CGD NOTE 389 | FEBRUARY 2026

CENTER FOR GLOBAL DEVELOPMENT

Rolling Out the Trump Administration's Global Health Agreements: What Can We Learn from Past Government-to-Government Assistance?

Jocilyn Estes

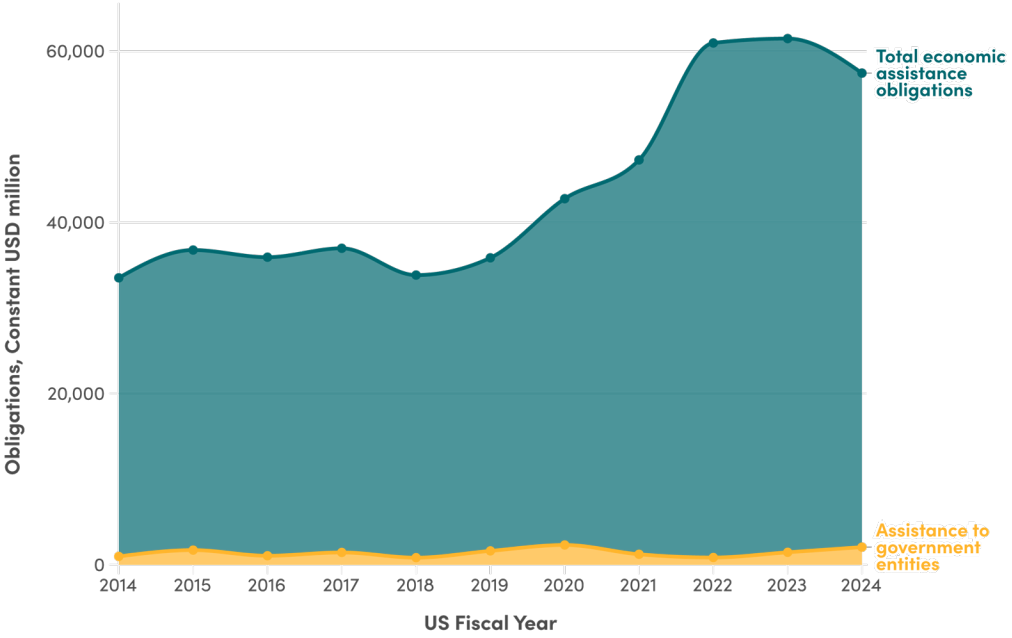
One year into the second Trump administration, the State Department is charting an ambitious new course for global health. The US government has signed 16 bilateral global health agreements with governments in sub-Saharan Africa, committing to shift funding directly to country systems and sharply reducing US support as partner countries commit to ramp up domestic health spending.[1]

Critical questions remain about how these agreements will be operationalized in the wake of devastating aid cuts. But the State Department's focus on government-to-government (G2G) mechanisms comes as a welcome shift to many who've long argued G2G modalities offer a more sustainable model. While underused in recent decades, G2G assistance approaches are not novel. The America First Global Health Strategy treats G2G as a departure from past practice while simultaneously pointing to several previously implemented G2G projects as examples of efficient, sustainable models of health assistance.[2] Governments can be keystones in achieving scalable, cost-effective public service delivery; US foreign assistance should prioritize local, country-led goals and systems—particularly but not exclusively when it comes to global health. But the mechanism matters, and the stakes are high when it comes to life-saving aid.

This note catalogs several historic mechanisms for channeling US economic assistance to country systems, offering context as policymakers move from agreements to execution. It concludes with five key points to watch in the implementation of the global health agreements: capacity constraints within the State Department, the use of layered or complementary mechanisms, balancing country ownership and conditionality, navigating congressional risk tolerance, and deploying coordinated technical assistance.

Figure 1. Direct G2G support represents only a small fraction of US economic assistance

Over the past decade, direct assistance to governments has accounted for an average of just 3.35 percent of annual economic assistance obligations across all agencies.



Notes: Source: ForeignAssistance.gov • As of publication FY24 is the last year for which obligations data are available for the full fiscal year. Figures calculated using the non-US government implementing partner sub-category across major foreign assistance accounts. Amounts exclude security assistance and funds transferred to donor governments to support jointly implemented projects (e.g., a transfer to the government of Norway to support a first-loss facility for SME lending). Rounding errors possible.
Economic assistance obligations increased substantially beginning in FY20 and jumped again in FY21 due to large amounts of international assistance included in emergency appropriations packages passed in response to the COVID-19 pandemic and Russia's invasion of Ukraine. Because direct budget support for the Ukrainian government is routed through a World Bank trust fund, it is not included under "assistance to government entities" for the purposes of this chart.

