroad than government aid programs. Think McDonald's, Apple, and the NBA rather than government grants to advance DEI in Serbian workplaces.¹⁰ Plus access to our domestic market is a more powerful attractor to other countries than assistance—and states will be wary to risk that should they side with our adversaries. What most states want is more American commercial engagement rather than aid, especially if that aid promotes progressive causes that are unpopular with the target government and/or their people.

So it is hard to make the case that \$65 billion in foreign assistance is all that critical to our security when stacked up against our military and economic power. If it were so important, why is it hardly mentioned in most treatments of grand strategy or competing approaches to U.S. foreign policy? It is not even entirely clear that soft power as a whole has more than a limited impact on the perceptions of other societies and the behavior of other states, especially when our interests collide.

Indeed, there is some evidence that foreign aid can have a negative impact on target societies and even on our soft power. According to research by Efe Tokdemir at The Ohio State University, “US foreign aid may actually feed anti-Americanism: aid indirectly creates winners and losers in the recipient countries, such that politically discontented people may blame the US for the survival of the prevailing regime.”¹¹ Similarly, as highlighted recently by Ian Vasquez of the Cato Institute:

¹⁰ See Glenn Kessler, “The White House’s Wildly Inaccurate Claims About USAID Spending,” *Washington Post* (February 7, 2025).

¹¹ Efe Tokdemir, “Winning Hearts and Minds (!): The Dilemma of Foreign Aid in Anti-Americanism,” *Journal of Peace Research*, 54:6 (2017): 819-832.

A 2007 World Bank study that looked at 108 countries that received aid between 1960 and 1999 concluded that ‘foreign aid has a negative impact’ on political institutions and democratization. Aid windfalls—which often make up a large part of recipient governments’ budgets—weakened checks and balances and other democratic practices as countries became dependent on foreign aid.¹²

Moreover, there are numerous studies that show the ineffectiveness of foreign assistance to even economic development. As Tokdemir notes in his survey of the literature:

Easterly & Pfutze (2008) and Chong, Gradstein & Calderon (2009) show that aid provided to authoritarian, corrupt structures is not very effective in reducing poverty and income inequality. Moreover, foreign aid fails to improve indicators of human development (Boone, 1996), has a negative influence on governance (Busse & Groning, 2009) and does little or nothing to promote the democratization of the recipient country (Knack, 2004). Foreign aid may even exacerbate political repression in recipient countries (Ahmed, 2016; Fielding & Shortland, 2012; Wood 2003). Thus, aid does not necessarily serve the people’s interest in the recipient countries, as it may fail to generate improvements in social, political, and economic conditions. It can be expected, therefore, that aid may fail to function as a soft power tool in generating negative attitudes toward the USA in such contexts.¹³

Aid spending also does not necessarily work to keep states on our side in today’s Great Power Competition. As the *Wall Street Journal* noted, “USAID and the State

¹² <https://www.cato.org/commentary/usaids-failed-because-foreign-aid-doesnt-work>

¹³ Tokdemir.

Department spent tens of millions of dollars in recent years training local militaries and supporting good governance in Niger, Mali, and Burkino Faso—three countries in Africa’s Sahel region where coups ousted elected leaders and the new ruling juntas kicked out U.S. troops to force closer ties with Russia.”¹⁴ U.S. aid didn’t stop these poor African countries from expelling our forces, though it isn’t clear it made much sense for U.S. troops to be there anyway.

Finally, if part of the value of foreign aid is its ability to attract countries to our cause and help them choose our side when it comes to hard decisions, then one thing we need to avoid doing is alienating them because an aid agency is trying to be a wedge for progressive social policy efforts that aren’t necessarily popular abroad with the target governments and their populations (see the case of Hungary) and even contestable here at home. Some of these aid programs are used to meddle in the internal affairs of other countries, not necessarily in ways that promote our most important priorities and often foster resentment.

Vacuum Theory Is Problematic: China Won’t Eat our Lunch

As noted above, critics of aid cuts claim that such a policy will create a vacuum that the Chinese will happily fill, thus eating our lunch abroad in the current Great Power Competition. The problem with this argument is: (1) it isn’t clear that even were adversaries like China to fill vacuums created by cutting aid that this would necessarily hurt us; and (2) it isn’t clear that the Chinese experience with aid will be any better than ours at creating soft power that they can meaningfully exploit to their advantage. Indeed, there is evidence that Chinese aid efforts can backfire.

¹⁴ <https://www.wsj.com/politics/policy/how-much-the-u-s-spent-on-foreign-aid-and-where-it-went-a8c66088>

On the first point, much can be learned from similar discussions around military withdrawals that also apply to aid in developing countries. As security analyst Benjamin H. Friedman has noted, “the places where vacuums are feared tend to be poor regions with little strategic security value to either the United States or its rivals.”¹⁵ Therefore, aid to most of these countries is better thought of as charity than having critical strategic value. Cutting it wouldn’t incur meaningful strategic costs even if a competitor jumped into the breach. There would be little strategic margin for us and likely little for adversaries as well. Moreover, economic assistance from others that brought more natural resources to market isn’t necessarily bad for the U.S. or the rest of the world given the impact on global prices. Not everything our adversaries do in the world is necessarily zero sum (as is the case with global counterpiracy efforts). In fact, we’d benefit in some cases without having to pay the costs. Of course, aid critics aren’t arguing that we shouldn’t support programs that make strategic sense in particular instances and can pass a cost-benefit test. But we should avoid falling prey to the type of thinking that has ensnared us in the past in peripheral areas with little to show for it.

On the second point, we should not be so confident that China’s communist rulers have the secret sauce for making aid programs work for them better than ours have worked for us. As noted above, foreign assistance is rife with problems and failures that seem endemic to government-led economic initiatives. It can create corruption, breed anger, stymie development of robust markets, and fail to deliver the hoped for goods. Why would we think the Chinese can do significantly better, especially given the failures of their own system at home? Indeed, even critics of rethinking our aid acknowledge the problems China’s initiatives face: “USAID is

¹⁵ <https://defense360.csis.org/bad-idea-fearing-power-vacuums/>

our ground game against the expansive Belt and Road Initiative—Beijing’s global infrastructure campaign that often leaves countries in debt with low-quality results.”¹⁶ If that is true, then states will naturally avoid such things, as they might be fooled once or twice but not forever. We’ve already seen this happening. Nadia Clark at the Council on Foreign Relations noted that:

In recent years, there have been an increasing number of reports from BRI partner countries about construction flaws in major infrastructure projects, project cancelations initiated by BRI partner countries due to concerns over corruption and debt, project cancelations initiated by Chinese companies due to financial problems, and projects that have led to nowhere (in some cases, literally—such as a BRI-funded railway that ends in the middle of a field in Kenya).¹⁷

It would behoove us to publicize these Chinese failures with aid rather than aim to mirror Beijing’s approach and make our own mistakes with aid.

Given what has been noted about soft power and the vacuum theory, we should be more honest and think of foreign aid as simply charity that supports humanitarian ends rather than key contributors to our geopolitics or geoeconomics efforts. Of course, even in that case, aid programs should meet some appropriate standard of cost-benefit analysis and be aimed at meeting needs that few would argue with (preventing starvation) rather than contentious political causes domestically (advancing DEI abroad).¹⁸

¹⁶ <https://www.politico.com/f/?id=00000194-cfe9-d1d6-a9dc-ffebf85e0000>

¹⁷ <https://www.cfr.org/blog/rise-and-fall-bri>

¹⁸ Of course, it is perfectly legitimate to question whether or to what extent government should be in the foreign charity business when it is largely disconnected from national security concerns.

Moreover, one does not have to claim that foreign assistance programs never support our strategic ends. In some cases, an argument could be made to continue the programs—something acknowledged by Secretary Rubio by the existence of the waiver process that was used to justify continued funding for a law enforcement program in Guatemala that was tied to stopping fentanyl from reaching the U.S.¹⁹

But this still begs the question of whether our aid, charity or otherwise, is best handled by the current institutional aid architecture or can be best handled (and coordinated with our foreign policy more generally) inside the State Department. Given the potential for USAID and the State Department to pursue different and potentially contradictory goals, it makes sense to bring aid under one roof where it can more easily be used in support of the Secretary's overarching effort to advance our foreign policy.

Critics Claim Too Much about What the Administration Is Doing

Even if we assume that soft power is vitally important and that cutting assistance abroad would hurt our ability to deal effectively with the rise of China, the fact is that the Trump administration isn't proposing cutting all assistance. Secretary Rubio directly stated this in a February 10th interview with Scott Jennings on SiriusXM Patriot: "We're not walking away from foreign aid. We will be involved in foreign aid."²⁰ Instead, the administration is making a more careful distinction between aid that can be reasonably argued to advance American interests and aid that can't pass a basic smell test. Again, as Secretary Rubio noted:

¹⁹ <https://www.state.gov/secretary-of-state-marco-rubio-with-scott-jennings-on-siriusxm-patriot/>

²⁰ <https://www.state.gov/secretary-of-state-marco-rubio-with-scott-jennings-on-siriusxm-patriot/>

The goal is very simple: Go through all of our foreign aid—a lot of it is through USAID, some of it is through State Department; identify the foreign aid that makes sense, the foreign aid that actually supports our country and that supports our national interests, and continue to do that; and then get rid of the ones that are a waste of money, or in some cases or run counter to our foreign—to our national interest and to our interests around the world. And that’s what we’re going through right now.²¹

On the issue of coordination, Secretary Rubio also argued recently about USAID that:

“There are things that it does that are good and there are things that it does that we have strong questions about. It’s about the way it operates as an entity. And they are supposed to take direction from the State Department, policy direction. They do not.”²²

In other words, aid that can be reasonably tied to our national interests and that supports the administration’s policy direction to secure them can be continued. However, aid that fails this test is wasteful at best and counterproductive at worst.

Conclusion

If we are going to change our foreign policy to one that prioritizes American national interests and respects hard working taxpayers, then fixing our foreign assistance program is imperative. Too much spending is disconnected from making us stronger, more secure, and more prosperous—to use Secretary Rubio’s three-part test from his confirmation hearings. Too often it is in the service of

²¹ <https://www.state.gov/secretary-of-state-marco-rubio-with-scott-jennings-on-siriusxm-patriot/>

²² <https://thehill.com/homenews/administration/5124136-rubio-notifies-congress-of-potential-usaid-reorganization/>

questionable social and political goals that many Americans find dubious. Foreign aid is not going to be the margin that wins or loses in today's Great Power Competition. We would be wise to get our own economic and budgetary house in order by looking carefully at programs that are wasteful, inconsistent with the administration's policy preferences, can't deliver for our security or prosperity, or are so indirectly connected to legitimate goals as to be based more on an article of faith than sound analysis. I commend any efforts to scrutinize aid and provide accountability so programs deliver for the American people.





