

Remarks at DACOR
USAID: Building Back Better
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Thank you Alex. No one knows my bio as well as Alex Shakow. We had 5 long interviews for the ADST oral history project. I try hard not to be history but there is a lot more behind me than ahead!

I could not hope for a more friendly audience. I worked with several people that are here today and I have deep respect for the contributions you have made. We share a sense of horror for what has happened to USAID.

The painful details are recorded in Nick Enrich's excellent book—"Into the Woodchipper: A Whistleblower's Account of How the Trump Administration Shredded USAID."

I spoke to Nick a few weeks ago. He is one of many former USAID professionals who are anxious to tell the story and to retain the knowledge base of an Agency that was considered the best in the world at what it did.

Just before coming here, I saw the superb article another former USAID professional, Randy Flay, wrote called "The Future of Foreign Assistance." Randy is now at the Carnegie Endowment. His piece contains the sad details of the largest contraction of ODA since the Development Assistance Committee of the OECD (the DAC) started keeping those statistics. I am inserting a link in my written text and urge you to read Randy's superb article (<https://www.linkedin.com/pulse/future-foreign-assistance-philanthropys-role-randy-flay-kfoxe/>)

My perspective on this is shaped by my personal experience. Not just at USAID, though that was the most formative. I was also a lowly Foreign Service Officer, a staffer in the US Senate, an Assistant Secretary for Congressional Relations, and an Under Secretary for Management.

In that last job, I learned a lot about the Department's management systems. I had very little time to introduce reforms—but I did end smoking in the cafeteria!

There is an old line in Washington that says, "Where you sit is what you think." If there is any worth to what I say today, it is because I sat in so many places!

“Building back better” is the aspiration of most of us who know USAID. It may be easy to describe the perfect outcome. But the result depends on political leadership. And that is where my crystal ball gets a bit foggy! We need to regain the bipartisan consensus that supported USAID for all those years, but the challenge will be to overcome the polarization that makes enlightened legislating so difficult.

We have an Administration that sees foreign aid as a gift to be bestowed in return for favors. Deputy Secretary of State Christopher Landau—who should know better—put it this way: “We’re not going to be granting any privileges or benefits to any country that doesn’t grant them back to us.”

This transactional disposition is packaged in an America First rationale. What a strange way to define the national interest! Give us your rare minerals, your oil, your military and political support and we might give you the assistance you need to help you save lives, to create an educated workforce, to preserve the environment, to feed your people.

This is modern-day colonialism. It resembles a time when exploitation characterized the relationship with developing nations. It didn’t work then and it won’t work now!

The national interest has never been defined so narrowly. The United States has been the world’s leading nation, not because of military might or economic power alone. We have been a leader because we have been instrumental in creating a world order that is based on the rule of law and on humanitarian principles. While we have sometimes strayed, for the most part our presidents have seen it as their responsibility to uphold this rules-based international system.

Since the Marshall Plan, Truman’s Point Four, and John F. Kennedy’s creation of USAID, we have led the world in an enlightened effort to help the less fortunate help themselves. And the impact by every measure has contributed to peace and prosperity—and lives saved.

We live in a world that has grown over the lifespan of USAID from 3 billion to 8.3 billion people; over 80% live in the developing world. Yet, the United States, always a leader in this field, is now leading in the wrong direction.

Last year the international community met only half the requirements the UN identified in its humanitarian appeals. That left a shortfall of \$24 billion, one of the largest on record. That’s almost the same amount the Pentagon says it has spent on the Iran war.

Official Development Assistance fell by 23% overall, the second consecutive year it has fallen drastically. The US contribution to ODA fell by \$38 billion in 2025, the largest single-year reduction by any donor in the history of the DAC!

Studies show that underdevelopment translates into violent conflict, food insecurity, environmental damage, infectious disease and, yes, migration. Yet we have eliminated our most effective tool for preventing these transnational threats. Is that in our national interest?!

Churchill once called the Marshall plan “the most unsordid act in history.” What would he call the contribution USAID has made to global peace and prosperity over its 63-year history?

Burden sharing has always been an objective of American administrations, but we have also shared knowledge and influenced development policy. During my tenure at USAID, we convinced other donors to agree on global strategic goals for development cooperation. A DAC report inspired the Millennium Development Goals, now the Sustainable Development Goals. That represented an essential universal commitment.

One result was that Official Development Assistance increased by 50% between 2001 and 2015. Later, effectiveness principles were adopted. Even South-South providers, including the Chinese, bought into these principles.

These leadership efforts were undertaken not only because they reflected our humanitarian values. They also clearly served our national interests.

We had no need explicitly to extricate good “deals” from our development partners. We knew that a developing world that was increasingly prosperous would be more likely to be a trusted partner of the United States.

Many of these developing countries used the technical assistance we offered to create equitable economic systems and reduce poverty. We helped them improve their workforce with education and better healthcare. We helped them build micro-economic systems that reduced risk for foreign investors and democratic institutions that gave voice to the people and created accountability in governance.

That effort was very much in our national interest. And consistent with our national values.

So, let’s tackle the challenge of building back better. First a bit of related personal history.

When I led the State Department transition team in 1992, I received a study done by career FSOs that recommended the merger of USIA and the Arms Control and Disarmament Agency into the State Department.

That study explained in some detail why USAID should **not** be merged into State. In sum, the mission was different, the management systems were too complex and

incompatible, and the timeframes for success were contrary to the crisis-oriented needs of the State Department.

A battle ensued when the then chair of the Foreign Relations Committee, Senator Jesse Helms, proposed merging all three of the agencies into State. I opposed that merger.