Few and FARA in between: A snapshot of US G2G mechanisms

Despite their limited use in recent years, USAID boasted decades of experience developing and implementing G2G funding agreements. However, institutional constraints, shifting risk appetite from US decision-makers, and limited familiarity with associated processes and modalities have kept G2G on the margins. Prior to the agency's dissolution, USAID career staff were working to change that—undertaking efforts to expand the agency's use of G2G mechanisms, and distilling lessons learned into best practices. Still, G2G funding comprised vanishingly little of foreign assistance spending. According to recent estimates (which exclude large-scale support for the government of Ukraine, routed through the World Bank), just 1 percent of USAID funding was allocated across a dozen or so countries through a range of mechanisms.

USAID provided support to governments in two major categories. First, **projectized assistance** in which the agency financed a defined project based on cost using established procurement mechanisms. Second, **non-project support**, which included flexible resource transfers directly to a partner country as well as more targeted sector program assistance.

Projectized assistance

Projectized assistance channels funds to governments to support discrete activities with defined timelines and outputs. It allows for greater control and clearer attribution of results relative to non-projectized assistance. USAID typically programmed projectized G2G funds through fixed-amount reimbursement arrangements (FARAs), or cost-reimbursement agreements—or, in the case of CDC's PEPFAR programming, cooperative agreements.

A **FARA** is a results-based financing mechanism. Under a FARA, USAID reimbursed a government entity (typically ministries of finance or health) a pre-agreed fixed amount after specified outputs or milestones were verified.[3] Payments are tied to deliverables rather than actual costs incurred. For example, USAID might reimburse a ministry for an agreed amount after confirming that a school or road has been built to specification, regardless of the actual construction cost. FARAs can also reimburse governments for services delivered, like in USAID's successive agreements in Liberia, which reimbursed the Ministry of Health for implementing activities. USAID implemented similar FARAs in Malawi to support service delivery across major infectious disease areas (HIV, tuberculosis), maternal and child health, nutrition, and family planning. Recent FARAs have typically spanned three to five years. Because USAID reimbursed partners at a pre-specified rate, the risk of cost overruns shifted to the partner government entity. Likewise, the benefits of cost underruns redound to the partner, incentivizing efficient operation of the agreement.

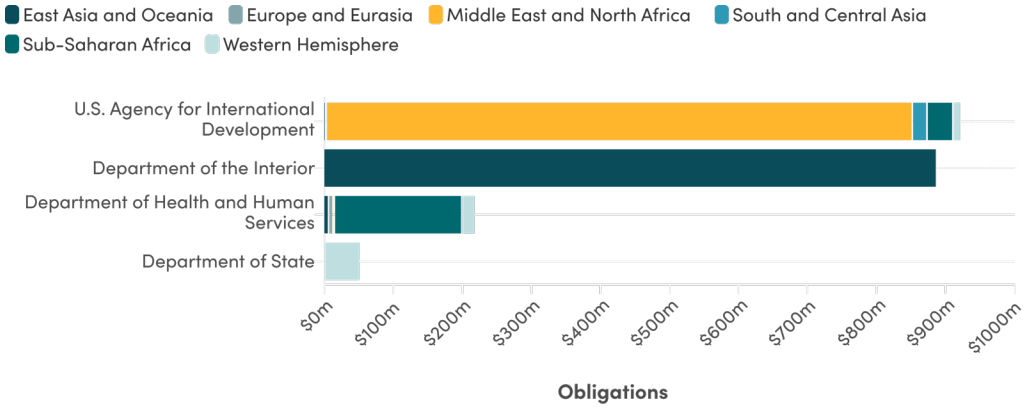
By contrast, a **cost reimbursement agreement** pays a government partner based on documented, allowable costs incurred, typically tied to particular activities—not outputs.[4] They are also a common procurement mechanism used with traditional implementing partners, such as NGOs. Cost-reimbursement agreements may seem simpler than FARAs, which require upfront negotiation of measurable outputs, but they bring their own challenges. Over a multi-year contract, it can be difficult to fully identify, price, and document all project components—especially as costs fluctuate and adjustments become necessary over time. In some countries, USAID missions pursued a combination of G2G approaches and worked with an array of government actors. Between 2020 and 2024, while USAID/Malawi implemented FARAs with district councils, it also deployed a cost-reimbursement agreement with the Ministry of Finance in Malawi. The blended approach enabled disbursement for health services at the district level and supported the salaries of healthcare and social services workers in partnership with the Ministry of Finance.