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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:

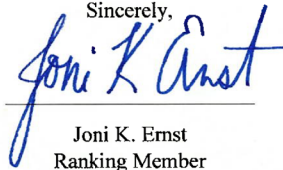
1. A complete list of businesses in Ukraine which have received American taxpayer support via in-kind assistance, cash assistance, technical assistance, or any other USAID program funded in whole or in part by the United States since February 2022, including:
 - a. The name and address of each business;
 - 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>.

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December 6, 2023

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

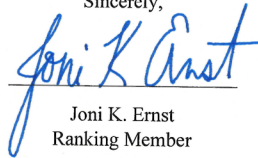
Dear Administrator Power,

On November 1st and November 15th, I contacted the U.S. Agency for International Development (USAID) to request details regarding your agency's taxpayer-funded assistance in support of small businesses in Ukraine. As of today, I have not received the requested information in return. I find it deeply disappointing my repeated requests, on behalf of millions of American small businesses, are unworthy of a substantive reply.

Earlier this week, the White House released a letter indicating that the Department of Defense will run out of resources to procure weapons and equipment for Ukraine by the end of the year.¹ This letter expresses, with urgency, the Biden Administration's request for \$106 billion in new funds for military, humanitarian, and general foreign aid to Ukraine. In light of this request, Americans must know how your agency is spending their hard-earned tax dollars in support of Ukrainian businesses. It is unreasonable to expect Congress to act on a request of this magnitude without a complete understanding of where prior taxpayer-funded assistance has gone.

I urgently request a full response to my letter that you received on November 15th. Clarity on USAID's small business support activities in Ukraine is critical as Congress considers new supplemental appropriations for humanitarian and foreign assistance. Please provide a status update on your response to my information request no later than Wednesday, December 13th.

Sincerely,


Joni K. Ernst
Ranking Member

¹ December 4th Letter from Shalanda Young to Speaker Mike Johnson, Executive Office of the President, Office of Management and Budget, December 4, 2023. https://www.whitehouse.gov/wp-content/uploads/2023/12/Johnson_Ukraine-Funding_12.4.23.pdf



March 8, 2024

The Honorable Jodi Ernst
United States Senate
Washington, DC 20510

Dear Senator Ernst:

Thank you for your letter, dated November 15, 2023, regarding United States Agency for International Development's (USAID) assistance to support small businesses in Ukraine. Ensuring Putin's strategic defeat in Ukraine requires both economic and military strength. The U.S. Government is committed to supporting Ukraine's economic development and growth so that it can meet its own financing needs.

Wartime conditions are especially challenging for businesses in Ukraine. The deep economic and financial crisis caused by Russia's brutal war in Ukraine have had significant negative and long-term consequences for businesses and the financial sector, including a decrease in business activity, income, and production due to population displacement and lower spending capacity. However, businesses can and do continue to operate under these challenging conditions, thereby providing employment and income, creating opportunities for internally displaced persons and returnees, and contributing to much needed tax revenue for the government.

We support Ukrainian businesses because it is essential to Putin's defeat. We do this by providing financial resources, expertise, and opportunities to restart or expand their operations, increase exports through enhanced competitiveness, and contribute to the overall economic recovery of the country. Enclosed please find further information on USAID assistance to Ukraine as requested.

Thank you for your inquiry and the opportunity to respond to your concerns. We appreciate your interest in USAID's work and your efforts to ensure our foreign assistance funding is managed effectively and efficiently. If I can be of further assistance, please do not hesitate to contact me at jherman@usaid.gov.

Sincerely,

A handwritten signature in blue ink that reads "Jodi B. Herman".

Jodi B. Herman
Assistant Administrator
Bureau for Legislative and Public Affairs

Enclosures: a/s

Tab 1

Wartime conditions are especially challenging for businesses in Ukraine. The impact of Russia's full-scale invasion on businesses in Ukraine has resulted in significant damage to the country's private sector. Not only have many businesses been physically damaged, but they also face limited access to finance and key export markets, along with insufficient demand and increased market uncertainty. Economic assistance is as essential to Ukraine's survival as security assistance. Putin understands this, and it is why the Kremlin has made destroying Ukraine's economy central to its strategy – attacking Ukraine's grain exports and energy infrastructure and reducing Ukraine's tax revenues.

Ukrainian firms continue to operate and have shown resilience and adaptability by proactively adjusting their business strategies. This includes efforts such as seeking new customers, utilizing digital tools, and optimizing their supply chains. But these firms still need support, especially for financial assistance, regulatory improvements, and market access.

Due to security and privacy concerns for our partners, we are unable to provide some of the details you requested. However, we can offer information about some specific forms of assistance you referenced such as:

- **Attracting and Facilitating Investment:** USAID supports bolstering investment opportunities for Ukrainian companies. We support trade missions and initiatives that aim at boosting trade between Ukraine, the U.S., and Europe. Investors – including many from the U.S. – continue to seek to expand their businesses in Ukraine. We help Ukraine prioritize key reforms so as to help Ukraine's businesses be more viable partners and help U.S. companies to operate on a level and transparent playing field. This is good for U.S. business and will also enable the significant amounts of foreign investment that will be needed to rebuild the country.
- **Export Potential:** USAID helps Ukrainian companies boost exports by connecting them with new buyers and promoting their products and services to global markets. The Agency support to Ukrainian businesses helps Ukrainian firms generate export sales, attract new investments, and create and retain jobs, while ensuring that the support they receive does not put them in competition with U.S. businesses, in compliance with U.S. law.
- **Access to Finance:** USAID implements consulting programs for Ukrainian companies to receive advice on business planning and how to access capital, loans, and grants. This helps them grow their business and become more competitive, again without creating competition for U.S. businesses.
- **Workforce Development/Employment:** To meet the challenges of qualified personnel shortages in Ukraine, USAID provides training and other educational assistance to help Ukrainians gain relevant skills, access jobs, and/or start businesses.

The stronger the Ukrainian economy, the more resources the Government of Ukraine will have to continue resisting Putin's war, and the less Ukraine will rely on direct budget support from its partners, including the U.S. USAID support to the Government of Ukraine helps reduce its

reliance on foreign assistance through:

- **Diversification of Trade Partnerships:** By facilitating access to international markets, our assistance helps Ukrainian businesses diversify their customer base, and orient it away from Russia and towards the European Union. This diversification reduces reliance on any single market, thereby enhancing economic resilience.
- **Strengthening Economic Independence:** Support from USAID focuses on enhancing the competitiveness of Ukrainian businesses, which helps reduce reliance on imports and fosters the growth of domestic industries, lessening dependence on external sources for goods and services.
- **Building Self-Sustaining Industries:** USAID targets sectors crucial for Ukraine's economic autonomy, such as energy, agriculture, and technology. Investing in these specific sectors helps create self-sustaining economic dynamism that can support the country independently.
- **Promoting Innovation and Technological Advancement:** Our support to Ukrainian businesses is also focused on helping Ukraine's technological development, which boosts competitiveness on the international market but without negatively impacting U.S. businesses.
- **Encouraging Transparency:** We tie our assistance to reforms that seek to improve transparency in business operations, helping to build a resilient economic environment less susceptible to external pressure and bolstering its resilience.

All Small and Medium-sized Enterprise (SME) grant and technical assistance programs follow strict rules established by USAID policy and U.S. Government statute to create fair, transparent, and legal competitive grant procedures. USAID grants to the private sector are designed to target different audiences based on sector, business size, geography, or other criteria. Grants can be issued directly to firms or business organizations, such as chambers of commerce, industry groups, or business service providers.

Currently, all of USAID/Ukraine's SME programs are implemented by American companies or American non-profit organizations. All were selected via competitive processes with solicited proposals. See Table 1 below for the list of entities that implement USAID support to SMEs.

Table 1 - USAID/Ukraine SME Support Activities and Implementers

Activity	Implementer	Total Estimated Cost	Period of Performance
Competitive Economy Program	Chemonics	\$170 million	2018-2025

Investment for Business Resilience	DAI	\$93 million	2022-2027
Credit for Agricultural Producers	World Council of Credit Unions	\$11.9 million	2016-2024
Agriculture Growing Rural Opportunities	Chemonics	\$205 million	2019-2026

Key achievements since Russia's February 2022 full-scale invasion:

- USAID has supported approximately **22,615** SMEs in the agricultural, IT, and manufacturing sectors.
- USAID assistance has resulted in about **133,184** jobs created or retained in those sectors.
- USAID has helped secure approximately **\$142.5** million in additional private investment financing for SMEs.
- USAID workforce development assistance has reached **55,136** individuals, including approximately **25,617** people from targeted vulnerable groups.
- USAID assistance has resulted in approximately **\$212.5** million in investments made by SMEs.

USAID has developed, and is carrying out, robust oversight of all of the assistance activities USAID is undertaking. We have developed an enhanced oversight plan to ensure that our resources are subject to thorough monitoring and accountability. This approach has been developed with a clear-eyed recognition of the challenges of the Ukrainian context and operational environment and incorporates lessons learned from previous USAID work in conflict, disaster, and operationally-constrained development environments.

Defeating Russia's aggression is an existential fight for Ukrainians; it is also in our clear national interest, and that of our European and G7 partners, to prevent an aggressor from once again changing the borders of Europe by force. Putin – with help from Iran and North Korea – is trying to destroy Ukraine's economy to ensure Ukrainians' fight for freedom will fail. Our support is critical to defeating that aim.

JEANNE SHAHEEN, NEW HAMPSHIRE, CHAIR
JONI ERNST, IOWA, RANKING MEMBER

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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.¹ 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.² 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;³ a trade-mission to Bordeaux, France for "young Ukrainian animator talents";⁴ and a designer of "astonishing yet functional interior objects," including a \$12,000 coffee table.⁵

¹ 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.

² "United States Announces Additional \$230 Million Investment in Ukraine's Economy and Reconstruction," U.S. Agency for International Development, July 19, 2023.

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

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

⁵ [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.⁶ 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?⁷
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?

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

⁷ ["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,



Joni K. Ernst
Ranking Member

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

Question: Can you please provide more information on the following questions?

More Detailed Expenditures

1. Under the Competitive Economy Program line item [\$170M], how much of the total estimated cost is allocated for direct cash assistance to SMEs through implementers? How much is allocated for indirect assistance through implementers (training, technical assistance, etc.)? How much is allocated for costs associated with grant administration?

ANSWER: The USAID Competitive Economy Program (CEP) allocates \$0 for direct cash assistance to SMEs through implementers, \$11.3 million for indirect assistance through implementers, and \$2.6 million for costs associated with grant administration. All grants are provided on a cost sharing basis in which the SME must contribute, typically at least 50 percent, towards the equipment or services procured. In some instances, grants are accompanied by technical assistance and training to assure the equipment or services received through the grant are utilized to maximum effect.

