From USAID to U.S. Aid:

Do the capital letters make a difference?

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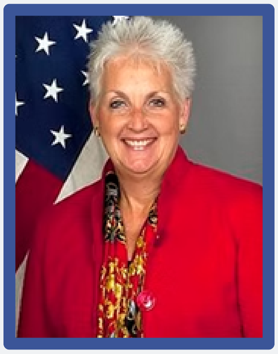
Introduction

Foreign aid has long been a key feature of U.S. diplomacy. Between 1946 and 2023, the United States invested an average of $51.4 billion in foreign aid each year. Over time, the destination of these U.S. investments shifted to align with current events (Council on Foreign Relations, 2023). Following the Marshall Plan of the 1940s and 50s, President John F. Kennedy signed the Foreign Assistance Act of 1961 into law, establishing the United States Agency for International Development (USAID or AID) (Office of the Historian, n.d.). USAID managed relationships with nonprofit organizations, for-profit contractors, universities, international organizations, and foreign governments to address country- and region-specific development goals across more than 60 regional and country missions (McCabe, 2025).

Today, USAID looks drastically different. On January 20, 2025, under Executive Order 14169, titled "Reevaluating and Realigning United States Foreign Aid," the Trump administration canceled 83% of USAID-managed foreign aid programs, transferring the remainder to the Department of State (McCabe, 2025). Despite the programmatic shrinking, the policy of providing aid remains an integral part of American diplomacy. The history of U.S. foreign aid and USAID outlines key policies and responses in principal areas of health, humanitarian assistance, democracy and governance, youth development, economic development, and crisis prevention. Conversations with Ambassador (ret.) Deborah Malac, Chris Milligan, Ambassador (ret.) Liliana Ayalde, Susan Reichle, Ambassador (ret.) Daniel Rosenblum, and Ambassador (ret.) Tibor Nagy inform this complicated discussion.

Health

The U.S. assistance apparatus responded to countless health crises, from elevated rates of maternal mortality to outbreaks of infectious disease. Ambassador Deborah Malac discussed how she engaged in one such response during her time as ambassador to Liberia from 2012 to 2015, managing the 2014 Ebola outbreak. Describing the crisis response, she highlighted USAID as part of a complex network of U.S. government involvement, local non-profits, and the Liberian government itself.



Setting the scene of the outbreak, Amb. Malac noted, “This was a brand new disease in West Africa: it had not been seen before, and there were no systems or mechanisms in place…[In fact,] we had no natural capacity within the government of Liberia’s health system, or the government itself, or within the U.S. government.” The lack of response infrastructure was particularly complicated given that the 2014 strain of Ebola had no known vaccine at the outbreak and required specialized care and treatment to prevent spread.

As a result, actors on the ground were forced to adapt quickly, and “The U.S. government, the government of Liberia, and WHO (World Health Organization) were the first three that came together to help mobilize what did exist in the country to address these initial outbreaks.” This effort then grew to include NGOs such as Doctors Without Borders, which expanded operations to Liberia, and businesses such as Firestone Natural Rubber Company, which established a treatment center in its campus health clinic. The CDC, meanwhile, sent a few senior officials from the region to consult on best practices for an effective response. This multifaceted approach was critical to managing the initial stages of the outbreak.

As the crisis grew, it demanded more attention from Washington, which sent larger teams of CDC experts to monitor, manage, and suppress the outbreak. USAID simultaneously began to prioritize contact tracing and testing. A USAID Disaster Assistance Response Team (DART) delivered logistical support alongside ongoing health assistance. Their arrival marked the first time a DART team was used in a health crisis rather than a natural disaster and enabled collaboration with the Liberian government to establish an emergency management operation center, standardizing contact tracing, data collection, and lab testing. The team's flexible funding also facilitated dynamic initiatives, including a USAID sanitation program that took over work on safe and dignified burial teams.