As another PEPFAR implementing agency, the CDC implements **cooperative grant agreements** with dozens of governments to deliver HIV-related programming. Unlike USAID's approach, funds are typically not routed through country financial systems. These agreements are not usually milestone or performance-based, meaning health ministries or national institutes receive a grant before completing the specified work. Under cooperative agreements, CDC plays a substantive implementing role through technical assistance, joint planning, data oversight, performance monitoring, and sometimes approval of key personnel or workplans.

Figure 2. Strategic, non-projectized assistance drives G2G spending

US Economic Assistance Obligations to Government Partners by Region, FY24

Government-to-government economic assistance comprised just over $2 billion in FY24—the vast majority of which was directed to general budget support for Jordan and Pacific Island countries.



Notes: Source: ForeignAssistance.gov • As of publication FY24 is the last year for which obligations data are available for the full fiscal year. Figures calculated using the non-US government implementing partner sub-category across major foreign assistance accounts. Amounts exclude security assistance and funds transferred to donor governments to support jointly implemented projects (e.g., a transfer to the government of Norway to support a first-loss facility for SME lending). Rounding errors possible. State Department figure is $50 million commitment to the Brazilian government's Amazon Fund.

Non-projectized assistance

Non-project support refers to generalized resource transfers to governments, which gives partner countries much greater discretion over the use of funds. This support is broad-based—often in service of broader foreign policy objectives—but can be directed to priority development sectors such as health, and funding tranches are often conditioned on country performance benchmarks. USAID rarely used non-projectized assistance in recent years, but in the 1980s and 1990s, it represented a substantial share of all aid. Budget support and commodity import programs of this era were tied to economic liberalization often linked to structural adjustment programs. Non-projectized approaches can carry greater fiduciary and political risk, yet if effectively channeled through government systems, they can support sustainability, scale, and responsive country ownership.

One form of non-project assistance is called a cash transfer, or **general budget support**, because the US government transfers funds directly to a country's treasury without detailed directions on how the money must be spent. This is most often done to help close macro-fiscal gaps, keep essential public services running, or address urgent financing needs such as balance-of-payments pressures.[5] Budget support has historically been combined with military assistance to deliver a stabilization package for key allies. This is the case for Jordan, the largest recipient of USAID G2G assistance—and the only recipient of non-projectized assistance in the last decade. Jordan has received a large, congressionally mandated general budget support package for years. Jordan's transfer carries statutory conditions and minimum fiscal transparency standards embedded in appropriations law. In 2024, the US and Jordan signed a broad Memorandum of Understanding (MoU) outlining US economic and military aid for the country under which the US would transfer $845 million to support the country's development objectives. While Jordan has been the only recipient of USAID non-project funding to a government in recent years, missions deployed general budget support for discrete periods in response to crises in Afghanistan and the West Bank/Gaza in the early 2010s. The US provided budget support to Egypt and Israel for decades following the 1979 Camp David Accords, often linking payments to macroeconomic policy reform benchmarks.

Sector program assistance (SPA) is a more targeted resource transfer, offering country ownership while retaining more donor control than largely unrestricted budget support. Under SPA, payments support a specific sector (e.g., education, agriculture) through partner government systems rather than supporting broad fiscal challenges or financing stand-alone projects—though this modality has often been used in concert with projectized G2G assistance. In practice, USAID provided a funding line to a ministry or government program to execute a predetermined policy or expenditure framework. Using on-budget support earmarked for a particular purpose, the agency could still have some direction over spending while channeling funds through country systems—and without requiring a complicated reimbursement process. SPA disbursements are typically tied to sector goals rather than specific activities, though actually achieving progress against those goals required sufficient political will to catalyze change. Sector earmarked funding for Jordan has occasionally been programmed as SPA, most often coupled with general budget support.

Other mechanisms to support partner governments

The US also channels resources through intermediary mechanisms that either flow directly into government budgets or operate in close alignment with government priorities. These approaches preserve additional fiduciary oversight while tapping into existing procurement and implementation capacity.