- How many grant cycles have been completed, and how many grants have been awarded in total? What is the range and average size of a grant?

ANSWER: To date, CEP has issued four Annual Program Statements and 37 Requests for Applications. CEP has provided 349 grants with a value of \$3,428 - \$934,822 and an average size of \$66,705.

- What industries have previous grant rounds targeted and what industries do future grant rounds plan to target?

ANSWER: For both prior and future grants, a wide variety of industries are supported, including furniture, wood processing, IT, light manufacturing, food processing, and apparel, among others.

2. Under the Investment for Business Resilience line item [\$93M], how much of the total estimated cost is allocated for direct cash assistance to SMEs through implementers? How much is allocated for indirect assistance through implementers (training, technical assistance, etc.)? How much is allocated for costs associated with grant administration?

ANSWER: The USAID Investment for Business Resilience (IBR) activity allocates \$47 million for direct cash assistance to SMEs through implementers, \$4.5 million for

indirect assistance through implementers, and \$14 million for costs associated with grant administration.

- How many grant cycles have been completed, and how many grants have been awarded in total? What is the average size of a grant?

ANSWER: To date, IBR has completed two grant programs for financial institutions providing access to finance to SMEs and issued four grants totaling \$4.3 million, for an average of \$1.075 million per financial institution.

- What industries have previous grant rounds targeted and what industries do future grant rounds plan to target?

ANSWER: IBR provides support to financial institutions providing access to finance to SMEs in a wide range of industries including manufacturing, food processing, and apparel.

New Activities

1. With the additional \$230 million that Administrator Power announced on July 19, 2023 intended “to support Ukraine’s economy and reconstruction,” [through support for Ukrainian businesses](#), does USAID intend for this funding to support existing SME support activities or new SME support activities?

ANSWER: The funding is used to both expand existing SME activities and develop new SME activities.

1. What are the specific activities that the agency intends to support with additional funding and how much is the estimated total cost for each?

ANSWER: The table below is a summary of the utilization of the \$230 million in additional funding:

Activity	Supplemental 4 funds
Competitive Economy Program	\$80 million
Investment for Business Resilience	\$81 million
Transfer to Development Finance Corporation	\$61 million

(DFC) to support SME financing	
Support to Ukrainian Credit Unions	\$8 million

2. How much of the total estimated cost for each activity is allocated for grants/direct cash assistance to SMEs through implementers, and how much is allocated for indirect support through implementers (training, technical assistance, etc.)?

ANSWER: The grant ceiling under IBR is \$47 million, and the grant ceiling under CEP is \$55.7 million. The DFC and Support to Ukrainian Credit Unions activities do not provide grants. Funds not used for grants are dedicated to technical assistance, trainings, grant administration, and general administration.

Export-Focused Activities

1. Please provide more details on export-enhancing activities for businesses in Ukraine funded by USAID, through the Competitive Economy Program and any other export-focused initiatives.

ANSWER: Through grants and technical assistance, CEP is strengthening SMEs' ability to more effectively compete in domestic and export markets. This expansion provides the Ukrainian government with tax revenues that support the war effort, create job opportunities for Ukrainians, including millions of internally displaced people, and decrease the need for direct budget support.

1. Please provide a list of trade missions that USAID supported for Ukrainian businesses (including the destination and number of Ukrainian businesses and personnel participating)

ANSWER: Please see Attachment A. On average, 10 companies travel to each CEP-funded trade mission, and usually one person per company travels.

2. Outside of trade missions, what other export-enhancing activities does USAID support in Ukraine?

ANSWER: Separately from CEP and IBR, USAID supports interventions that upgrade and streamline processes at border crossing points and Black Sea ports to facilitate increased exports.

3. How do you ensure that the support Ukrainian businesses receive does not put them in competition with U.S. businesses?

ANSWER: Legal provisions in annual appropriations (e.g., Sections 7034 and 7025) and USAID's internal policies (e.g., USAID Automated Directives System (ADS) 225) prohibit activities that represent a high risk of incentivizing any enterprise that would move American jobs overseas, otherwise compete with American jobs, or cause substantial injury to American producers of export commodities. USAID conducts analyses of its activities during program design to ensure that they comply with these standards. Implementers are required to comply with these policies, and USAID monitors implementer activities to ensure compliance.

4. Which Ukrainian industries does USAID support through export-enhancing activities? Are there any Ukrainian industries that USAID funds are not permitted to support through export enhancing activities?

ANSWER: USAID supports a wide variety of industries, including furniture, wood processing, IT, light manufacturing, etc. USAID funds cannot be used to promote the export of tobacco or tobacco products or for activities that would violate other relevant legal provisions in annual appropriations (e.g., Sections 7034 and 7025) or USAID's internal policies (e.g., USAID Automated Directives System (ADS) 225).

Oversight

1. Please provide a copy of USAID's "enhanced oversight plan" relevant to assistance for businesses in Ukraine.

ANSWER: USAID's oversight plan consists of multiple overlapping efforts. To enhance USAID's oversight of implementer activities, USAID significantly expanded its staff to commensurate with the significant increase in U.S. government support to Ukraine. These efforts enabled USAID to more closely monitor our implementer activities. Our accelerated staff recruitment effort, including both local and American staff, enabled USAID to double in size in one year to 194 total staff, all located in Ukraine. As a result of this robust upscaling of staffing resources, USAID diligently monitors

implementation activities despite the daily wartime risks imposed on our staff. USAID provides additional oversight of activities through a third-party monitoring contract.

2. Does USAID provide ultimate approval of each SME selected by implementers to participate in USAID-funded programming in Ukraine?

ANSWER: Yes.

1. If so, within its SME assistance activities in Ukraine from February 2022 to present, how many SMEs selected by implementers has USAID rejected for participation and for what reasons?

ANSWER: USAID does not keep a count of the number of rejected applications, but there are cases when USAID deems an application to be out of alignment with the criteria or goals stated in the request for application.

Attachment A

List of CEP-Supported Trade Missions since February 2022
 (every trade mission is conducted on a cost-share basis)

Industry	Locations	Number of companies	Total Sales Generated (USD)
Apparel	Denmark France Italy UAE UK USA	91	\$2,821,538
Craft and Design	Germany Italy Switzerland	31	\$756,099
Creative industries	France Germany Ukraine	38	\$3,397,398
Electrical engineering	UK	1	\$66,329
Export	Japan Netherlands Singapore USA	63	\$2,701,888
Film & Creative	France	13	\$180,000
Food	France Germany Saudi Arabia South Korea UAE UK Ukraine USA	223	\$80,420,259
Furniture	Poland UK USA	124	\$8,656,030

Furniture and home goods	France Germany UK USA	61	\$6,554,107
Heavy manufacturing	Netherlands	6	Not available
Hospitality	Italy Spain	20	\$400,000
IT	Brazil Finland Israel UK USA	106	\$10,209,176
Machinery & Engineering	Denmark Germany Poland	44	\$24,497,700
Manufacturing	Japan	11	\$3,770,000
Pet products	USA	8	\$3,250,183
Tech	Germany Portugal Spain USA	72	\$10,721,690
Total	—	912	\$158,402,397

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COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
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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 Iggoe, *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 Iggoe 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

Church World Service Statement for the Record to the Senate Homeland Security and Governmental Affairs Committee on its [hearing](#), "Eliminating Waste by the Foreign Aid Bureaucracy"

As a 79-year old global humanitarian organization, Church World Service (CWS) represents nine million people of faith across 14 ecumenical organizations and denominations in the United States. CWS is one of ten refugee resettlement agencies that partner with the government in resettling refugees across the country. On behalf of the State Department, CWS also operates the Resettlement Support Center in Nairobi, Kenya, that guides all U.S.-bound refugees from sub-Saharan Africa through the long resettlement process and prepares them for new lives in the U.S. In the February 13 Senate Homeland Security and Governmental Affairs hearing titled "Eliminating Waste by the Foreign Aid Bureaucracy," CWS urges the Committee to recognize the vital importance of humanitarian aid programs – particularly programs designed to support refugees and other forcibly displaced persons around the world and here in the U.S.

As of the date of this hearing, the administration's freeze on foreign aid programming continues. The abrupt halt of these life-saving funds – which range from support for victims of torture to HIV clinics to basic support for refugees *who have already been resettled* across the U.S. – continues to have a devastating impact on vulnerable families in need of protection. Across the country, resettlement agencies have been forced to cut back on core services for refugees in their first months after arrival. As a result of the stop work orders, flights for Afghan Special Immigrant Visa holders – those who are at risk due to their support for the U.S. military – have also been cancelled. While the administration has touted a waiver option for "life-saving humanitarian assistance", to date there has been little clarity or consistency in that process and funding [remains frozen](#) for many key humanitarian accounts.

CWS urges the Committee to call on the State Department and the US Agency for International Development to resume foreign assistance funding while the 90 day review continues. It is not unusual for a new administration to conduct a review of ongoing programs and to work with Congress on setting new priorities. However, halting almost all aid programs and services while such a lengthy and as yet poorly defined review is underway is reckless, arbitrary, and inhumane.

CWS urges the Committee to urge the Trump administration to immediately rescind executive orders halting humanitarian programs, banning refugee resettlement, and harming our asylum-seeking and immigrant neighbors. Refugee resettlement and humanitarian aid programs make America stronger, safer, and more prosperous. Failing to uphold our promises to allies who are at risk overseas due to their support for the U.S. is no way to conduct foreign policy. Nor is stranding tens of thousands of refugees who have completed lengthy security screenings and have communities, families, and sponsors waiting for them in the U.S.

CWS urges the Committee to speak to the impacts of the State Department Stop Work Orders and reimbursement freeze – including on the provision of basic services to refugees who have already resettled across the U.S. Approximately 30,000 refugees and 10,000 SIVs remain in their eligibility period for core welcome services that are being impacted by the stop work orders and funding freeze. For many refugee families around the country, this basic support was suddenly cut off just days before rent was due.

- **Ali** is a refugee from Iraq who resettled in Dallas, Texas in January 2025 and is statutorily entitled to receive core integration services for the first 90 days after he arrived – he has been cut off from that support due to the funding freeze.
- **Gul S.** and his wife were separated from their four minor children outside Kabul airport in the chaos of the Afghan evacuation effort in August 2021. After resettling to Massachusetts under Operation Allies Welcome, they began tirelessly working to reunite with their children, who remained overseas and at risk. The children were finally booked to travel on January 23, 2025, the day after the refugee ban went into effect. Their reunification has now been indefinitely delayed.
- **Pacito** is a refugee from the Democratic Republic of the Congo who was approved for resettlement and scheduled for travel with his wife and baby. They had sold all the family's possessions and given up their home in preparation for beginning their new lives in the US – but their flight was abruptly cancelled by the refugee ban.

