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25 March 2022

The 0.7% aid target

Summary

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Summary

ODA refers to aid intended to promote the economic development and welfare of developing countries. Aid given must be reported to the Organisation for Economic Cooperation and Development (OECD)

The UN has a [target for countries](#) to spend 0.7% of their Gross National Income (GNI) on Official Development Assistance (ODA).

In 2013, the UK achieved this target for the first time. Since 2015, the Government has also been under a statutory duty to meet it. However, citing the economic impact of the pandemic, the Government will spend [0.5% of GNI for ODA](#) in 2021 as a “temporary measure.” NGOs have said the reduction undermines the Government’s intentions to [prioritise global health and girls’ empowerment](#).

This paper describes international and UK performance against the target, legislative requirements, and debates over the target’s reform.

Duty to meet the target

The Government’s duty to meet the 0.7% target is in the [International Development \(Official Development Assistance Target\) Act 2015](#). If the target is missed, the Government must report to the UK Parliament explaining why this is the case. The report may cite any relevant economic or fiscal circumstances and their impact on the UK economy or the public finances. This is the Act’s only accountability mechanism.

UK performance

In 2020, the UK was one of only seven countries reporting to the OECD [that it had met the 0.7% target](#). Only Germany spent more than the UK on aid both in absolute terms (\$29 billion, compared to the UK’s \$19 billion) and in proportional terms (0.74% of GNI, versus 0.70%). Since 1960, only fourteen countries have ever met the target.

If the UK had spent 0.5% of GNI in 2020, as it plans to in 2021, it would have ranked tenth in the world for its aid spending as a proportion of GNI, rather than seventh.

Legislating for the 0.5% in 2021

In addition to concerns for the [impact of the reduction on aid recipients and UK soft power](#), debate has centred on whether legislation is required for the new target. In November 2020, the Foreign Secretary said he [would bring forward a Bill](#), as he was uncertain when public finances would sufficiently recover to allow spending to return to 0.7% of GNI. However, in March 2021 the Prime Minister said as the reduction was temporary, [no legislation was required](#). No Bill was announced in the [2021 Queen’s Speech](#).

The [Former Solicitor General](#) and [Director of Public Prosecutions](#) have both argued legislation is required. Following a vote in the Commons in July 2021 (see below), the Government has re-iterated that it believes [no amending legislation is required](#).

Treasury statement on tests required to restore the target

In July 2021, the Chancellor, Rishi Sunak, published a [written statement setting out the tests required to be met](#) to restore the 0.7% target. These are that the Office for Budget Responsibility (OBR) shows that “on a sustainable basis” the country is not borrowing for day-to-day spending and the ratio of underlying debt to GDP is falling.

The Commons [voted in support of the tests](#) on 13 July 2021. In the Autumn 2021 Budget and Spending Review, the Government said the fiscal tests were [forecast to be met in 2024/25](#), and has provisionally set aside additional funding to take ODA to 0.7% of GNI in that year. As of the March 2022 Spring Statement, the tests are now expected to be met in 2023/24, but because these forecasts are inherently uncertain, the Government will decide whether to return to spending 0.7% of GNI on aid in 2023/24 at the 2022 Autumn Budget.

Backbench attempt to restore the target and Speaker requirement for a vote, June-July 2021

In June 2021, Andrew Mitchell MP [proposed an Amendment](#) to the Advanced Research and Invention Agency Bill 2021-22 to restore the target from 2022. However, the Speaker determined that the Amendment was [outside the scope of the Bill](#). An [emergency debate](#) was instead held on 8 June.

Following the decision that the amendment was outside the scope of the bill, the Speaker said that he [expected the Government to](#) “find a way [...] to allow the House to formally take an effective decision” on maintaining the UK’s commitment to the target of 0.7%. The Speaker said the vote held in July related to his previous statement, suggesting the [requirement for the Government to hold a substantive vote had been met](#).

Reforming the target

In 2017, the Government said it would [seek to modernise the ODA rules](#) to include some peacekeeping-related spending.

The Independent Commission for Aid Impact has also recommended the Government [consider a more flexible target](#) in order to avoid [encouraging spending towards the end of the target year](#), which is sometimes less effective.

The International Development Committee has concluded inefficient aid spending is minimal and [not the result of the target](#). It has argued redefining ODA may [undermine the focus on poverty reduction](#) in UK aid spending. No plans have been announced.