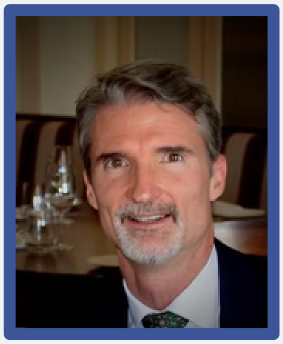
One year later, in May 2015, Liberia was declared Ebola-free. Direct outcomes of U.S. engagement in the Ebola outbreak included a new CDC office, planning to create a public health institute in Liberia, epidemiology training programs, increased national lab capacity, and a new National Emergency Response center in Liberia. According to Malac, these programs were possible because "we helped to build that capacity in Liberia, and they have taken ownership of it."

The closure of USAID undermines critical funding, networks, and trust that made this success in Liberia possible. U.S. information sharing built long-term, collaborative, and sustainable response capacity, without which the U.S. is one step behind in protecting its own citizens. As Malac put it:

"Our national security demands that we have relationships, that we have communication with other countries, and that we find ways to work cooperatively, whether it's disease or other problems, because no one country, even the United States, can solve them on its own."

Humanitarian Assistance

Chris Milligan's work as the U.S. Response Coordinator with USAID following the 2010 earthquake in Haiti exemplified USAID's mandate to respond to natural disasters and humanitarian crises. Milligan emphasized the uniquely devastating nature of the disaster given its unprecedented scale and concentrated effect on the dense urban population of the nation's



capital, Port-au-Prince. The Haiti earthquake was one of the worst disasters in the Western Hemisphere, resulting in a U.S. emergency response valued at $1 billion.

Milligan described a three-pronged initial response in the weeks following the quake. First, the U.S. military, with 20,000 troops, opened the airport and seaport, provided soldiers to guard food distribution, and maintained law and order. Second, a USAID DART team worked on search and rescue efforts, medical care, and resource distribution. Finally, extensive Internally Displaced Persons (IDP) camps were created in Port-au-Prince for Haitians seeking food in what would become one of the largest food distributions in history.

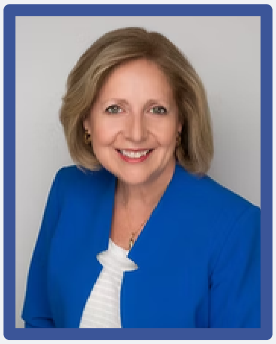
Despite this early and effective progress, the country needed clearer goals and mechanisms to stabilize itself. To meet this need, Milligan organized a team of experts to coordinate specific aspects of the in-country response. Their work was then facilitated by funding from Washington, allocated for specific needs as determined by experts on the ground, particularly the USAID DART team.

Once communication, benchmarks, and funding were established, the IDP camps required further attention. While the camps were critical in the initial emergency response, the extensive food distribution they enabled incentivized many Haitians to remain in the camps, even if they had housing options elsewhere in the country. In an urban setting, these camps quickly became unsustainable, and Milligan emphasized the need to shift efforts towards longer-term solutions that could be managed locally.

After all, humanitarian assistance is inherently short-term, responding to crises that require fast and effective action to save lives. It is ultimately institutional and social changes that will bring about long-term development.

Democracy and Governance

Ambassador Liliana Ayalde's time with USAID in Colombia, working on Plan Colombia, sheds light on yet another aspect of U.S. assistance: democracy and governance. From 2000 to 2015, Plan Colombia was an integrated strategy to support the peace process between the Colombian government and insurgency groups within the country. The plan's objectives included support for human rights and judicial reform, expanded counter-narcotics operations, alternative economic development, and security assistance (Department of State, The Office of Electronic Information, 2001).



Amb. Ayalde's experience began in 2005 as USAID Mission Director in Colombia, navigating the broad political mandate of Plan Colombia. She highlighted the importance of both national and local efforts to promote the Plan's objectives. Recognizing diverse local needs was key to implementing sustainable programs that would encourage long-term peace and democracy. USAID experts who knew how to interact with local communities and adapt broad plans to fit local needs were uniquely positioned to meet this need.

In one success story, a former illicit coca farmer, Miguel Daza, transitioned to legal cacao production. USAID facilitated his work through technical assistance on accessing credit, arranging logistical needs, and implementing best agricultural practices. The group he led, the Association of Cacao Producers of South Bolivar in Colombia (APROCASUR), still thrives, producing cacao sold globally, including in the US. By supporting a dynamic local leader, USAID contributed meaningfully to local social and economic stabilization.