Since Russia's invasion of Ukraine, the US has provided $45 billion to the beleaguered country to cover non-security budget expenses, supporting the salaries for civil servants, social and health care workers, and covering other spending needs. But rather than moving the funds directly

through from the US to the Ukrainian government, USAID routed budget support through multiple **World Bank trust funds**. The same approach has been used in other emergency and reconstruction contexts. Through USAID, the US government contributed billions to the Bank's Afghanistan Reconstruction Trust Fund, the largest source of direct budget support for Afghanistan's reconstruction and development until the Taliban returned to power in 2021. Those trust funds and related financing mechanisms have been a major conduit for donor grants and loans supporting budget needs, reconstruction, and reforms in response to war or disaster. In many ways, they've served as something of a workaround for more burdensome US procurement systems while baking in substantial oversight.

The **Millennium Challenge Corporation** (MCC) would offer a less direct model for implementing the administration's bilateral health agreements. MCC establishes a local entity—a Millennium Challenge Account (MCA)—staffed jointly by local and US nationals, to receive funding and implement MCC programming. These MCAs operate in close cooperation with partner governments. They are distinct from the government though sometimes embedded within a relevant ministry and manage procurement and oversight off-budget—meaning the funding does not actually go to the government directly or through partner government systems. MCC most commonly implements discreet, time-bound grant activities to promote economic growth. Partner governments sign onto the agency's compact and threshold program agreements, which incorporate phased policy or reform condition precedents that must be fulfilled for the tranched funding to be disbursed.

Operating at a much smaller scale, the **Compacts of Free Association** (COFA) are longstanding bilateral agreements that define the relationships between the US and three Pacific Island sovereign states: the Marshall Islands, Micronesia, and Palau—collectively known as the Freely Associated States (FAS). Under these agreements, the US provides security commitments, economic assistance, and access to certain federal programs for FAS citizens in exchange for full responsibility for defense, including exclusive military access in the region. The compacts originated in the 1980s, from a US-administered UN trust system, and have been amended over time to extend economic provisions through 15- or 20-year arrangements funded and administered through the Department of the Interior. Assistance is provided through mandatory or permanent appropriations, with grant assistance and trust fund components. The US recently renegotiated these agreements for a third term to begin in FY24—pledging to provide economic assistance totaling approximately $6.5 billion through the period ending in FY43.

As outlined, US bilateral G2G assistance has been rare in the twenty-first century. But the US is also a leading shareholder and contributor to the **World Bank and regional multilateral development banks**, which offer direct financial support to governments through concessional loans and grants. USAID and other US government agencies also provide support to **parastatals**, through a variety of traditional funding agreements with quasi-government institutions such as universities or medical supplies entities.

Five issues to watch as Global Health Agreements enter implementation

The administration's America First Global Health Strategy articulates a clear goal of transitioning US assistance to government systems under the new global health agreements at a potentially astonishing scale and speed. We don't yet know how that transition will be carried out. Reporting suggests the administration may implement an MCC-like approach in the near-term, using off-budget, milestone-based awards in the near-term and potentially moving into on-budget assistance down the line. As the State Department moves from strategy to execution, policymakers will need to weigh a range of tools based on country context, government capacity, and political priorities. Several key questions—and pressure points—bear close attention:

1. Institutional capacity and expertise

Much ink has been spilled around capacity constraints at the State Department, which is not a contracting agency in the way USAID was. Some G2G agreements—like FARAs—can deliver high impact per assistance dollar spent but require lengthy negotiations around precise outputs or are otherwise complicated to design. Many of the individuals with expertise in managing these complex arrangements at USAID did not move to the State Department. What capacity and technical expertise exist within the State Department to design, negotiate, and oversee these agreements effectively? Will the Department be able to harness and apply lessons from prior G2G agreements, including pay-for-performance and milestone-based agreements, to avoid implementation pitfalls?

2. Layered or complementary G2G mechanisms

The dollar value of each bilateral health agreement is much larger than any typical G2G project—and the timeline for implementation is much shorter. To reach that scale and effectively allocate resources across different priority health areas, one could imagine a bilateral health agreement being implemented over a five-year timeframe using a suite of G2G tools alongside a range of country government partners. To what extent will the Department consider deploying multiple, complementary mechanisms—for example, combining technical assistance for labs, FARAs for frontline service delivery, and flexible sector support—in service of a multipronged country strategy?