Church World Service urges the Committee and all members of Congress to recognize that humanitarian aid and refugee resettlement programs strengthen our country – and to ensure that Congressionally-approved foreign aid and refugee resettlement efforts resume as quickly as possible.

February 13, 2025

Dear Members of Congress,

We, the undersigned 126 national, state, and local organizations representing resettlement agencies, direct service providers, faith-based organizations, and human rights groups, write to urge you to do everything in your power to see the rescission of the “Realigning USRAP” executive order and immediately resume operations of the U.S. Refugee Admissions Program (USRAP). Banning refugees is bad for America and for American values.

Americans support refugees; Congress should, too. The U.S. resettlement program is a bipartisan public-private partnership and vital tool for advancing U.S. foreign policy and diplomatic interests. The program is emblematic of our nation’s values of compassion and welcome – and its sudden suspension, even before the executive order’s effective date, threatens global security and countless lives.

Refugee resettlement is a lifeline for displaced people, and for communities benefiting from their contributions. Welcoming refugees and newcomers makes America safer, stronger, and more prosperous as refugees revitalize their communities and their economic contributions far outweigh government expenditures on initial resettlement and mid- to long-term integration. The U.S. resettlement program helps to stabilize some of our key strategic allies and front-line refugee hosting states in countries and regions that are disproportionately affected by forced displacement. Refugee resettlement often supports the stability of U.S. allies working in partnership with the United States to counter forces that harm U.S. interests and the principles that we hold dear. Continuing to welcome refugees sends a strong message to groups that want to sow havoc and fear that the United States remains a leading force for stability and liberty in the world.

By demonstrating international leadership on refugee resettlement, the United States has been able to procure additional support for refugees around the world. The vast majority of the world’s refugees live in countries that neighbor those that they have fled. These refugee-hosting countries require infrastructure support and international commitments to resettlement in order to keep their doors open. It is in our national best interest, as we seek regional stability in the Middle East and elsewhere, to help these countries both by providing humanitarian aid and resettling some of the refugees they are hosting.

The Trump administration’s sweeping executive orders that target refugees, asylum seekers, and immigrants are already causing undue suffering and chaos in the lives of people the United States has committed to protecting, and are a direct affront to the basic human rights protections that the United States has pledged to uphold.

People who come to the United States through the resettlement program undergo a rigorous process, involving interlocking security and medical screenings that expire and need to be repeated. Even a three-month pause could mean years-long delays in a refugee case, leaving

those we have committed to protect, who have waited in the pipeline, and who remain in imminent danger, waiting in limbo. Once booked for travel, some refugees begin to move, sell belongings, and are deregistered from their country of asylum – a pause leaves them stranded, often in unsafe and unstable conditions.

Among the first flights that were cancelled the morning of January 22 was a group of four Afghan refugee minors, the youngest just seven years old, who were set to reunite with their parents in Massachusetts the following day. Their parents, separated from their children outside of Kabul airport during Operation Allies Welcome, were resettled to the U.S. and have been preparing to see their children for the first time after being separated for almost three and a half years. That reunification – along with thousands of others – has been indefinitely delayed.

Another example, Nur Ahmed is a refugee who resettled in Ohio in 2010 after fleeing civil war in Somalia, has been waiting to reunite with his son, sister, and mother for almost 15 years. But the family was assigned different travel dates – and while his son and sister arrived the week before the ban went into effect, his 70-year-old mother's flight was cancelled unexpectedly the morning the ban went into effect. She is now waiting in limbo, stranded from her children and grandchild.

These harmful executive orders gutting access to asylum, suspending humanitarian and foreign assistance, militarizing our border communities, and threatening the states and localities who welcome newcomers are draconian policies that do not make our communities any safer. Instead, they bypass democratic processes and violate our moral and legal obligations to welcome those fleeing violence, persecution, and desperate circumstances.

We urge all Members of Congress to see that the administration:

1. **Rescinds the executive orders** banning refugees, suspending foreign assistance, and harming asylum seekers and immigrants.
2. **Resumes all foreign aid and humanitarian programs and funding while the 90-day review continues.** The State Department must prioritize the prompt and smooth resumption of refugee processing and admissions as part of the 90-day examination of the U.S. resettlement program – and elevate the importance of the USRAP in advancing U.S. security interests.
3. **Revokes the stop work orders the State Department issued to the ten national resettlement agencies** on January 24, 2025, implicating R&P services to already-arrived refugees - and issue clarifying guidance that the R&P program is excluded from the definition of “foreign development assistance.” Alternatively, as described in section 3(d) of the President's Executive Order on “Reevaluating and Realigning United States Foreign Aid,” issue clarifying guidance that R&P services for all eligible populations fall under the waiver allowing for lifesaving humanitarian assistance. If the freeze continues, **the State Department must also swiftly clarify and expand waivers for humanitarian services to all those in need.**
4. **Until the USRAP resumes full operations, provide for the resettlement of particularly vulnerable refugees or those with urgent needs on a case-by-case basis,** as provided by

the “Realigning USRAP” executive order - and at minimum, issue implementing guidance to seek case-by-case exemptions, with a clear process that permits the Secretary of State and the Secretary of Homeland Security to delegate exemption authority to the working level.

5. **Increase refugee processing and admissions as soon as the suspension ends**, extend the validity periods for refugees whose security or medical checks expire while the USRAP is suspended, and fully restore all forms of humanitarian protection and assistance.

It is imperative that Congress holds the administration accountable to assessing and restoring the U.S. resettlement program in good faith. As the Secretaries of Homeland Security and State examine the merits and strength of the program over the next 90 days, we urge you to ensure that they elevate the importance of the USRAP in advancing U.S. security interests.

Thank you for your swift attention to this important matter.

Sincerely,

#AfghanEvac
 #WelcomeWithDignity Campaign
 Advocates for Basic Legal Equality (ABLE)
 Afghan American Alliance of Georgia
 Afghan Coalition (Fremont, CA)
 Afghan-American Foundation
 Afghans For A Better Tomorrow
 Afghans4Tomorrow
 African Communities Together (ACT)
 Al Otro Lado
 America's Voice
 American Friends Service Committee (AFSC)
 Americans for Immigrant Justice
 Amnesty International USA
 Arizona Justice for Our Neighbors
 Asian American Federation
 Asian Americans Advancing Justice | AAJC
 Asian Americans Advancing Justice Southern California (AJSOCAL)
 Association of Wartime Allies
 Ayuda
 Bay Area Resource for Newcomers
 Borderlands Resource Initiative
 BPSOS
 CAMBA Inc.
 Cameroon Advocacy Network
 Center for Gender & Refugee Studies

Center for Law and Social Policy (CLASP)
 Center for Migration Studies of New York
 Center for Victims of Torture
 Climate Refugees
 Coalición de Derechos Humanos
 Coalition for Humane Immigrant Rights (CHIRLA)
 Communities United for Status & Protection (CUSP)
 Community Sponsorship Hub
 Comunidad Maya Pixan Ixim
 Dorcas International Institute of RI
 ECDC
 Estrella del Paso
 Every Campus A Refuge
 Family Action Network Movement
 Feminist Majority Foundation
 Florence Immigrant & Refugee Rights Project
 Florida Immigrant Coalition
 For All Counseling
 Freedom Network USA
 Friends Committee on National Legislation
 Global Refuge
 Hearts & Homes for Refugees
 HIAS
 Human Rights First
 Immigrant Defenders Law Center (ImmDef)
 Immigrant Legal Advocacy Project
 Immigration Equality
 Immigration Hub
 Institute for Justice and Democracy in Haiti
 International Council for Refugees and Immigrants, Inc.
 International Institute of Los Angeles
 International Institute of New England
 International Institute of New England
 International Refugee Assistance Project
 International Rescue Committee
 JAMAAT - Jews and Muslims and Allis Acting Together
 JB Consulting
 Jewish Activists for Immigration Justice of Western MA
 Journey's End Refugee Services
 Just Neighbors
 Lutheran Social Services of the National Capital Area (LSSNCA)
 Massachusetts Immigrant and Refugee Advocacy Coalition
 Maya Economic Development Corporation
 Mennonite Central Committee U.S.

Miami Valley Immigration Coalition
 Mina's List
 Mobile Pathways
 Mothers and Others: Justice and Mercy for Immigrants
 MPower Change Action Fund
 NAKASEC
 National Asian Pacific American Women's Forum
 National Council of Jewish Women
 National Immigrant Justice Center
 National Immigration Law Center
 National Network for Immigrant and Refugee Rights (NNIRR)
 National Partnership for New Americans
 National Queer Asian Pacific Islander Alliance
 Nebraska Appleseed
 Nebraska State AFL-CIO
 New York Immigration Coalition
 Nilsen Immigration Law
 Oasis Legal Services
 OPAWL - Building AAPI Feminist Leadership
 PAIR - Partnership For The Advancement & Immersion Of Refugees
 Quixote Center
 RAICES
 Rainbow Railroad
 REACT DC
 Refugee Advocacy Lab
 Refugee Congress
 Refugee Council USA
 Refugee Women Rising
 Refugees International
 RefugePoint
 Restoring Dignity
 Rocky Mountain Immigrant Advocacy Network
 Sanctuary New Orleans Abolition Project
 Services, Immigrant Rights and Education Network (SIREN)
 Sikh American Legal Defense and Education Fund (SALDEF)
 Sisters of Mercy of the Americas - Justice Team
 Sojourners
 Southeast Dignity not Detention Coalition
 Swan Counseling Services
 The Advocates for Human Rights
 The Episcopal Church
 The Interfaith Center of New York
 Thrive Mahoning Valley
 Treetops Collective

U.S. Committee for Refugees and Immigrants (USCRI)
UndocuBlack Network
Union for Reform Judaism
UNITED SIKHS
USAHello
VECINA
Volunteer Lawyers for Justice
We Are All America
Welcoming America
Wind of the Spirit Immigrant Resource Center
Women's Refugee Commission
Young Center for Immigrant Children's Rights



Refugee Council USA (RCUSA) Statement to the the Senate Homeland Security and Governmental Affairs Committee on its [hearing](#), "Eliminating Waste by the Foreign Aid Bureaucracy"

As a 25-year old coalition of 42 U.S.-based refugee and humanitarian organizations, supporting and protecting the rights of forcibly displaced people, [RCUSA](#) urges the Committee to recognize the vital importance of humanitarian aid programs – particularly those designed to support refugees and other forcibly displaced persons around the world and in the U.S.

