

Rethinking Foreign Assistance Cuts That Endanger U.S. Interests

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Brief Analysis

Despite President Trump’s transformative goals in the Middle East and the ongoing need for American help in weathering multiple regional crises, the new budget request doubles down on a range of problematic funding cuts.

Last week, Secretary Marco Rubio testified before Congress on the Trump administration’s proposed fiscal year 2027 [State Department budget \(https://www.state.gov/wp-content/uploads/2026/04/FY2027-Department-of-State-Congressional-Budget-Justification-Final-4.20.2026.pdf\)](https://www.state.gov/wp-content/uploads/2026/04/FY2027-Department-of-State-Congressional-Budget-Justification-Final-4.20.2026.pdf), which doubles down on previous foreign assistance cuts and further demonstrates its intended shift to “Trade over Aid.” Humanitarian, governance, stabilization, and development programs in the Middle East and beyond are particularly hard hit. Although major funding streams to Israel, Egypt, and Jordan remain consistent, other proposed cuts would reduce assistance to key portions of the region at a time when the United States and its partners are still dealing with the Iran war, the daunting task of rebuilding Gaza, and continued instability in Libya, Syria, and Yemen, among other challenges. As Deputy Secretary of State Christopher Landau [noted \(https://www.atlanticcouncil.org/commentary/event-](https://www.atlanticcouncil.org/commentary/event-)

[recap/us-deputy-secretary-of-state-christopher-landau-the-old-chapter-on-us-foreign-policy-is-coming-to-a-close/](#)) recently, the administration believes that prioritizing America's own neighborhood in the Western Hemisphere is a "more natural state of affairs," echoing the main theme of the [National Security Strategy](#) (<https://www.whitehouse.gov/wp-content/uploads/2025/12/2025-National-Security-Strategy.pdf>) released last November.

The funding numbers are only part of the story. By moving assistance from the now-defunct U.S. Agency for International Development (USAID) to the State Department, the administration has slashed the personnel and expertise needed to implement foreign assistance initiatives. These proposals raise serious questions about how President Trump aims to achieve the ambitious goals he has laid out for the Middle East, especially in the near term as the region weathers multiple crises.

Doubling Down, Plus a Refocus on Business

Last year, the administration eliminated USAID, cut over \$8 billion from previously appropriated funds through a rescission bill, and mandated that any foreign assistance should make the United States "safer, stronger, and more secure." Although Congress restored many of these cuts in FY 2026 (appropriating \$33.8 billion despite the administration's \$19.2 billion request), the 2027 request once again proposes decreasing foreign assistance by over \$11 billion to \$22.8 billion.

Additionally, the administration's new "Trade over Aid" slogan signals a focus on supporting American commercial access abroad and promoting investment inside the United States instead of spending funds overseas on traditional development goals and NGOs. Toward that end, officials have raised the profile of the U.S. International Development Finance Corporation (DFC) and the Export-Import Bank of the United States (EXIM) to provide risk insurance, loans, and investment tools to U.S. companies operating in strategic regions and sectors.

Specifically, the administration has worked with Congress to beef up funding for the DFC. Its 2025 reauthorization increased the institution's contingent liability from \$60 to \$212 billion, and the administration is now proposing a \$3 billion equity tool that will enable it to take up to 40 percent ownership stakes in strategically important areas. Yet it is unclear to what extent this activity will be devoted to the Middle East, since the stated focus of future DFC investments will be on critical minerals, modern infrastructure, supply chains, and advanced technology.

Meanwhile, EXIM [approved](#) (<https://www.exim.gov/news/major-win-for-american-energy-exim-approves-2b-send-Ing-egypt>) a \$2 billion credit insurance authorization last month to export American liquefied natural gas to Egypt. The decision was an important step toward alleviating the country's energy crisis and demonstrating the bank's potential to operate effectively in the Middle East if it is reauthorized by Congress before the end of the year.

A Mixed Bag on Security

The request maintains traditional military assistance to Israel (\$3.3 billion), Egypt (\$1.3 billion), and Jordan (\$400 million). Additionally, over a billion dollars in economic aid to Jordan, mostly budget support, would go through the America First Opportunity Fund, an account Congress limited last year.

Yet other security programs are being substantially cut. The FY 2027 proposal for Middle East programs run by the State Department's Bureau of International Narcotics and Law Enforcement is only half the 2025 proposal, with the administration focusing on drug interdiction in the Western Hemisphere instead. Moreover, the remaining \$36 million request is spread thin among Jordan, Morocco, Tunisia, the West Bank, and possibly Syria. The administration is also proposing \$240 million for global State Department counterterrorism funding—a sharp decline from the Biden administration's 2025 request of \$330 million, and a surprising move considering its implications for a region where CT funding is traditionally prioritized. In addition, officials have proposed ending all

support for global international peacekeeping operations save for the Multinational Force & Observers in Sinai.

Another puzzling move is the decision to cut assistance to the Lebanese Armed Forces to just \$36 million—despite the administration’s efforts to [broker an Israel-Lebanon agreement](#)

(<https://www.washingtoninstitute.org/policy-analysis/israel-lebanon-talks-round-4-pentagon-takes-seat>) that will put greater responsibility on the LAF to [disarm Hezbollah \(https://www.washingtoninstitute.org/policy-analysis/beyond-disarmament-how-irgc-keeps-hezbollah-power-despite-its-military-losses\)](https://www.washingtoninstitute.org/policy-analysis/beyond-disarmament-how-irgc-keeps-hezbollah-power-despite-its-military-losses). Since 2021, the force has received \$100-200 million annually.