According to Ayalde, this case underscores the overlap between promoting security objectives and democratic institutions:

"You can't have security without governance, and you can't have governance without security."

Ultimately, it is this dynamic between security and democracy that shapes Plan Colombia's importance for both Colombia and the United States. The fight against drugs and transnational crime groups in a country strategically located and rich in resources is a natural means of protecting U.S. economic and security interests in the region. With the destruction of USAID, America's capacity to implement similar programs in the future is uncertain.

Education and Youth Development

As the youth bulge in developing countries continues to grow, youth development represents another increasingly critical category for U.S. foreign assistance. During her time in government service, Susan Reichle developed USAID's first Youth in Development Policy, which has since become another important tool for the U.S. to promote its national interests.

The policy, first developed in 2012 and updated in 2022, describes the challenges facing youth in developing countries and outlines USAID's mission to foster youth's access to social and economic opportunities and to promote participation in positive local development.

Reichle particularly highlighted the policy's focus on skill development of youth as well as the expansion of age range: "if we don't focus on the secondary education years as well as really those early years of employment, with one of the largest youth bulges in the world right now, [...] then it is a danger to our national security." Without these investments from the U.S. and the global community, youth in unstable situations may miss crucial opportunities for positive development.

Today, those investments are at risk following USAID's closure, which, according to Reichle, has both security and economic implications:

"Some of our largest trading partners in the world are countries that we invested in early on, which were very fragile economies [...] We don't only want strong partners from a national security perspective, but we want strong trading economies, and [youth development] is really one way that we're able to do it."

Economic Development

Economic assistance plays an important role in U.S. foreign policy, particularly in developing countries. Ambassador Daniel Rosenblum served as Coordinator of U.S. Assistance to Europe, Eurasia, and Central Asia from 2008 to 2014, and later as ambassador to Uzbekistan from 2019 to 2022 and Kazakhstan from 2022 to 2025. He contextualized economic assistance in Central Asia, emphasizing its importance within the region's broader historical, political, and social context.

In the 1990s, the former Soviet republics of Central Asia faced the economic upheaval that followed the Soviet Union's collapse and the end of socialist central planning. Later, ethnic and political violence across the region continued to hinder steady development. As a result, U.S.

engagement, which included a wide range of government agencies such as the State Department, Commerce Department, Treasury Department, Department of Agriculture, and USAID, focused on key pillars of economic sovereignty and stability.

Describing the nature of economic aid in the region, Amb. Rosenblum emphasized that it varied from country to country, and "was provided in the form of technical assistance, or training, or exchanges [with] very little budget support." In Turkmenistan, a country more resistant to foreign assistance, a project on international accounting standards was a small opening for involvement. In Kyrgyzstan, the government was far more open to broad assistance on economic reforms. Small and medium enterprises (SMEs), most notably in Kyrgyzstan, were also provided technical assistance and loans through SME guarantees "based on the premise that a healthy market economy can only operate if it's got a healthy small business sector."

Alongside this technical support, Rosenblum noted that work at the intersection of political, social, and economic needs was critical. The link between improved living conditions and new market reforms was vital to ensure continued support for the policies. Rosenblum noted, "We knew that we could empower entrepreneurs to start businesses and create jobs, but if people all over Kyrgyzstan didn't have access to basic medical care or good local clinics, it would really affect their quality of life and their attitude towards the reforms."

Education also played an important role in connecting economic success and upward social mobility. USAID helped fund Junior Achievement, a non-profit promoting financial literacy among youth in Turkmenistan, and, alongside the State Department, supported the American University of Central Asia in Bishkek, Kyrgyzstan. The creation of standardized college admission testing, enabled by U.S. support, contributed to internationally recognized benchmarks for higher education admissions.

Rosenblum suggests the value of this assistance is:

"AID did what the private sector is not going to do, and more trade is not going to do, which is deal with the institutional reforms and the government reforms that are necessary to make [economic reforms] succeed."