Earlier today, Refugee Council USA joined 125 other local, state, and national organizations in a [letter](#) to Congress urging all Members to affirm our historic commitment to humanitarian protection and hold the Trump administration accountable to fully resume operations of the U.S. resettlement program in good faith. After President Trump indefinitely suspended the U.S. resettlement program, refugees in the United States and abroad, as well as the communities that welcome them, felt the harmful impact almost immediately. The refugee ban, compounded by the suspension in foreign assistance, violates our moral and legal obligations to forcibly displaced people. Indeed, USAID [warned](#) that foreign aid suspension impairs oversight over the administration of those funds – and poses an [acute threat](#) to refugees on the Thailand/Burma border, as well as to people in war-torn, famine-stricken Sudan, where deaths from hunger will begin in 10 to 20 days.

The Committee should urge the White House to rescind the executive orders banning refugees, suspending foreign assistance, and harming asylum seekers and immigrants. Until the USRAP resumes full operations, the Committee to ensure that the administration **provides for the resettlement of particularly vulnerable refugees or those with urgent needs on a case-by-case basis**, as provided by the "Realigning USRAP" executive order - and at minimum, issue implementing guidance to seek case-by-case exemptions, with a clear process that permits the Secretary of State and the Secretary of Homeland Security to delegate exemption authority to the working level. Equally important is a prompt **increase in refugee processing and admissions as soon as the suspension ends**, extension of the validity periods for refugees whose security or medical checks expire while the USRAP is suspended, and full restoration of all forms of humanitarian protection and assistance.

The Committee should also immediately push the State Department to revoke the stop work orders issued to the ten national resettlement agencies on January 24, 2025, implicating reception and placement (R&P) services to already-arrived refugees - and issue clarifying guidance that the R&P program is excluded from the definition of "foreign development assistance." Alternatively, as described in section 3(d) of the President's Executive Order on "Reevaluating and Realigning United States Foreign Aid," issue clarifying guidance that R&P services for all eligible populations fall under the waiver allowing for lifesaving humanitarian assistance. If the freeze continues, **the State Department must also swiftly clarify and expand waivers for humanitarian services to all those in need**. Approximately 30,000 refugees and 10,000 Special Immigrant Visa (SIV) holders remain in their eligibility period for core welcome services that were implicated by the stop work orders and funding freeze. For many all over the country, this basic support was suddenly cut off just days before rent was due.

As of the date of this hearing, the administration's freeze on foreign aid continues. The abrupt halt of these life-saving funds – which range from support for victims of torture to HIV clinics to basic support for refugees *who have already been resettled* across the U.S. – continue to have a devastating impact. Across the country, some resettlement agencies have been forced to cut back on basic services for refugees in their first months after arrival. As a result of the stop work orders, flights for Afghan SIVs – those who are at risk due to their support for the U.S. military – have been cancelled. There has been no clarity on an announced waiver for "life-saving humanitarian assistance" and funding [remains frozen](#) for many key humanitarian accounts.

It is imperative that the Committee pushes the administration to resume all foreign aid and humanitarian programs and funding while the Departments of Homeland Security and State conduct their 90-day review of the USRAP. The State Department must prioritize the prompt and smooth resumption of refugee processing and admissions as part of the 90-day examination of the U.S. resettlement program – and elevate the importance of the USRAP in advancing U.S. security interests. It is not unusual for a new administration to conduct a review of ongoing programs and work with Congress on setting new priorities. However, halting almost all aid programs and services while such a review is underway is reckless and inhumane.

Everyone deserves a safe place to call home. RCUSA urges the Committee to urge the Trump administration to immediately rescind executive orders halting humanitarian programs, banning refugee resettlement, and harming our asylum-seeking and immigrant neighbors. Refugee resettlement and humanitarian aid programs make America stronger, safer, and more prosperous. Failing to uphold our promises to allies who are at risk overseas due to their support for the U.S. mission is no way to conduct foreign policy. Nor is stranding tens of thousands of refugees who have completed lengthy security screenings and have communities, families, and sponsors waiting for them in the U.S. At no other time has our moral responsibility to uphold these principles been greater.

RCUSA is a diverse coalition advocating for just and humane laws and policies, and the promotion of dialogue and communication among government, civil society, and those who need protection and welcome. This statement does not necessarily reflect the views of each individual RCUSA member organization.



World Relief Statement for the Congressional Record

Senate Homeland Security & Governmental Affairs Hearing: “Eliminating Waste by the Foreign Aid Bureaucracy”

February 13, 2025

Chairman Paul, Ranking Member Peters, and Members of the Committee,

We thank the Committee for the opportunity to submit this statement for the record. We share the Committee’s commitment to ensuring that foreign aid programs are effective, accountable, and free from waste.

Foreign assistance should always be subject to thorough oversight, and we commend efforts to strengthen both efficiency and impact. World Relief is a global Christian humanitarian organization that is boldly engaging the world’s greatest crises in partnership with the church.

For over 80 years, World Relief has been dedicated to empowering vulnerable communities around the world. Through funding partnerships with USAID’s Bureau for Humanitarian Assistance (BHA), we have implemented life-saving programs focused on food security, disaster relief, health care, and livelihoods. Our programs have served millions of men, women, and children facing natural disasters, conflict, and chronic poverty—helping them recover, rebuild, and thrive, while building goodwill toward the United States in fragile humanitarian contexts and countering the anti-American propaganda of rival powers. These programs also serve as a deterrent to illegal migration.

We respectfully submit that foreign aid is an indispensable tool that makes America safer, stronger, and more prosperous.

World Relief affirms the Trump administration’s authority and responsibility to review such funds and ensure that they align with American interests, but the sudden nature of these orders has had devastating consequences on the ground.



During his Confirmation hearing, Secretary-elect Rubio [stated that](#), “every dollar we spend, every program we fund, and every policy we pursue must be justified with the answer to three simple questions:

1. Does it make America safer?
2. Does it make America stronger?
3. Does it make America more prosperous?

We believe the answer to three questions is a resounding “yes” in regard to the lifesaving humanitarian assistance we’ve provided to millions of individuals.

Background

On January 20, President Trump signed an Executive Order (EO) entitled "[Reevaluating and Realigning United States Foreign Aid](#)", instituting a “90-day pause in United States foreign development assistance for assessment of programmatic efficiencies and consistency with United States foreign policy.”

On January 24, 2025, Secretary of State Rubio ordered contracting and grant officers to issue stop-work orders for all existing foreign assistance awards. All USAID programs were suspended, **including those with funds already obligated and disbursed**. On January 25, World Relief received a notice from USAID, instructing us to “stop all work”, effective immediately. The “stop order” cite the legal authority of President Trump’s EO temporarily pausing foreign assistance.

Secretary Rubio’s “stop-work” order on January 24 contained an initial waiver for “emergency food assistance.” On January 28, Secretary Rubio [issued](#) a waiver for disbursements under existing “lifesaving humanitarian assistance” programs, defined as “life-saving medicine, medical services, food, shelter, and subsistence assistance, as well as supplies and reasonable administrative costs as necessary.” We are grateful for the announced waivers, however, there are a number of logistical challenges with the waivers.

Global Impacts of the Stop-Work Order

World Relief has four countries where we have USAID (including BHA) partnerships: Sudan, South Sudan, Democratic Republic of Congo, and Haiti.



World Relief has been working in Sudan since 2004. Since the outbreak of war in April 2023, Sudan has endured unspeakable suffering. Approximately [150,000 lives](#) have been tragically lost, and more than 11.5 million people have been forcibly displaced from their homes – almost one-quarter of the country’s population, leading to the United Nations to call Sudan the “world’s largest displacement crisis.”

The abrupt halt of program funding interrupted critical food distribution to thousands of families facing malnutrition. In [another example], the stop-work order forced the closure of mobile health clinics that were providing essential services in conflict-affected areas. Programs like these are lifelines for communities that rely on U.S. support during their most vulnerable moments. When these programs are suddenly halted, the humanitarian needs they address do not pause—they intensify, deepening suffering and instability.

Until the stop-work order, World Relief provided vital assistance to hundreds of thousands of individuals in Darfur, eastern Sudan, South Sudan and Chad, delivering lifesaving provisions including food, water, and healthcare.

World Relief has received a waiver for our work in Sudan, however **we do not currently have access to the reimbursement payment system, even for past work done on the grant before the stop work order.**

In South Sudan, 180,000 mothers and malnourished young children have been cut off from life-saving treatment at home, and we’ve had to stop programs supporting 120 severely malnourished children under the age of five each month. These children aren’t just hungry – they have complex health needs requiring specialized care to keep them alive.

In Haiti, World Relief purchased 3.9 metric tons of bean seeds through prior agreement with USAID that are currently sitting in a warehouse unable to be distributed to farmers due to the pause. If they are not distributed soon, then the seeds will rot, farmers will miss planting season, and families will be at high risk for food insecurity.

The Stop Work Order Does Not Make America Safer

On February 10, the Office of Inspector General (OIG) for USAID [issued an alert](#), identifying risks and challenges to the safeguarding and distribution of USAID’s \$8.2 billion in



obligated humanitarian assistance funds.

OIG noted in their alert, that because of stop-work order, the USAID counter-terrorism vetting unit, responsible for partner vetting - a risk-mitigation tool to “ensure that American taxpayer funds do not benefit terrorists and their supporters” - has been told not to report to work.

Additionally, all USAID-contracted and staff activities conducting third-party monitoring have been suspended. Third-party monitoring is a mechanism USAID utilizes for oversight of humanitarian assistance programs, particularly in dangerous locations where its staff cannot safely travel including in high-risk environments such as Ukraine, Afghanistan, Ethiopia, Haiti, Gaza, Iraq, Lebanon, Somalia, Syria, and Venezuela, impacting another layer of oversight over U.S. taxpayer-provided aid.

Lastly, America’s adversaries like the Chinese Communist Party, Russia, and Iran are eager to fill the vacuum that America’s immediate retreat from foreign assistance creates.

The immediate stop-work order does *not* make America or the rest of the world safer, and is an irresponsible way to steward American’s taxpayer dollars.

Issues with the Waiver Process

While Secretary Rubio has created a waiver process for lifesaving humanitarian assistance, we’ve found it to be inefficient and we are not receiving timely responses from the State Department. The waivers for our most urgent and truly life-saving humanitarian work around the world.

According to OIG, “existing waivers issued by the Department of State account for lifesaving humanitarian assistance programming should allow the flow of what BHA identifies as \$8.2 billion in undisbursed obligations. However, BHA staff reductions, together with a lack of clarity about the scope of the humanitarian assistance waivers and the extent of permissible communications between BHA staff and its implementers, has significantly impacted USAID’s capacity to disburse and safeguard its humanitarian assistance programming.”