3. Country ownership and conditionality

Reports on delays in Zambia's health agreement points to US mining interests as a key source of friction. Linking public health investments to unrelated policy disputes risks politicizing—and ultimately undermining—life-saving programs. That said, policy conditionality itself is not inherently problematic. When well designed and tightly aligned with sector objectives, conditionality has been central to effective assistance models, including MCC's milestone-based programming. The challenge lies in inclusion and execution. Conditions require careful design, sustained negotiation with country counterparts, transparency and input from civil society, and clear, enforceable

benchmarks if commitments fall short. As G2G funding expands, what specific conditions will accompany these agreements? How will compliance be measured and enforced? And to what extent will partner governments be empowered to shape short- and long-term priorities, rather than operating within narrowly prescribed—or overtly transactional—frameworks?

4. Transparency and congressional oversight

Congress has required USAID to certify that recipient governments meet a set of core standards before providing direct G2G assistance. This includes monitoring and evaluation systems, a demonstrated commitment to budget transparency, and efforts to combat corruption. To comply, USAID put in place risk assessment processes and reported country eligibility determinations back to lawmakers. While implementing agencies can, at times, waive these requirements using notwithstanding authority, the State Department will need to demonstrate some form of due diligence. How the Department handles these requirements will matter immensely, particularly amid congressional demands for greater detail on the bilateral health agreements included in the FY26 appropriations package. Congress has historically shown little risk tolerance for G2G mechanisms outside of select allies experiencing a geopolitical crisis—and has rendered some countries statutorily ineligible in the context of past annual appropriations measures. Failure to establish robust departmental policies, or adequately brief appropriators and authorizers, could not only constrain the administration's efforts but also undermine the long-term viability of direct assistance altogether.

5. Technical assistance and coordination

Even with diligent execution, G2G assistance will almost certainly continue to require wraparound technical support, whether from the US or other partners. Direct financing does not automatically resolve constraints in procurement, financial reporting, human resources, data systems, or service delivery logistics—areas that often determine whether funds translate into results. USAID often supported organizations to provide technical assistance on the margins of G2G agreements. That support, and intentional coordination with a broad range of health system stakeholders, will be essential to strengthen public financial management and to fill gaps in areas the US is deprioritizing or that fall outside the scope of the MOUs. How will the management structures of these agreements build in coordination? And how will the Department phase wraparound support over the ambitious timeline sketched out in the agreements?

Extending G2G beyond global health

Bilateral health agreements are a cornerstone of the Trump administration's second-term approach to foreign assistance. But the push to cut out intermediaries extends well beyond global health. G2G mechanisms could be deployed at a far greater scale, and on even longer time horizons, to deliver development outcomes across sectors—while also offering clear value as a diplomatic tool. These

bilateral health agreements represent an opportunity to fundamentally shift how the US delivers assistance. Experience from past G2G approaches offers important lessons as policymakers navigate this transition, where implementation will be decisive. But how these agreements are designed and managed could make or break country ownership, program sustainability, and essential health services. And at this scale and pace—with lives at stake—the margin for error is slim.

Endnotes

1 State Department officials have acknowledged direct government-to-government assistance will not be feasible in all countries.
2 This includes a Centers for Disease Control and Prevention (CDC)-managed PEPFAR program in Zambia and an existing project in Kenya.
3 USAID also entered FARAs with other categories of implementing partners, including private companies and nongovernmental organizations.
4 Cost-reimbursement agreements could, and in some cases with traditional implementing partners were, structured as a hybrid mechanism with payments for costs incurred tied to outputs. Such a model—while admittedly complex—could be used in the context of a partner government.
5 The term "cash grant transfers" is defined in Section 531 of the Foreign Assistance Act of 1961, as amended, codified at 22 U.S.C. § 2346. It refers to a direct, non-repayable transfer of US government funds to a foreign government. This is admittedly confusing, given that the term "cash transfers" is commonly used in the broader global development and humanitarian sector to refer to the direct payment or provision of monetary resources to a recipient or household.

JOCILYN ESTES is assistant director of US Development Policy and a senior policy analyst at the Center for Global Development.

Suggested citation:
Jocilyn Estes. 2026. "Rolling Out the Trump Administration's Global Health Agreements: What Can We Learn from Past Government-to-Government Assistance?." CGD Note 389. Washington, DC: Center for Global Development. https://www.cgdev.org/publication/rolling-out-trump-administrations-global-health-agreements-what-can-we-learn-past