1 Key terms and background

1.1 UK adoption of the UN target

In 1970, the UN [agreed that donor states](#) should provide 0.7% of their Gross National Income (GNI) as Overseas Development Assistance (ODA).¹ From 1974, successive UK Governments have accepted the target, but until 2004 no target date was set for its achievement.²

In 2004, the then-Labour Government said it intended to [reach the target by 2013](#).³ This position was [endorsed](#) by the Conservative-Liberal Democrat Government in 2010.⁴ Both [Labour](#) and [Coalition Governments](#) also announced that they would bring forward their own legislation to enshrine the target in law, but did not do so.⁵

1.2 How are ODA and GNI defined?

The OECD's, ODA: [What is ODA? \(2021\)](#) provides further detail.

ODA is the official term for “aid.” The definition of what qualifies as ODA is set and reviewed by the Organisation for Economic Co-operation and Development (OECD)'s [Development Assistance Committee](#) (DAC), of which the UK is a Member. ODA [must be](#):

- **Provided by official agencies**, including state and local governments, or by their executive agencies.
- **Directed to the [DAC's list of recipients](#)**. This includes most low- and middle-income countries, all Least Developed Countries, and multilateral institutions (e.g. the World Bank).
- Administered with the **promotion of the economic development and welfare** of developing countries as its main objective.

¹ OECD, [The 0.7% ODA/GNI target- a history](#), accessed 10 May 2021

² HC Deb, [11 November 1992](#), c755-6W; HC Deb, [6 June 1989](#), c128W; HC Deb, [Aid target](#), 21 May 1997, cc698-701

³ HM Treasury, [Spending Review: Chapter 15](#), July 2004; Department for International Development, [Eliminating world poverty: Building our common future](#), 2009, p7

⁴ UK Government, [The Coalition: Our programme for government](#), 2010, p22

⁵ Department for International Development (DFID), [Draft International Development \(Official Development Assistance Target\) Bill](#), January 2010; HC Deb, [Overseas aid](#), 13 September 2012, c397W

- Either **grants or loans that are concessional in character**, providing benefit to the borrower compared to the market rate.⁶

Section 5.4 describes debates on redefining ODA

Spending on military equipment, anti-terrorism activity and some peacekeeping programmes are not included in the definition of ODA.

GNI is a [measure of output](#) which values goods and services produced by the residents of a country. Unlike GDP, it includes income such as dividend and interest payments received from other countries, less similar payments made abroad. It also includes outputs produced by residents of a country, regardless of whether they are produced in the country or not (e.g. income of seasonal workers).⁷

1.3 Objectives of UK aid

UK Governments have used aid globally to support poverty reduction, strengthen global peace and reduce conflict, promote global prosperity and improve global resilience to crises.⁸

The [International Development Act 2002](#) requires that development assistance provided by the Department for International Development (DFID) should have as its objective the reduction of poverty. The Act was amended in 2014 to ensure that such reduction should be “likely to contribute to reducing inequality between persons of different gender.”

The Foreign, Commonwealth and Development Office (FCDO) says it will be “guided by [its] responsibilities” under the Act and poverty reduction will “remain central” to the Department.⁹

For 2021/22, UK aid will focus on [seven strategic priorities](#):

1. Climate and biodiversity
2. Global health security
3. Open societies and conflict resolution
4. Girls’ education
5. Humanitarian preparedness and response
6. Science and technology
7. Trade and economic development.¹⁰

The Government is also committed to “the global fight against poverty” and to achieving the Sustainable Development Goals by 2030. These include

⁶ OECD, [ODA- definition and coverage](#), accessed 10 May 2021. Depending upon the loan type, loans must include a [minimum grant element](#) of 10 to 45%

⁷ OECD, [GNI](#), accessed 10 May 2021

⁸ HM Treasury and DFID, [UK aid: Tackling global challenges in the national interest](#), 2015, p3

⁹ PQ 102078 [[Overseas aid: Poverty](#)], 20 October 2020

¹⁰ [Foreign Secretary to IDC Chair](#), 2 December 2020

eliminating poverty and hunger, equitable and inclusive education and gender equality.¹¹

Library briefings provide further information on UK aid policy:

- [Reducing the UK's aid spending in 2021](#)
- [UK aid and climate change](#)
- [UK response to Covid-19: UK aid and diplomacy](#)
- [Integrated Review: International Development](#)

¹¹ UK Government, [Global Britain in a competitive age](#), 2021, p20

2 Duty to meet 0.7% target

In 2015, the [International Development \(Official Development Assistance Target\) Bill 2015](#), introduced as a Private Member's Bill by Michael Moore MP, became law.¹² Both the Coalition Government and Official Opposition supported the Bill.¹³