The Need for a Targeted Review Process



We urge the administration to adopt a more targeted approach when reviewing foreign assistance programs. A broad, indiscriminate freeze on critical programming is akin to using a sledgehammer where a scalpel is needed. Not all programs face the same risks of mismanagement, inefficiency, or ineffectiveness. Many, including those World Relief implements, are models of transparency and accountability. They undergo regular monitoring, evaluation, and audits to ensure compliance with both U.S. government regulations and international best practices. In its first term, the Trump administration wisely expanded access to USAID funds to faith-based, small- to medium-sized and other non-traditional partners, like World Relief, through its New Partnerships Initiative, and these implementing partners have a strong record of success. [Through an award called SCOPE, World Relief partnered with USAID to increase prenatal care in South Sudan and Haiti, to increase community health worker visits to households in fragile settings like Turkana, Kenya, and to increase the number of infants breastfeeding within one hour in Malawi. This successful program started in 2019 and was cut short of its five-year term under the Biden administration, despite achieving agreed targets.](#)

Recommendations to the Committee and the Administration

To safeguard life-saving humanitarian programs while ensuring oversight and accountability, World Relief respectfully offers the following recommendations:

Targeted Reviews: USAID should conduct reviews on a program-by-program basis rather than imposing sweeping stop-work orders. This approach will allow for nuanced evaluations that distinguish between programs needing reform and those with proven effectiveness.

Streamlined Waiver Process: USAID must improve the stop-work order waiver process to prevent unnecessary harm. Waivers for programs that meet performance and compliance standards should be expedited to ensure uninterrupted delivery of humanitarian aid.

Sustaining Life-Saving Programs: The administration and Congress must prioritize sustaining programs that provide immediate relief to those affected by crises. The value of these programs goes beyond the individuals served; they also promote stability and reduce the conditions that drive migration, conflict, and extremism.



Consultation with Implementing Partners: USAID should engage in regular consultations with implementing partners to understand the on-the-ground realities and implications of program decisions. This partnership will help ensure that reforms are informed by operational insights and data.

Conclusion

World Relief understands and supports the need for accountability in the use of taxpayer funds. However, we urge the administration and Congress to exercise discernment and care when reviewing foreign assistance programs. We cannot allow efforts to improve oversight to come at the expense of those who depend on U.S. humanitarian aid for survival.

Public-private partnerships between the U.S. government and faith-based organizations like World Relief represent a proven and effective model for achieving shared humanitarian and strategic goals.

By working together, the government benefits from the trust and grassroots engagement that faith-based organizations bring, while faith-based organizations gain the necessary resources to serve vulnerable populations more effectively. This collaboration is not only an efficient use of taxpayer dollars but also a reflection of America's deeply held values—demonstrating compassion, promoting human dignity, and advancing the national interest in a world where peace and stability are vital to long-term prosperity.

World Relief urges the Committee and the administration to prioritize both oversight and continuity in foreign aid programs. We stand ready to collaborate on efforts to strengthen accountability while ensuring that America's strategic interests and moral leadership are preserved. Our experience shows that when implemented effectively, foreign aid programs protect lives, promote stability, and advance America's long-term security and prosperity.

We respectfully request that the Committee advocate for reforms that allow critical humanitarian programs to continue uninterrupted, ensuring that America remains a beacon of hope and strength for the world.

Thank you for your attention to this important issue.

Sincerely,



Myal Greene
President / CEO
World Relief



OFFICE OF INSPECTOR GENERAL
U.S. Agency for International Development

**Oversight of USAID-Funded Humanitarian
Assistance Programming Impacted by Staffing
Reductions and Pause on Foreign Assistance
February 10, 2025**

Advisory Notice



Introduction

The United States Agency for International Development [Office of Inspector General](#) (USAID OIG), through its investigations and audits, conducts independent oversight of USAID's programs and personnel. Our [oversight work](#) includes reviews of the Agency's controls over its humanitarian assistance funding. For example, in July 2024, we published a [report](#) identifying shortcomings and vulnerabilities in USAID's oversight mechanisms to prevent diversion of aid to U.S.-designated terrorist organizations in Gaza. Similarly, in late January 2025, we issued a [memorandum](#) highlighting challenges and potential "fixes" to ensure enhanced accountability of foreign assistance funding, including humanitarian assistance programs funded by USAID but implemented by United Nations agencies.

In this alert, we identify risks and challenges to the safeguarding and distribution of USAID's \$8.2 billion in obligated but undisbursed humanitarian assistance funds following (1) the Department of State's pause on foreign assistance programs and (2) subsequent personnel actions by USAID that have substantially reduced the operational capacity of its Bureau of Humanitarian Assistance (BHA).

Background

On January 24, 2025, the Secretary of State ordered a pause in all new obligations of foreign assistance funding pending an 85-day review of United States foreign assistance programs.¹ The Secretary additionally ordered contracting and grant officers to issue stop-work orders for all existing foreign assistance awards.² As such, all USAID programs were suspended, including those with funds already obligated and disbursed.³

The Secretary's January 24 order contained an initial waiver for "emergency food assistance." Four days later, the Secretary issued a waiver for disbursements under existing "lifesaving humanitarian assistance" programs, defined as "life-saving medicine, medical services, food, shelter, and subsistence assistance, as well as supplies and reasonable administrative costs as necessary." USAID guidance on implementation of the pause and subsequent waivers also included a directive for staff to refrain from external communications outside of "communications necessary to implement the pause."⁴ Moreover, Agency officials' plans to place more than 90 percent of the USAID workforce on paid administrative leave effective February 9 were paused for at least a week by a court order issued on February 7.⁵

¹ 25 STATE 6828. The Secretary of State issued this order consistent with the President's [Executive Order](#) on Reevaluating and Realigning United States Foreign Aid.

² 25 STATE 6828.

³ Pre-existing programs falling under a waiver were eligible for payments; however, USAID staff and implementers state that the uncertainty and lack of communication surrounding the scope of the waivers has caused payment delays and decisions by aid organizations to suspend work.

⁴ "Clarification on Implementing the President's Executive Order on Reevaluating and Realigning United States Foreign Aid," FAQs from Acting Administrator Jason Gray, USAID, January 26, 2025.

⁵ "Update on the Path Forward," Office of the Administrator, USAID, February 8, 2025.

This alert is intended to raise risk-related concerns related to USAID-funded humanitarian assistance and is based on information provided by USAID staff, implementers, government officials, and prior OIG oversight work. In producing this alert, we followed Quality Standards as required by the Council of the Inspectors General on Integrity and Efficiency.

Personnel Actions Reduce the Operational Capacity of USAID Staff Responsible for Humanitarian Assistance Programs

USAID employs approximately 10,000 staff, with approximately two-thirds posted at the Agency's more than 60 missions overseas.⁶ BHA is the Agency bureau responsible for providing humanitarian assistance—including food, water, shelter, emergency healthcare, sanitation and hygiene, and critical nutrition services. According to BHA, prior to the personnel actions over the past 2 weeks, the bureau employed approximately 1,089 staff: 741 U.S. Direct Hires and Personal Services Contractors (197 posted overseas with the remaining 544 posted in Washington, DC), and 348 Institutional Support Contractors who, while employed by private contractors, essentially function like regular staff.

On February 4, 2025, USAID notified its entire workforce that they would be placed on paid administrative leave beginning February 8 with limited exceptions. At the same time, BHA staff began reporting sudden loss of access to USAID email and information technology (IT) systems. On February 7, based on disabled user account information, BHA leadership identified approximately 535 Direct Hires and Personal Service Contractors who had been placed on administrative leave but expected the number of sidelined staff to increase to just over 600 later that day. Hundreds of BHA's Institutional Support Contractors were furloughed the week before by their private employer. Collectively, executed and planned personnel actions would remove, temporarily or permanently, approximately 90 percent of BHA's worldwide workforce.

Existing waivers issued by the Department of State account for lifesaving humanitarian assistance programming should allow the flow of what BHA identifies as \$8.2 billion in undisbursed obligations. However, BHA staff reductions, together with a lack of clarity about the scope of the humanitarian assistance waivers and the extent of permissible communications between BHA staff and its implementers, has significantly impacted USAID's capacity to disburse and safeguard its humanitarian assistance programming. Specifically, USAID's existing oversight controls—albeit with previously identified shortcomings⁷—are now largely nonoperational given these recent directives and personnel actions. Moreover, the February 7 court order that paused additional staff reductions⁸ does not obviate, at this time, concerns regarding the capacity of BHA staff to work with implementing partners to protect and distribute humanitarian assistance commodities and conduct vital oversight of taxpayer-funded programs.

⁶ Congressional Research Service, "U.S. Agency for International Development: An Overview," January 6, 2025. USAID FY 2022 Agency Financial Report.

⁷ USAID OIG, "[Assessment of USAID's Oversight Policies to Prevent the Diversion of Assistance to Hamas and Other Terrorist Organizations](#)," July 25, 2024. USAID OIG, "[Memorandum: Challenges to Accountability and Transparency Within USAID-Funded Programs](#)," January 28, 2025.

⁸ *American Foreign Service Association v. Donald Trump*, Civil Action No. 1:25-cv-352 (D.D.C. February 7, 2025) (granting [temporary restraining order](#)).

Disruptions to the Delivery of Humanitarian Aid Place U.S.-Funded Commodities at Risk of Diversion and Spoilage

While initial guidance following the pause in foreign assistance funding provided a waiver for emergency food assistance, shipments of in-kind food assistance have been delayed around the world. USAID-funded implementers face conflicting instructions, and USAID staff express concerns about potentially circumventing the restrictions on external communications by providing clarifying guidance. According to USAID staff, this uncertainty put more than \$489 million of food assistance at ports, in transit, and in warehouses at risk of spoilage, unanticipated storage needs, and diversion. As a routine matter, USAID pre-positions emergency food aid in BHA warehouses around the world, including approximately 29,000 metric tons in Houston, Texas, valued at nearly \$39 million, more than 40,000 metric tons in a warehouse in Djibouti in East Africa valued at \$40 million, and over 10,000 metric tons in a South African warehouse valued at \$10 million. All BHA warehouses have pre-positioned emergency food aid commodities supplied by U.S. manufacturers and American farmers, as required by law.

Moreover, USAID staff identified over 500,000 additional metric tons of food currently at sea or ready to be shipped. The food is sourced from American farmers pursuant to Title II Food for Peace (the longest standing permanent program for international in-kind food aid, administered by USAID) and Commodity Credit Corporation (CCC) funding. Because this funding source was not included under the Secretary's emergency food assistance waiver,⁹ these commodities were held in limbo, subjecting them to spoilage, unanticipated storage needs, and potential diversion.

Recent Directives Have Curtailed USAID's Ability to Vet Humanitarian Assistance Awards for Potential Terrorist Ties and Monitor Aid Deliveries in High-Risk Environments

The pause in funding and reductions in staff, including over 90 percent of BHA's workforce furloughed or placed on administrative leave, has undermined two key oversight mechanisms to ensure accountability over humanitarian assistance funding: partner vetting and third-party monitoring.

