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How to DOGE US Foreign Aid

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6–8 Minuten

Dear Readers — this is the first in a series of policy pieces I'll be releasing over the next few weeks. This piece about foreign aid was coauthored with my friend Ben Black, who is a private credit investor and foreign policy wonk, too. — Joe

Foreign aid has been a pillar of America's global strategy since the Marshall Plan and Japan's postwar reconstruction—historic successes that created allies with booming economies. Today, foreign aid spending has surged to heights not seen in decades. But key agencies like USAID have veered off course with pet projects replacing strategic interests. Accountability is virtually non-existent. It's time for serious reform.

Under the Biden Administration, USAID's budget exploded, funneling billions to activist NGOs and organizations favored by the progressive wing of the Democratic party. The largest recipients of USAID funding are foreign governments and NGOs—practically guaranteeing minimal oversight and no chance of return on investment.

The First Trump administration took a big step forward in addressing strategic alignment and accountability by creating the United States International Development Finance Corporation (DFC). The DFC's mandate is to align development spending with strategic interests and increase accountability, a truly bipartisan goal. The DFC has authority to invest directly in projects across the capital structure, allowing it to respond to coercive strategies like China's Belt and Road Initiative.

The United States did not become the richest nation in history, and the greatest catalyst for global economic development, through NGOs and nonrecourse gifts from foreign countries. In fact, Alexander Hamilton made a point of honoring foreign debts to promote faith in the United States and enhance further economic engagement. Why would we turn that on its head and prescribe a dependency program for foreign nations? We should stick to our roots and empower entrepreneurs with access to capital and secure property rights, creating pro-market cultures that counter authoritarian influence and reduce dependency on corrupt governments. Investing with an expectation of return creates a culture of accountability. It signals that we seek and respect long-term partners, not charity cases of the moment to patronize. Accountability and an expectation of returns across the capital structure also incentivizes American business to invest alongside the DFC and to develop talent in new markets, increasing the benefits of our government dollars.

The need for reform is great. Instead of funding and securing access to critical resources, building strong market economies, and promoting pathways for private capital to invest, hundreds of millions in taxpayer money goes to initiatives like "Improving Gender Equity in the Mexican Workplace," "Gender Based Violence Risk Reduction and Response Services," "Gender Equality for Climate Change Opportunities," "Supporting the Fight for Tunisian LGBTQI Persons," and "Promoting Respect Equity Together in Belize.

Beyond the absurd mission drift, aid dollars prop up corruption and even terrorism. In recent years, the U.S. has funneled hundreds of millions to the United Nations Relief and Works Agency (UNRWA), only to find its employees and infrastructure implicated in the October 7th terrorist attack on our ally, Israel. In Afghanistan, over $3 billion in aid vanished into unaccounted for cash disbursements. In Yemen, most aid has either been seized by or diverted to Houthi loyalists. Before Assad's fall in Syria, donor funds were routinely siphoned off by the Assad regime, with much of the aid stolen by its cronies.

This lack of focus, accountability, and execution wastes taxpayer money and often undermines strategic U.S. interests. The United States has poured billions in aid into Uganda to modernize its infrastructure and institutions. Yet in 2022, it was China's state oil company that secured a $10 billion deal to extract Uganda's oil resources. Why are American taxpayers funding the groundwork for Chinese economic dominance?

Shifting much of USAID's $44 billion budget and increasing the funding to the DFC and other market-oriented investments should have the added benefit of generating returns that would fund future programs—including grants—reducing reliance on taxpayer dollars. This is not theory. In FY 2023, DFC mobilized $9.28 billion in support of millions of small businesses with minimal administrative cost. With a $60 billion investment cap, it reinvests its returns and fees, creating a sustainable cycle of funding.

Shifting funding is not enough. Even the DFC, with its alignment-oriented mandate, risks losing focus without committed management. The Biden administration's emphasis on virtue-signaling—such as dedicating 40% of its recent commitments to green projects—raises serious concerns. We must continually ask: Are we pursuing a long-term U.S.-centric development strategy or pandering to the interest group-driven issue of the moment? The election results demonstrate that the American people want us to use our resources to advance American interests and promote American primacy.

Another prime example where rigorous analysis and strategic thinking are essential is Greenland, an ally in our own hemisphere that sits on vast mineral reserves critical to breaking China's resource dominance. With a population of 60,000 heavily reliant on Danish subsidies and fish exports, Greenland needs infrastructure and investment to build ports and mines. Backed by DFC financing, American mining, shipping, and resource-dependent businesses could step in, bringing capital and expertise. The result would be a mutually beneficial partnership that strengthens Greenland's ties to the U.S. while expanding our strategic resource base.

Much of our current foreign aid budget is waste and should be cut given our massive deficit. But if we are going to spend money abroad, let's do so with an investment-driven model focused on strategic project finance initiatives, and pro-market SBA-like loans and equity for small business entrepreneurs. Engaging alongside best-in-class American businesses and investors is a better way to make sure U.S. resources serve our national interests and deliver real results, versus ideological NGOs and corrupt government grift. By reducing mission drift and cutting NGO-capture - and making a profit for the American taxpayer - we can align US foreign aid with the rest of our new administration's priorities.


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