Paired with SME support and broader social programs, USAID's work on institutional reforms not only worked towards greater stability and sovereignty, but also fostered a strong investment climate for global and American investors in the region.

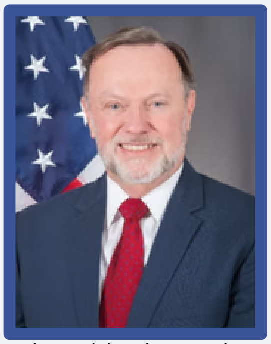
Today, Central Asia's economic conditions have shifted, and the results of economic reform and liberalization are varied. However, Central Asian governments did achieve a level of self-sufficiency and can now independently hire the best international expertise to advise on economic development. According to Rosenblum, "AID played a role in helping them figure that out and create the right framework for investment." The case of Central Asia illustrates the role of foreign aid as a "sweetener" in realizing other major U.S. objectives in the region and around the world. However, as Amb. Rosenblum points out, there must be a balance between tailoring international assistance to fit U.S. national interests while keeping in mind long-term goals for institutional stability.

Crisis Prevention

Crisis prevention rounds out U.S. assistance to promote sustainable development. Ambassador Tibor Nagy served in Ethiopia twice, first in the 1980s during one of the country's worst famines, and later as Ambassador from

1999 to 2002 when another famine was narrowly avoided.

In the 80s, the Ethiopian government concealed the extent of the crisis until millions had already died. While U.S. assistance responded quickly once news broke, and USAID personnel were allowed into the country alongside food aid, Ambassador Nagy said, "when you see air drops, you know it's already too late."



Ambassador Nagy described the looming famine during his second tour in Ethiopia, saying, "the extent of it became known when our then-AID director went with some other people from the embassy on a plane to survey the situation and came back saying, this is going to be really, really bad." This discovery, however, came at the height of the conflict between Ethiopia and Eritrea that left U.S.-Ethiopia relations under heavy strain. Nevertheless, the government diverted trucks from the war effort, allowing food aid in. A USAID DART team took over these efforts. As a result of this rapid response, conditions in Ethiopia never reached the status of famine; instead, they were limited to a food emergency and ultimately to a famine averted.

The drastic difference between the outcome of the Ethiopian famine in the 80s and the later food emergency could be attributed to USAID's creation of the Famine Early Warning System (FEWS) at the U.S. Embassy in Nairobi. In a country that relied heavily on rain-fed agriculture, this program was critical to tracking and predicting weather patterns across East Africa.

USAID also supported programs to build farmer cooperatives and provide scientific consultations. A key example of this support could be seen in the Ethiopian honey industry. While transporting the honey to markets proved logistically difficult, U.S. assistance informed farmers on methods for turning the product into Tej, Ethiopian honey wine.

Agricultural education programs, meanwhile, taught management practices and quality control to local farmers, in cooperation with the government and Ethiopia's own universities. These universities, inspired by the U.S. land-grant university system, grew substantially across Ambassador Nagy's time there. According to him, "it's a lot better doing it that way than to have a foreign NGO or agency come in and tell the farmers the obvious things." As a result, he suggested that "the most important function of USAID was always the emergency assistance."

Conclusion

The mandate of USAID was complex and multidimensional, tackling global challenges without clear solutions. While the Agency was not without its faults, the case studies outlined above highlight the real impact of USAID's work not only on individuals around the globe, but on Americans at home and abroad. Keeping Americans healthy, stopping transnational crime at its source, promoting a healthy global investment environment, and maintaining the United States' global standing are all critical U.S. national interests. With the loss of USAID, these interests are now at risk, particularly as other states vie for influence in the global balancing act of major powers. As Chris Milligan put it, "we're undermining our own influence in the world, and our foreign policy, and our own security, and our own economy."

Easy to forget, however, amidst the big-picture consequences for American interests, are the real-world implications for people around the world, American and otherwise. As a country that holds fast to the maxim that "All men are created equal," national borders seem an arbitrary condition on which to negate this truth. As the country faces a future of U.S. aid without USAID, the question is no longer if the capital letters make a difference, but whether Americans can live without the difference they make.

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