Partner Vetting

USAID describes partner vetting as a risk-mitigation tool to "ensure that American taxpayer funds do not benefit terrorists and their supporters." Currently, partner vetting is required for programming in Afghanistan, Iraq, Lebanon, Pakistan, Syria, West Bank/Gaza, and Yemen where designated terrorist organizations such as Hamas, Hezbollah, ISIS, and Ansar Allah (also known as the Houthis) operate. Before the Agency awards a contract, grant, or cooperative agreement in these locations, the proposed awardee must submit to USAID data needed to vet the organization and its key personnel. The same vetting must be undertaken before an aid

⁹ Reports indicate that food assistance under Title II programs has recently resumed. See U.S. Department of Agriculture, "[USDA Global Food Security Programs Continue](#)" (press release), February 7, 2025; Senator Jerry Moran's [post on X](#), February 8, 2025; World Food Programme [post on X](#), February 9, 2025.

organization issues a subaward. While USAID OIG has previously identified gaps in the scope of partner vetting,¹⁰ USAID staff have reported that the counter-terrorism vetting unit supporting humanitarian assistance programming has in recent days been told not to report to work (because staff have been furloughed or placed on administrative leave) and thus cannot conduct **any** partner vetting. This gap leaves USAID susceptible to inadvertently funding entities or salaries of individuals associated with U.S.-designated terrorist organizations.

Third-Party Monitors

Third-party monitoring¹¹ (TPM) is a mechanism USAID utilizes for oversight of humanitarian assistance programs, particularly in dangerous locations where its staff cannot safely travel. Site visits conducted by USAID-contracted TPMs help USAID verify if the delivery of physical goods align with self-reporting by aid organizations. TPM field monitors conduct simple, standardized surveys and interviews with recipients to check if USAID programming was delivered as intended. The January 24 pause on foreign assistance programming suspended all TPM contracts and activities, including in high-risk environments such as Ukraine, Afghanistan, Ethiopia, Haiti, Gaza, Iraq, Lebanon, Somalia, Syria, and Venezuela, impacting another layer of oversight over U.S. taxpayer-provided aid.

Staff Reductions Have Constrained USAID's Ability to Receive and Respond to Allegations of Misconduct Involving Humanitarian Assistance Programming

The Secretary of State granted waivers for emergency food assistance and lifesaving humanitarian assistance. However, uncertainties about the scope of the waivers, the degree of permissible communication between USAID staff and aid organizations, the sudden dismissal of contract staff, and the placement of staff on paid administrative leave has limited BHA's ability to receive and respond to allegations of fraud, waste, abuse, or diversion of humanitarian aid.

As noted in our July 2024 [advisory](#), USAID relies on aid organizations to self-report allegations of misconduct, consistent with their mandatory award obligations. Such mandatory reporting—particularly in nonpermissive environments such as Gaza and Ukraine where USAID's ability to travel to program sites is limited—enables USAID to take remedial measures to modify or in some cases terminate programming experiencing unacceptable losses. For example, in 2023 a USAID-funded nongovernmental organization (NGO) reported to USAID that food intended for families in the al-Hol displaced persons camp in northeast Syria had been diverted by the Asayish (Internal Security Forces of North and East Syria) and al-Hol camp administration to themselves. In response to this disclosure, USAID disallowed the relevant costs submitted by the NGO and undertook additional remedial measures to protect programming in Syria.

Further, USAID OIG has previously [reported](#) that USAID-funded commodities, supplies, and equipment in high-risk environments are susceptible to diversion to terrorist organizations,

¹⁰ In July 2024, USAID OIG issued an [advisory](#) that identified the lack of vetting of UN agencies as a major vulnerability in USAID's partner vetting program.

¹¹ TPM includes the systematic collection of performance monitoring data by a contractor that has not been directly involved in the activity being monitored, either as a prime or subawardee.

such as Hamas. Over the past 2 weeks, staffing shortages and limitations on communications with aid organizations stemming from the cessation of U.S. foreign assistance have limited USAID's ability to receive, react to, and report allegations of diversion, all of which impacts the Agency's mandatory reporting obligations to Congress.¹² Additionally, according to BHA staff, the placement of most of its staff on administrative leave is preventing the bureau from responding to USAID OIG audit requests, reports of investigative findings, and other routine OIG oversight inquiries.

Conclusion

USAID OIG's independent oversight of USAID's humanitarian assistance programs over the years has identified significant [challenges](#) and offered recommendations to improve Agency programming to prevent fraud, waste, and abuse. Our longstanding concerns about existing USAID oversight mechanisms [persist](#). However, recent widespread staffing reductions across the Agency, particularly within BHA, coupled with uncertainty about the scope of foreign assistance waivers and permissible communications with implementers, has degraded USAID's ability to distribute and safeguard taxpayer-funded humanitarian assistance.

For more information on USAID OIG's work or to report allegations of fraud, waste, corruption, and abuse, please visit our website at oig.usaid.gov.

On the cover: USAID pallets with emergency food bars for Syrian refugees. Courtesy World Food Programme, 2013.

¹² Section 7015(j), P.L. 118-47, Further Consolidated Appropriations Act, 2024: "The Secretary of State and USAID Administrator, as applicable, shall promptly inform the appropriate congressional committees of each instance in which funds appropriated by this Act for assistance have been diverted or destroyed, to include the type and amount of assistance, a description of the incident and parties involved, and an explanation of the response of the Department of State or USAID, as appropriate."



Q2IMPACT (formerly known as The QED Group) has been a trusted implementing partner of the United States Government in executing monitoring and evaluation and implementation of foreign assistance programs for 27 years. Our work has supported efforts within the foreign policy arena to enhance program effectiveness, accountability, and strategic alignment with U. S. foreign policy and national security objectives.

At a time when America faces unprecedented challenges from China and other global adversaries, we recognize that every taxpayer dollar must be strategically invested to strengthen our nation's position on the world stage.

The U.S. government's ability to fulfill its commitments, maintain a competitive advantage in critical regions, and deliver strategic insights has been significantly disrupted by recent stop-work orders on foreign assistance-funded programs. These abrupt halts hinder essential monitoring and evaluation (M&E) efforts and undermine strategic oversight, jeopardizing the effectiveness of U.S. foreign assistance in advancing national security interests. Without rigorous evaluation, taxpayer dollars risk being wasted on ineffective programs, and our ability to counter global threats through targeted, results-driven development initiatives is severely diminished.

Moreover, these disruptions create a vacuum that adversaries are eager to fill, ceding critical space to competitors who seek to undermine U.S. influence. The sudden withdrawal from partnerships and commitments with key global allies damages U.S. trustworthiness and credibility, eroding the foundation of long-standing diplomatic and development relationships. As Q2's implementation work demonstrates, sustained engagement through M&E is not just a bureaucratic necessity—it is a strategic imperative to uphold U.S. leadership, protect national interests, and ensure that our foreign assistance efforts remain impactful and aligned with broader geopolitical objectives.

Currently, several of our projects are under stop-work orders, each of which plays a pivotal role in supporting U.S. objectives:

Egypt: Q2IMPACT is instrumental in countering China's growing influence through strategic program evaluations that enhance U.S. power projection in the MENA region. By promoting transparent, accountable development models, we help maintain America's competitive edge and protect U.S. business interests.

Papua New Guinea (PNG): We lead the whole-of-government PNG Peace Project, aimed at stabilizing a key Pacific foothold, mitigating regional threats, and fostering economic opportunities for U.S. companies. Our efforts support companies like ExxonMobil, ensuring their continued operations while countering China's influence and opening new avenues for American private sector growth in the Indo-Pacific.

Turkmenistan: Through our Governance Activity, we strengthen democratic institutions, curb adversarial influence from China, Iran, and Russia, and enhance the local business climate. This creates significant opportunities for U.S. companies, particularly in the oil and gas sector, which is vital to American energy interests. By aligning Turkmenistan's legal and economic frameworks with international best practices, we promote a stable environment for American investments.

Youth Development Initiatives in Jordan and Turkmenistan: Our programs foster long-term stability, reduce the appeal of extremist ideologies, and cultivate a generation aligned with American values and technologies. These efforts not only strengthen our alliances but also protect U.S. national security interests in volatile regions.

The accompanying pages provide an overview of the specific challenges we face due to these disruptions. We would welcome the opportunity to share with you and your staff how Q2IMPACT is advancing strategic priorities for the United States through evidence-based policy solutions that strengthen national security and governance.

**Strengthening America's Leadership: Egypt
Countering China, Enhancing Security, and Advancing Prosperity**

As an implementing partner, Q2IMPACT plays a critical role in advancing U.S. strategic interests by supporting the U.S. Mission in Egypt in countering China's influence, protecting national security, and reinforcing American global leadership. Through robust monitoring, evaluation, and learning (MEL) services, Q2IMPACT ensures U.S. foreign assistance remains effective, accountable, and aligned with national priorities—safeguarding taxpayer investments while driving stability in a key geopolitical region.

Securing U.S. Influence in Egypt and the MENA Region

Egypt is a strategic U.S. ally, yet China continues expanding its regional presence through economic deals and infrastructure investments. By strengthening the USAID Mission's ability to implement high-impact, results-driven programs, Q2IMPACT reinforces U.S. power projection in the region, advances a transparent, accountable, and free-market development model, and counters China's debt-driven approach.

Key Objectives:

- **Ensuring U.S. Impact with Data-Driven Evaluation** – Designing evidence-driven monitoring platforms to ensure U.S. investments counter China and advance our interests.
- **Evaluating Strategic Development Objectives** – Conducting assessments to adapt U.S. tactics, outmaneuver China's plans and interventions, and maintain competitive edge.
- **Advancing America First Program Design** – Ensuring U.S. aid aligns with national priorities, protects U.S. business interests, and prevents China from gaining a foothold.
- **Improving Mission Effectiveness** – Strengthening cross-USAID Mission coordination and management to optimize USG impact and secure long-term influence.
- **Deepening Coordination with U.S. Allies** – Reinforcing security and economic partnerships to push back against China's expanding influence in the region.
- **Promoting a Learning Culture for U.S. Leadership** – Building adaptive approaches within the USAID Mission to ensure America remains Egypt's partner of choice for development and economic collaboration.

Overcoming Data Challenges to Protect U.S. Interests

Egypt's restrictive data environment presents challenges to measuring outcomes. Q2IMPACT will implement alternative data collection, develop effective indicators and innovative research to show how U.S. investments are advancing U.S. interests and support pivoting tactics as necessary. By ensuring U.S. foreign assistance is strategically managed and responsive to evolving threats, this initiative safeguards America's economic interests, strengthens global leadership, and reinforces national security—keeping the U.S. stable, strong, and prosperous on the world stage.