Additional Cuts and Gaps

Last year, Congress agreed with the administration’s cuts to traditional economic assistance (e.g., funding infrastructure that the administration described as “charity”). One exception was the Millennium Challenge Corporation, which supports countries that pledge to undertake reforms and commit their own resources to a specific program. Yet while Trump officials previously preserved the MCC, they are now proposing to both cut its funding and increase its focus on the Western Hemisphere. Excluding the Middle East from this program is no small matter—for instance, Morocco has had two economic compacts with the MCC totaling over \$1 billion; Jordan and Tunisia also benefited from it at a smaller scale.

Development assistance in the Middle East is another key gap. It was totally rescinded in FY 2026, and although Congress revived the State Department’s Democracy Fund and restored support to the National Endowment for Democracy, the administration has zeroed both of them out again in its current request.

Similarly, the budget for international educational and cultural exchange programs, which many Middle Eastern countries have benefited from, will be slashed by two-thirds to \$215 million globally. This includes Fulbright scholarships and the International Visitor Leadership exchange program, which provide long-term U.S. connections with future regional leaders. Other potentially significant funding gaps relate to Syria (where the administration requested \$200 million to restore a diplomatic facility but no funding for stabilization work with the new government) and Yemen (which is not mentioned in the request at all despite last year’s major U.S. bombing campaign and the ongoing Houthi threat).

How Will Trump’s Middle East Ambitions Be Funded?

As noted above, the administration’s proposed cuts align with its general shift toward prioritizing the Western Hemisphere. At the same time, however, President Trump has repeatedly called for transformation in the Middle East, [painting a picture \(https://www.whitehouse.gov/releases/2025/05/in-riyadh-president-trump-charts-the-course-for-a-prosperous-future-in-the-middle-east/\)](https://www.whitehouse.gov/releases/2025/05/in-riyadh-president-trump-charts-the-course-for-a-prosperous-future-in-the-middle-east/) of a more prosperous, successful region that “exports technology, not terrorism.” To achieve these ambitions in places like Syria and Gaza, he has emphasized greater investment, trade, and burden-sharing by other countries as the primary basis for progress. Yet given the region’s current turmoil, most of the private sector will likely be reluctant to make the large-scale investments needed there. Likewise, the Gulf states can no longer be counted on to bridge this gap given the direct financial consequences they have suffered from the Iran war.

In this environment, U.S. foreign assistance can play an important role in stabilizing countries hit hard by the turmoil and alleviating terrible humanitarian conditions—two key preconditions before any broader improvements can take hold. In Syria, for example, the United States and its partners long provided significant funding to communities newly freed from the Islamic State. Although IS no longer controls territory there, many of these communities are still in dire straits—a situation that heightens both the humanitarian risks and the threat of resurgence by global terrorist elements, who are still active and were likely strengthened by this year’s [escapes from detention sites \(https://www.washingtoninstitute.org/policy-analysis/collapse-indefinite-detention-northeast-](https://www.washingtoninstitute.org/policy-analysis/collapse-indefinite-detention-northeast)

syria-implications-seven-years-later-syria) in the northeast. Yet the funding has largely dried up.

The new budget request also takes an ax to America's uniquely deep experience in training and equipping foreign militaries and security forces. In addition to reducing the State Department's counterterrorism funding, the administration is slashing U.S. military resources for helping partners counter the IS threat, which have dropped from almost \$530 million in the Biden administration's FY 2025 request to about \$300 million today (though these funds come from the Pentagon, not the State Department).

Finally, technical concerns have arisen from the decision to house all foreign assistance at the State Department, which lacks the institutional expertise for many of these functions. By dismantling USAID and firing most of its personnel, the administration has eliminated officials with the deep technical and field experience needed to develop, implement, and oversee programs at Middle East embassies and in Washington. Further, losing field personnel will cost the United States access to a different swath of the population than political or economic officers can typically reach.

Conclusion

The vocal frustration with some of the strategic results of past U.S. foreign assistance to the Middle East is understandable. Lots of money was spent on projects that had little direct benefit to strategic partnerships in the region, and often without regard for how the population viewed the United States. Some skepticism is therefore warranted.

Yet in the current period of enormous transition and uncertainty in the Middle East, foreign assistance remains an important tool of U.S. influence, and any further reductions should be carefully weighed against America's longer-term strategic interest in the region's stability and security. To increase Washington's impact during this transition period, officials should take the following steps:

- Congress should restore stabilization, humanitarian, and counterterrorism funding for the Middle East.
- The Trump administration should implement its strategy to support the U.S. private sector by fully empowering the DFC and EXIM, including in the Middle East.
- Congress should reauthorize EXIM before its authorities expire at the end of this year.
- Although most Middle East countries may not meet the criteria for full MCC compacts, the administration should explore whether any threshold arrangements could be undertaken.
- The administration and Congress should significantly bolster, not cut, funding for scholarships and international exchange. This would be a relatively low-cost but important way to increase confidence that President Trump's "America First" policy does not exclude people-to-people engagement in the Middle East.

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