

The Mexico City Policy: Understanding the Latest Expansion of U.S. Foreign Aid Restrictions

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On January 27, 2026, the Trump administration announced what it called “a historic expansion” of the Mexico City Policy, a longstanding U.S. rule restricting foreign aid funding related to abortion. The expansion extends the policy beyond abortion to include activities related to diversity, equity, and inclusion (DEI) and gender-affirming care. Effective February 26, 2026, the change represents the most significant revision to the policy in its 40-year history and could substantially reshape the distribution of U.S. foreign assistance worldwide.

According to Vice President Vance, the expansion makes the policy “about three times as big as it was before.” The key changes include: (1) expanding the categories of recipients subject to the policy to include U.S.-based NGOs, multilateral organizations, and foreign governments; (2) broadening the types of covered funds to encompass nearly all non-military foreign assistance administered by the State Department; and (3) adding new restricted subject areas related to DEI and gender identity. The new requirements apply not only to new awards, but also to existing grants and cooperative agreements when additional funding is added.

BACKGROUND: WHAT IS THE MEXICO CITY POLICY?

The Mexico City Policy is a U.S. government rule that, when in effect, requires foreign organizations to certify that they will not “perform or actively promote abortion as a method of family planning” using funds from any source—including non-U.S. money—as a condition of receiving foreign assistance from America.

First announced by the Reagan administration in 1984, the policy has been rescinded and reinstated along party lines in the decades since its inception. Critics have nicknamed it the “Global Gag Rule” because, among other things, it prohibited organizations from using any funds to provide information about abortion or to lobby foreign governments to legalize abortion.

WHAT CHANGED IN 2026?

The 2026 expansion represents the most significant broadening of the Mexico City Policy to date, both in the amount of funding covered and the range of affected organizations and activities.

The new policy is now called the “Promoting Human Flourishing in Foreign Assistance” (PHFFA) Policy, and it requires award recipients to abide by the terms reflected in three separate but related rules: (1) [Protecting Life in Foreign](#)

Assistance (PLFA), which addresses abortion; (2) Combating Gender Ideology in Foreign Assistance (CGIFA), which addresses DEI-related policies; and (3) Combating Discriminatory Equity Ideology in Foreign Assistance (CDEIFA), which addresses gender-affirming care and related activities.

The expansion affects funding in several major ways. First, the policy now applies to all non-military U.S. foreign assistance—not just global health programs. This includes humanitarian assistance, economic development programs, democracy and civil society initiatives, peace and security efforts, and more. In fiscal year 2024, these programs accounted for approximately \$39.8 billion in foreign aid.

Second, the types of organizations subject to the policy have expanded dramatically. Whereas prior versions applied only to foreign NGOs, the policy now reaches U.S.-based NGOs, multilateral organizations such as U.N. agencies, and foreign governments.

Third, the policy now prohibits additional activities beyond abortion. The CGIFA prohibits recipients from promoting what the policy terms “gender ideology” or providing “sex-rejecting procedures.” This includes restrictions on providing or promoting gender-affirming medical care, lobbying foreign governments to provide legal protections based on gender identity, and conducting certain educational or public information activities related to transgender issues. Additionally, the CDEIFA prohibits recipients from promoting DEI activities abroad or engaging in what the policy terms “unlawful DEI-related discrimination.” The policy defines “discriminatory equity ideology” as an ideology that treats individuals as members of preferred or disfavored groups rather than as individuals.

HOW THE POLICY APPLIES TO DIFFERENT ORGANIZATIONS

The scope of restrictions varies by recipient type. Foreign NGOs and international organizations face the most comprehensive requirements. To receive funds, they must certify that they will not perform or promote abortion as a method of family planning anywhere outside the United States, using any funds, and may not financially support other entities that engage in restricted activities. Foreign governments, by contrast, must agree not to use U.S. assistance to provide or promote abortion but are not subject to the full set of NGO-specific restrictions.

U.S.-based NGOs are now subject to certain policy restrictions for the first time in the history of the Mexico City Policy, but these restrictions differ from those imposed on foreign organizations in several important ways. Unlike foreign NGOs, which face blanket prohibitions on all restricted activities regardless of funding source, U.S. NGOs have more flexibility to continue some activities if they maintain proper separation from their government-funded work.

First, U.S. NGOs are absolutely prohibited from performing certain activities anywhere outside the United States, regardless of what funds they use. These include providing abortions as a method of family planning, providing what the policy calls “sex-rejecting procedures” (referring to gender-affirming medical procedures), and engaging in “unlawful DEI-related discrimination.” These prohibitions apply to the organization’s entire overseas operations, not just to programs funded by the federal government.

Second, U.S. NGOs face additional restrictions within the scope of their federally funded programs. Specifically, they cannot promote abortion as a method of family planning, promote “gender ideology,” or promote “discriminatory equity ideology” within any program, project, or activity funded by U.S. foreign assistance.

There is, however, an important carve-out: U.S. NGOs are permitted to promote these activities *outside* the scope of their federally funded programs, as long as they use non-government funds to do so and maintain strict physical and financial separation from their federal assistance programs. This allowance reflects constitutional protections for free speech under the First Amendment that apply to U.S. organizations but not to foreign entities.

KEY TAKEAWAYS FOR RECIPIENTS

- **The Mexico City Policy now reaches far beyond global health programs**, touching nearly all non-military State Department foreign assistance.
- **U.S. NGOs are no longer categorically exempt** and must evaluate physical and financial separation requirements carefully.

- **Subrecipient oversight and compliance infrastructure** will be critical, particularly for organizations operating through layered funding arrangements.
- **Strategic decisions** may be required about whether to accept U.S. foreign assistance, restructure programs, or segregate activities.

LOOKING AHEAD

The expanded policy applies to all new grants and cooperative agreements, as well as existing awards when additional funding is added. The administration has indicated that it may seek to extend these restrictions to contracts through future rulemaking. Although the policy could be revised or rescinded by a future administration, the 2026 expansion represents a significant near-term compliance shift for organizations operating overseas with U.S. support. Recipients should review existing awards, evaluate internal controls, and consider seeking legal guidance when assessing exposure and implementation options.

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