CONTRACT NUMBER: 72026322C00001
IMPLEMENTING PARTNER: QED Group, LLC d.b.a. Q2IMPACT
TERM OF CONTRACT: 2022 - 2027
TOTAL CONTRACT VALUE: \$24,672,054

**Papua New Guinea Peace Project (PNGPP)- A project funded through the Global Fragility Act
A Strategic Imperative for U.S. National Security and Economic Prosperity**

Instability, violence, and economic disparities in Papua New Guinea (PNG) threaten U.S. strategic interests in the Pacific, risking regional security, democratic influence, and access to natural resources. China's growing influence exacerbates these risks.

The Papua New Guinea Peace Project (PNGPP), led by Q2IMPACT, strengthens U.S. influence by stabilizing PNG and countering Chinese influence. By fostering relationships with key stakeholders and creating economic opportunities, PNGPP advances U.S. security and prosperity.

The key areas of the PNGPP include:

Conflict Prevention: Providing employment and anti-violence programs to high-risk populations.
Community Empowerment: Strengthening civil society, boosting citizen participation, and promoting local democratic decision-making.
Economic Growth: Creating stable conditions for U.S. investment and fostering sustainable growth.

Intended Outcomes:

- **Regional Stability:** Strengthened U.S.-PNG partnerships to counter China's influence.
- **Peace & Development:** Increased capacity to provide security, and stability to enable growth.
- **U.S. Business Opportunities:** Thriving extractive industry sectors aligned with U.S. strategic interests and promote U.S. private industry in PNG.
- **U.S. Leadership:** Reinforced presence in the Indo-Pacific ensures American security and prosperity.

The Papua New Guinea Peace Project (PNGPP) plays a vital role in U.S. national security by stabilizing a key Pacific foothold, countering PRC influence, and preventing local conflicts from escalating. It supports USAID's Strategy to Prevent Conflict and Promote Stability while complementing the 2023 Defense Cooperation Agreement to enhance regional security. By fortifying U.S.-PNG partnerships, PNGPP aligns with strategies that support democracy and counter China's growing influence, particularly in PNG's resource-rich regions. Additionally, PNGPP fosters entrepreneurship and opens avenues for U.S. investment, including in PNG's extractive industries like ExxonMobil in Hela and the Wafi-Golpu site in Morobe. Overall, PNGPP enhances U.S. geopolitical influence and economic prosperity by promoting stability, and sustainable growth in a strategically critical region.

CONTRACT NUMBER: 72049224CA00002
IMPLEMENTING PARTNER: QED Group, LLC d.b.a. Q2IMPACT
Award Value: \$25,996,330
Term of Contract: 5 years 2024 – 2029

**Jordan Youth Development Activity (YDA)
Strengthening U.S. National Security by Investing in Jordan's Youth**

Jordan is a key U.S. ally in the Middle East, critical for regional stability and countering China's growing influence. With 63% of Jordan's 11 million people under 30 and a youth unemployment rate over 40%, instability threatens both Jordan and U.S. interests. If young people lack opportunities, it creates openings for extremist groups and foreign adversaries, particularly with the increasing number of Palestinian refugees entering the country. We want Jordan to remain stable and a key ally.

Q2IMPACT is strengthening Jordan's workforce through the Youth Development Activity (YDA) by:

- **Expanding career access** – Creating online job platforms and improving youth centers in all 12 governorates, focusing on rural and low-income areas and fostering an environment of entrepreneurialism.
- **Building youth leadership** – Supporting youth-led organizations (YLOs), private-sector partnerships, and a Catalytic Innovation Fund (CIF) to invest in young entrepreneurs.
- **Improving government systems** – Working with the Government of Jordan (GOJ) and Ministry of Youth to develop stronger policies and services that focus on economic opportunity for Jordan's well-educated youth.

This investment isn't just about Jordan—it's about protecting U.S. national security. A stable Jordan strengthens American influence, blocks China's expansion, and secures vital U.S. economic and military interests in the region. A strong Jordan means a safer, stronger America.

This investment isn't just about Jordan—it's about protecting U.S. national security and supporting key regional ally Israel. A stable Jordan strengthens American influence, supports Israeli security, blocks China's expansion, and secures the region's vital U.S. economic and military interests. A strong Jordan means a safer, stronger America.

CONTRACT NUMBER: 72027823CA00003

IMPLEMENTING PARTNER: QED Group, LLC d.b.a. Q2IMPACT

Award Value: \$24,999,833

Term of Contract: 2023 - 2028

Governance Activity in Turkmenistan (GAT)
Safeguarding Security and Influence through Government Partnerships

The U.S. faces big challenges in Central Asia, where countries like Turkmenistan struggle with unfair governments and weak public services. This can lead to dangerous groups gaining power, threaten important transportation routes, and reduce U.S. influence, especially near Afghanistan.

The Governance Activity in Turkmenistan (GAT), led by Q2 Impact, gives the U.S. a chance to help promote fair government and support local communities. By working with local people and organizations. It helps push back against the influence of countries like China, Iran, and Russia, while building stronger ties between the U.S. and Central Asia.

Solution:

- **Supporting Local Government:** Getting citizens involved in decision-making builds trust in leaders and keeps communities stable.
- **Building Strong Institutions:** Using technology to improve government services helps stop people from moving to cities or joining dangerous groups.
- **Following International Rules:** Using global anti-money laundering and anti-terrorism rules makes Turkmenistan a safer place for American businesses to invest.

Results:

- **Regional Stability:** Stronger local governments reduce the risk of dangerous groups gaining power and protect important transportation routes.
- **Better U.S.-Turkmenistan Relations:** Working together on democracy and stability helps keep adversarial nations from gaining influence.
- **Investment Opportunities:** A better business climate attracts American companies, especially with Turkmenistan's economy expected to grow by 6.3% in 2025.

GAT helps keep Turkmenistan stable by supporting local governments and democratic institutions. This reduces the chance of dangerous groups gaining power, especially near Afghanistan, and helps protect U.S. interests in the region. By promoting good government and fairness, GAT increases U.S. influence in Central Asia. Teaching local youth about American technologies and using U.S. products boosts America's image as a leader in innovation. Improving Turkmenistan's laws based on U.S. models makes it a stronger partner in the region.

CONTRACT NUMBER: 72011524CA00001

IMPLEMENTING PARTNER: QED Group, LLC d.b.a. Q2IMPACT

Award Value: \$6,461,340

Term of Contract: 2024 - 2029

Securing U.S. Influence in Central Asia Through Targeted Youth Engagement and Economic Programs

The Youth Development Activity (YDA) in Turkmenistan plays a pivotal role in strengthening U.S. national security and economic interests in Central Asia by targeting youth engagement and fostering economic resilience. By equipping young people with modern IT skills and entrepreneurial opportunities, the YDA not only curtails the appeal of extremist ideologies but also builds a durable workforce capable of supporting U.S. businesses. This initiative is particularly vital given Turkmenistan's strategic location bordering Afghanistan and its relationships with potential adversaries such as China and Iran. By training youth in American technology and software, YDA cultivates a generation that perceives U.S. products as superior, thus reinforcing American influence in a region susceptible to external pressures.

Key Objectives:

- **Enhancing Youth Employment and Entrepreneurship:** YDA focuses on developing relevant, demand-driven skills among talented youth, particularly from financially disadvantaged backgrounds. The program aims to reduce brain drain and prevent young individuals from succumbing to radicalization, thereby contributing to social stability and national security.
- **Promoting American Technology and Innovation:** By prioritizing training in U.S. software, platforms, and AI tools, YDA ensures that local youth enter the job market with a strong foundation in American technological innovations. This not only fosters loyalty to U.S. products but also establishes a preference for U.S. business practices and ethical standards.
- **Stimulating Economic Growth:** The development of a skilled workforce lays the groundwork for robust private sector growth, creating demand for foreign investments and services, particularly from U.S. companies. As local businesses expand, they will increasingly seek advanced American technologies and practices, paving the way for further bilateral economic cooperation.

Overcoming Challenges to Protect U.S. Interests

The YDA initiative strategically addresses the challenges posed by the influence of China and Iran in Turkmenistan. By providing youth with the tools necessary to thrive in the global economy, the United States mitigates the risk of these countries gaining a foothold through economic dependency. Additionally, YDA's focus on youth entrepreneurship empowers local businesses to innovate and compete, reducing vulnerabilities associated with external economic pressures.

Moreover, the initiative faces and overcomes logistical and socio-economic challenges through robust partnerships with local organizations and U.S. companies, ensuring that program delivery is both effective and sustainable. By fostering a culture of digital transformation and aligning local governance with international best practices, YDA enhances the investment climate in Turkmenistan, thus safeguarding U.S. economic interests while promoting stability and resilience in a strategic region. Through these focused efforts, YDA serves as a cornerstone for advancing U.S. national security, enhancing regional stability, and driving economic prosperity in Turkmenistan and Central Asia.

Key Objectives:

- Increase inclusive youth employment and entrepreneurship through development of relevant, demand-driven skills needed to enter the job market.
- Strengthen education and training systems, including feedback loops, to develop modern skills for youth driven by youth, employers, and educators.

GRANT/COOPERATIVE AGREEMENT NUMBER: 72011521CA00004

IMPLEMENTING PARTNER: QED Group, LLC d.b.a. Q2IMPACT

Award Value: \$3,850,000

Term of Contract: 2021 - 2026

Ensuring that Turkmenistan's Second Language is English

To ensure that our governance and youth development projects are effective, U.S. Department of State requested that Q2IMPACT, a trusted partner of the U.S. government is demonstrating that the United States foreign assistance programs are aligned to National Security priorities, was selected to ensure that the second language of Turkmenistan is English. By doing so, we strengthen our relationship with a key stakeholder in the region and increase our ability to foster economic opportunity in the oil and gas industry.

Key Objectives:

- Increase the English language proficiency of Turkmen government officials and youth aged 12-25, especially youth based in remote areas.
- Build capacity of local English language teachers and create teacher networks to engage in English, identify best practices for more effective programming.
- Increase instructional abilities of teachers from secondary schools, universities, and private teaching centers and USG exchange alumni on TESOL teaching methods.
- Involve USG exchange program alumni in the delivery of nine-month English language courses for 60 residents of Turkmenistan's provinces.
- Create free, easily accessible, and sustainable online resources for teachers and students.
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- Create free, easily accessible, and sustainable online resources for teachers and students.

GRANT/COOPERATIVE AGREEMENT NUMBER: STX10023CA0014

IMPLEMENTING PARTNER: QED Group, LLC d.b.a. Q2IMPACT

Award Value: \$712,102.87

Term of Contract: 2023 - 2025