
The End of Foreign Aid As We Know It

Trump budget would gut development assistance and fold USAID into State.

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President Donald Trump's vow to put "America first" includes a plan to drastically cut assistance to developing countries and merge the State Department with USAID, according to an internal budget document and sources.

The administration's March budget proposal vowed to slash aid to developing countries by over one-third, but contained few details. According to a detailed 15-page State Department budget document obtained by **Foreign Policy**, the overhaul also includes rechanneling funding from development assistance into a program that is tied closely to national security objectives.

The document details how the Trump administration's plans to reduce direct foreign assistance would take place in fiscal year 2018.

Acting USAID Administrator Wade Warren told employees at a recent staff meeting that administration officials are considering folding the agency into the State Department as part of a review mandated by President Trump's March 13 **executive order** on streamlining the executive branch, according to a source within USAID. The order instructs the head of each agency to submit a plan to the Office of Management and Budget director, Mick Mulvaney, "to reorganize the agency, if appropriate, in order to improve the efficiency, effectiveness, and accountability of that agency."

While the order appears to give USAID's administrator some discretion in the reorganization plan, the White House's 2018 **budget proposal** points to a preference for consolidating the two entities, stating "the need for State and USAID to pursue greater efficiencies through reorganization and consolidation in order to enable effective diplomacy and development."

Such a move would not be unprecedented. In 1999, the U.S. Information Agency, which funded information and cultural programs abroad, was closed down and many of its programs folded in the State Department. But shutting down, or even just scaling back, an agency dedicated to issues like disease prevention and food security could prove far more polarizing.

“That will end the technical expertise of USAID, and in my view, it will be an unmitigated disaster for the longer term,” said Andrew Natsios, the former USAID Administrator under President George W. Bush. “I predict we will pay the price. We will pay the price for the poorly thought out and ill-considered organization changes that we’re making, and cuts in spending as well.”

Given the steep bipartisan opposition to slashing foreign assistance, Congress likely will not consent to the entire proposed reduction. Republican Sen. Lindsey Graham went as far as to declare Trump’s budget “dead on arrival.”

Nonetheless, aid experts still expect the final budget passed by Congress to lower spending levels on assistance.

The State Department and USAID declined to comment on potentially merging the two entities, and noted that the White House will release a more detailed budget later this spring. Nonetheless, a USAID spokesperson said “we intend to make the best use of U.S. taxpayer dollars by eliminating programs and prioritizing resources that most advance America’s interests.”

Senior USAID officials have told staff that the agency is attempting to cope with the steep cuts by prioritizing its field offices abroad over its offices in Washington. Nonetheless, the agency still anticipates that the budget proposal will necessitate eliminating 30 to 35 of its field missions while cutting its regional bureaus by roughly 65 percent. USAID currently operates in about 100 countries.

“What you’re basically doing is eviscerating the most important tool of American influence in the developing world, which is our development program,” said Natsios. “I don’t think they understand what the role of USAID is, what USAID’s mission directors are. USAID’s mission directors are among the most influential foreigners in the country.”

In addition to closing missions, global health funding is also targeted, with 41 countries facing cuts. While the Trump budget has committed to maintaining funding for the President's Emergency Plan for AIDS Relief, the U.S. initiative that combats HIV/AIDS internationally, the State Department's budget indicates that health programs abroad are set to take an approximately 25 percent hit in funding.

"I've seen firsthand how U.S. development money saves millions of lives" said Tom Kenyon, the CEO of Project Hope, a global health nonprofit. "There's just no question people would die from this."

The administration's cut to global health funding could also put Americans at risk in the event of a major epidemic.

"We're going to see a lot of deaths that will be easily preventable actually come to fruition," warned John Norris, a former USAID employee who now serves as the executive director for the Sustainable Security and Peacebuilding Initiative at the Center for American Progress. "We're going to see our own country much more vulnerable to the spread of infectious diseases as we saw with the Ebola crisis. Things that start abroad can quickly erupt here."

Likewise, the Bureau for Food Security is slated to lose 68 percent of its funding. This would reduce development aid geared toward preventing food shortages and may instead force the United States and other donor countries to spend more resources on emergency food assistance.

On top of health and food security, the administration has also made good on its promise to cut assistance that helps vulnerable countries cope with the effects of climate change. The budget would enact a sweeping 94.5 percent cut in funding for the State Department's Bureau of Oceans and International Environmental and Scientific Affairs, the roughly \$1 billion the U.S. draws on for contributions to the Green Climate Fund, which is dedicated to curbing carbon emissions. The Green Climate Fund contribution is also a U.S. commitment made under the 2016 Paris climate agreement that aims to keep global temperatures from rising beyond an environmentally disastrous two degrees Celsius.

Other programs and offices that are on the chopping block include the ambassador-at-large for global women's issues, the Office of the Coordinator for Cyber Issues, and the Trans-Sahara Counterterrorism Partnership.

The cuts are also indicative of the wider push to tie development aid with U.S. national security interests. The budget zeroes out funds for development assistance, which funds 77 countries and regional offices, and redirects much of the remaining funds to the economic support fund, which is tied to specific U.S. political or strategic objectives.

“In addition to the deeply troubling program cuts and eliminations in many areas, the shift toward the ESF and away from DA points to a structural shift that almost certainly weakens USAID in relation to the State Department,” said Scott Morris, the director of the U.S. Development Policy Initiative at the Center for Global Development, a Washington-based think tank.

“Major shifts like this deserve a great deal of scrutiny and deliberation,” he said.

Bolstering the economic support fund while gutting development assistance has raised fears in the development world that the Trump administration is more interested in using foreign assistance to achieve short-term political objectives than his predecessors.

“Historically, the ESF is used primarily as a means of helping political allies in ways that we want to provide funding to them but with less emphasis on development outcomes,” said Steven Radelet, the former chief economist at USAID.

According to Natsios, the former USAID administrator, Secretary of State Henry Kissinger similarly diverted funds during the Cold War. Natsios pointed to the consultations that current Secretary of State Rex Tillerson has had with Kissinger and believes that the elder statesman may be influencing the administration’s attitude toward foreign aid restructuring.

“I think Dr. Kissinger is one of our greatest Secretaries of State. He has, however, not been one of our supporters over the long term for development assistance, said Natsios. “Dr. Kissinger’s analysis, in my view, is completely wrong.”

Foreign-policy and national security experts on both sides of the aisle have argued that the cuts pose concrete risks to U.S. security interests. In February, a group of 121 retired generals and admirals sent an [open letter](#) to the White House and Congress cautioning against cuts to foreign aid and diplomacy. The letter cited the State Department and USAID's role in maintaining global stability by confronting extremist groups like the Islamic State, curbing refugee flows, and combating infectious diseases like Ebola.

They expressed fear that cutting foreign aid risks ceding U.S. influence in other regions and countries.

Some of the cuts appear directed at countries that had been regarded as strategically important. For instance, foreign assistance to Ukraine, which is used to encourage political and economic reform, is facing a 68.8 percent cut.

“One of the major themes and purposes and directions of U.S. policy in Ukraine for years and years has been to encourage them to move toward European institutions,” said William Taylor, the former ambassador to Ukraine under George W. Bush and now vice president at the U.S. Institute of Peace.

“It's in our interest that they don't move toward Russian institutions.”

Update: This article was updated to include comments from a USAID spokesperson.

Correction, April 24, 2017: A previous version of this article included estimated budget impacts from the NGO community. Those estimates were in response to an earlier version of the budget proposal, not the detailed breakdown included in this article.

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