

Republicans Have a Replacement in Mind for USAID. By [Haley Byrd Wilt](#), *Politico*, 12 Mar 2025

“This can be a real development tool,” Rep. Young Kim said. Tom Williams/AP

Republican lawmakers are eyeing the International Development Finance Corporation, an agency that lends money for projects around the globe, as the natural successor to the largely dismantled U.S. Agency for International Development.

The two organizations have often focused on similar regions, but they don’t have the same mission. USAID was intended to provide humanitarian relief, offering grants, food and life-saving medicines to people facing starvation, poverty and epidemics. The Development Finance Corporation was created by Congress during President Donald Trump’s first term to boost private sector investment in developing countries — expecting returns on any loans made with taxpayer money later — and to counter China’s Belt and Road Initiative.

While USAID is being fed into the “wood chipper,” as tech billionaire Elon Musk phrased it, Republican supporters of the Development Finance Corporation are attempting to help the agency avoid the same fate.

“We have found how this can be a real development tool,” Rep. Young Kim, a California Republican who chairs a House Foreign Affairs subcommittee on East Asia and the Pacific, told NOTUS this week.

The Development Finance Corporation is now facing an October [deadline](#) for reauthorization. During a hearing about the agency, Kim made the case for it to be extended, with more power than it has now.

“When U.S. foreign assistance is used efficiently, it can have a great impact in advancing U.S. national security and economic interests,” she said. “In fact, it can even make a profit for U.S. taxpayers.”

While Republicans have praised the agency as a way to handle foreign assistance with an “America First” vision, there’s a big problem: Firing much of USAID’s staff could undercut DFC’s work.

“USAID was often DFC’s boots on the ground,” Erin Collinson, director of policy outreach for the nonprofit think tank Center for Global Development, told lawmakers on Tuesday during the hearing. “Recent actions taken to dismantle USAID will make DFC’s job harder,” Collinson said.

Secretary of State Marco Rubio [announced](#) this week that he has decided to terminate more than 80% of USAID’s programs. The move came after the Trump

administration [placed](#) thousands of USAID staff on leave and abruptly ordered many employees to return to the United States from their foreign postings.

Trump's nominee to lead the Development Finance Corporation, [Benjamin Black](#), has made the case that it can largely replace USAID's work. Black co-wrote an [essay](#) published in January arguing that USAID's funding should be redirected to DFC. "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," the essay reads.

Even so, the Development Finance Corporation's style of foreign assistance has sparked suspicion among some Republicans for its connections with USAID's work.

"USAID has come up a lot. And of course USAID's gone through a lot of scrutiny, as it should," Rep. Ryan Zinke said during Tuesday's hearing. "Some of it is spread to you, because you have a relationship with them."

But Republicans are mostly supportive of the agency. They want to expand its authority by doubling the total value of projects it is able to finance. Democrats largely agree that it should be reauthorized, but they stressed on Tuesday that USAID's work was just as important.

"Whether we like it or not, if the United States turns its back on the rest of the world, the rest of the world is not going to throw up its hands and stand still," Rep. Brad Schneider, an Illinois Democrat, said during the hearing. "They'll proceed forward, and China will lead the way."

One point of tension may arise with Republicans' desire to get rid of existing limits for DFC, which require its projects to be in poorer countries. The Development Finance Corporation's work so far [has included](#) funding for energy and infrastructure projects in Africa, Latin America and Asia. Kim said she wants to see it include countries like South Korea, Singapore and Japan.

Kim has [defended](#) humanitarian aid as a tool to boost American influence, even as she has been reluctant to criticize Musk, whose DOGE work loomed over Tuesday's hearing. After Zinke questioned how transparent DFC is, Kim noted that DFC posts details about its projects online.

"He was tasked to do one thing and one thing only: find fraud, waste and see where we can save our American taxpayer dollars so that it would be used effectively and efficiently. And that's what he's doing," Kim told NOTUS of Musk.

“His role is to find those, and make recommendations,” she continued. “And it’s up to Congress, where it’s necessary. We cannot give up our congressional authority and power of the purse. That is up to us.”

Former Rep. Ted Yoho, the Florida Republican who sponsored the legislation creating the agency during Trump’s first term, emphasized that DFC aligns with Trump’s goals.

“The DFC has the ability to develop the basic infrastructure projects needed in developing countries to increase the recipient country’s economic situation by creating jobs, thus helping countries transition from aid to trade,” Yoho told lawmakers during the hearing. “This benefits the U.S. and its taxpayers by providing needed resources like critical minerals, and opens up new markets for U.S. exports.”

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