

Government sets out conditions for returning to 0.7% aid target

The Government is committed to returning to a target of spending 0.7% of Gross National Income (GNI) on ODA. Today the Government has confirmed this will happen when the independent Office for Budget Responsibility's fiscal forecast says that, on a sustainable basis, the UK is not borrowing to finance day-to-day spending and underlying debt is falling. This provides a clear measure, assessed against independent objective forecasts to inform the return to 0.7%, underlining the commitment to the International Development Act 2015.

Due to the economic and fiscal consequences of the Covid pandemic, the UK has suffered the biggest recession in 300 years. Last year, the Government borrowed nearly £300 billion – nearly 15 per cent of GDP – the highest since the Second World War, which is why the decision was taken to temporarily reduce the ODA budget to spend 0.5 per cent of Gross National Income on overseas aid in 2021. Other measures taken were an increase in corporation tax, freezing income tax personal thresholds, and adopting a targeted approach to public sector pay.

Spending at 0.5 per cent of Gross National Income for this year means the UK will still give more than £10 billion to improve global health, fight poverty and tackle climate change. The UK is currently the third largest donor in the G7 as a percentage of GNI. It is also the third largest bilateral humanitarian donor in the world. The UK is investing more than £400 million on girls' education in over 25 countries, delivering £534 million of bilateral spend on climate and biodiversity, and committing £548 million to COVAX to provide vaccines for poorer countries.

The UK is also a moral and humanitarian leader, spending money on causes on top of the ODA budget. This includes peacekeeping, where the UK is currently the fifth largest contributor to the UN peacekeeping budget, defence, where the Government announced the largest boost to the nation's defence in the last 30 years last year, and diplomacy, where the UK has the third biggest diplomatic network in the world. Also on trade, where UK tariff reductions on imports from certain developing countries save exporters from those countries around £1 billion each year, and on research and development, where the UK is spending nearly £15 billion this year. The UK Government has also invested over £85 million to develop and manufacture the Oxford-AstraZeneca vaccine, with the agreement that the vaccine would be made available without profit to the world.

At the upcoming Spending Review the Government will set the ODA budget for 2022-23 (and provisionally for later years) in line with these tests and the latest fiscal forecast. Each year, the Government will review, in accordance with the International Development Act 2015, whether a return to spending 0.7% of GNI on ODA is achievable against the latest fiscal forecast. If it expects to meet the fiscal tests in the following financial year, the

government will increase overseas aid spending above 0.5% of GNI to 0.7% of GNI.

Once the Government has spent 0.7% of GNI as overseas aid in a given year, these tests will no longer apply to overseas aid spending and the government will return to spending 0.7% of GNI on ODA year on year.

A motion will be tabled by the Government alongside the Written Ministerial Statement published today, asking the House of Commons to consider and approve this approach. A vote is expected to take place tomorrow.

Further information

- The Written ministerial statement is available [here](#)
- The International Development (Official Development Assistance Target) Act 2015 clearly envisages situations in which a departure from spending 0.7% of GNI on ODA may be necessary; for example in response to “fiscal circumstances and, in particular, the likely impact of meeting the target on taxation, public spending and public borrowing”.
- Last year the UK borrowed nearly £300 billion – equivalent to 14.3 per cent of GDP – the highest since World War II. Debt as a percentage of GDP has reached nearly 100 per cent, the highest since 1962. This year the UK is forecast to borrow the second highest amount on record during peacetime – second only to last year.
- Gross national income (GNI) is defined as gross domestic product (GDP), plus net receipts from abroad of compensation of employees, property income and net taxes less subsidies on production
- GNI is an alternative measure of a country’s income, which includes income earned from abroad. GDP measures the total value of goods and services produced within the UK. GNI is therefore a broader measure of a nation’s income than GDP, since it captures investment income or money transfers to the UK, regardless of where they came from.