Some of you may remember that after the battle to maintain an independent USAID was won, my nomination to be ambassador to Brazil was deep-sixed by Senator Helms. Retribution politics wasn't a Trump invention!

I have no regrets. That is now ancient history. Let's talk about the situation we find ourselves in today.

What is left of USAID is now in the State Department. There are some 300 former USAID personnel relegated to cleaning up the mess the DOGE people left. The Agency we had established in law during my tenure still exists on paper—it had previously been created by Executive Order.

Congress has restored some 80% of global health funding. There are resources for education and family planning. The State Department is struggling to manage these programs—to get this money out the door consistent with America First. Meanwhile, OMB has promised to zero them out in the next budget request. That's a very uncertain trumpet!

So, what does the Department do? They have negotiated compacts with Health Ministries in developing countries. These Ministries, understaffed and overburdened, are supposed to explain how they will operate without these resources.

These developing nations presumably have something to give to the US. Or, they have lobbyists in Washington who know someone at the White House!

The Department's Inspector General's office is run by career ambassadors between assignments. The system is fine for evaluating Embassy operations, but it isn't equipped to ferret out fraud in aid projects.

With all due respect, the concept of achieving sustainability is as foreign to State FSOs as are the Dead Sea Scrolls. I can say that as a former State FSO—and dean of Professional Studies at the Foreign Service Institute. We trained diplomats to do other things—and they did them well. Our diplomats are the best and the brightest, but their idea of longevity is a three-year assignment!

Taken as a whole, this is a recipe for “waste, fraud and abuse.” Ironic, isn't it?!!

So, what to do?

The most important thing we can do at this stage is to prepare for a political opening. The Republicans did this well in the Heritage Foundation's Project 25. It was a recipe for dismantling government that even most Republicans would have rejected had it not been foisted on them. Trump said he wasn't aware of it during the campaign. He knew it was a hot potato!

We now have an opportunity to propose an agency for international development that, at least at the beginning, may be free of earmarks and legislative barnacles from the past.

The overall strategy should be set by the Sustainable Development Goals. Congress should be informed by these universally accepted goals, and we should pursue them depending on the priorities of the partner country. That's called development cooperation.

We should ask that Congress not earmark against these goals. That almost sounds naïve! However, there may be other ways to offer political credit to Members of Congress.

Once the overall goals are set, the resources would be expended based on the needs in partner countries. Country strategies and results measurements would be shared with the responsible Congressional committees.

In the end, we may not succeed in this, but this gives development professionals an opportunity to explain the effectiveness principles and how these principles assure that the American taxpayers are getting their money's worth.

For example, there are compelling studies showing that local ownership is effective in producing enduring results. If local capacity to manage programs and funding doesn't exist, then resources should be made available to create it.

A Project 29 for foreign assistance can make a strong case for a strategic approach that will assure tangible results. I met last week with the creator of Search for Common Ground, John Marks. He is putting together a bipartisan group to work on this. So, this is more than just my musings. Contact John at jmarks@sfcg.org if you want to participate in this.

Just as is every government department and agency, development programs operate under US Procurement Laws. These aren't easy to navigate, and it is particularly hard to impose these requirements on local partners. There are, however, waiver authorities though they have rarely been used.

Development projects aren't aircraft carriers. More flexibility is needed and, when exercised responsibly, waivers may make sense. On this subject, I take advice from Jeff Marburg. I refer you to a brilliant paper he wrote on the subject where he promoted the need to strengthen partner country institutions. It is called "At The Crossroads of Country Ownership & Good Governance: Setting a Course For the Decolonization and Reinvention of Aid Delivery."

Our overseas missions were at the heart of USAID's sterling reputation. With a preponderance of Foreign Service Nationals from the country, these missions knew best what the country needed and how to deliver it in a culturally sensitive way.

Finally, an administration that values the development mission should manage these programs in an institutionally sound and strategic way. Scattering various development initiatives around in a multitude of agencies makes no sense. A new entity—preferably a new Cabinet Department—should include the Millennium Challenge Corporation and the Development Finance Corporation.

Political reality will be the determining factor. If that reality means we have to recreate USAID within the State Department, then certain management principles will be needed. Most importantly, a firewall is essential to protect long term development resources.

Missions in developing nations should be recreated and professional staff either rehired or trained. The effort, if in the State Department, should be led by a Deputy Secretary.

None of this will be easy because the temptation will always be there to use resources for short-term gain. The diplomatic mission also requires resources. The Economic Support Fund resources have always had a slightly different, political purpose. Often USAID was tasked to carry out those programs. The program with Egypt after the Camp David Accords was the most prominent.

I realize that for many of you I may have gotten too far into the weeds. However, I felt it necessary to try to inform this debate before it either becomes a forgotten cause or is captured by those who see it from a wildly different perspective.

I have had the great honor of leading the best development agency in the world for over 6 years. We weren't perfect, but other donors and our partners saw us as innovative and trustworthy. USAID was able to exercise leadership on behalf of the world's less

fortunate because we were effective and because we tapped into the best minds in the United States.

The people in this room have had years of experience. We have made public service a lifelong commitment. I tell my students that there is nothing more satisfying. I know that you share that sentiment.

Alvin Toffler, the author of Future Shock, may have said it best: He wrote, "I slept and dreamt that life was joy. I awoke and found that life was service. I acted and behold, service was joy." We now have an opportunity to use our experience to build our nation's development mission back better. So, let's act now and rediscover that joy! Thank you for listening.