Before the Act, [2006 legislation](#) required the Government to report on progress towards the target but did not mandate the target be met.¹⁴

2.1 Legislative requirements

The Act states the Government must ensure that the target of spending 0.7% of GNI on ODA is met every calendar year from 2015.¹⁵ The OECD definition of ODA is applied.¹⁶

The Act also requires the Government to provide for the independent scrutiny of ODA, including whether it achieves value for money.¹⁷ This role is fulfilled by the [Independent Commission on Aid Impact](#) (ICAI).¹⁸

2.2 What if the target is missed?

Requirement to make a statement if target not met

Section 2 of the Act states that the responsible Secretary of State must, once an annual report laid before Parliament shows that the 0.7% target has not been met in the report year, provide an explanatory statement for the shortfall.

“If relevant,” the Act states, the statement may refer to the economic and fiscal situation, such as “any substantial change” in GNI or the likely impact

¹² UK Parliament, [International Development \(Official Development Assistance Target\) Bill 2015](#), 27 March 2015

¹³ HC Deb, [Overseas Development](#), 28 January 2015, c 940

¹⁴ [International Development Reporting and Transparency Act 2006](#), Section 3

¹⁵ [International Development \(Official Development Assistance Target\) Act 2015](#), Section 1 (hereafter “2015 Act”)

¹⁶ Foreign, Commonwealth and Development Office (FCDO), [Annex 1: Understanding aid expenditure statistics](#), 2021, para 1.2

¹⁷ [2015 Act](#), Section 5

¹⁸ ICAI, [Management of the 0.7% ODA spending target](#), 2020, p10

of meeting the target on taxation or public borrowing. The statement must also set out the steps the Government has taken for the target to be met in the calendar year following the report year.¹⁹

Accountability

The only accountability mechanism in the event the target has not been met is the making of a report to Parliament.²⁰

¹⁹ [2015 Act](#), Section 2

²⁰ [2015 Act](#), Section 3

3 The move to 0.5%

3.1 A “temporary measure”

The Library’s [Reducing UK aid spending in 2021](#) sets out the Government’s aid commitments for 2021/22

In the [November 2020 Spending Review](#), the Treasury announced that the Government would spend 0.5% of GNI on ODA in 2021. This would amount to a total of £10 billion in ODA in 2021/22.²¹

Speaking after the Review, the Foreign Secretary, Dominic Raab, said the impact of the global pandemic on the economy and the public finances as why the Government would move to a [target of 0.5% in 2021](#) was a “temporary measure.” The Government would, he said, “return to 0.7% when the fiscal situation permits.”²²

The Office for Budget Responsibility estimated that in 2020 UK GDP will be [11.3% lower](#) than forecast due to the pandemic.²³

Until July 2021, it was [uncertain what the conditions would be](#) for the Government to decide to return to spending 0.7% of GNI on ODA.²⁴ However, a [written statement](#) by the Chancellor set out the tests that Government will apply (see section 3.4, below, for details).

3.2 Is legislation required?

In November 2020 the FCDO said it was planning to bring forward legislation, and in March 2021 it stated there was no need. The Department says it has received a range of advice on its decision to reduce aid.²⁵

No legislation was announced in the [Queen’s Speech](#) in May 2021.²⁶

Intention to bring forward legislation, November 2020

Appearing before the Commons, the Foreign Secretary said he would [present a report and proposed to bring forward legislation](#) on the target as it was uncertain when it would once again be met:

²¹ UK Government, [Spending Review to fight virus \[...\]](#), 25 November 2020

²² HC Deb, [26 November 2020](#), c1018; HC Deb, [16 March 2021](#), c170

²³ Office for Budget Responsibility, [Economic and fiscal outlook](#), November 2020

²⁴ IFS, [The UK’s reduction in aid spending](#), 2021, pp10-11; PQ 185449 [[Overseas aid](#)], 26 April 2021

²⁵ PQ 164583 [[Overseas Aid](#)], 15 March 2021

²⁶ UK Government, [Queen’s Speech](#), May 2021, p155

The Act provides for accountability to Parliament in that event, and I will of course report to the House in the proper way. Equally, given the requirements of the Act, the fact that we cannot at this moment predict with certainty when the current fiscal circumstances will have sufficiently improved and our need to plan accordingly, we will need to bring forward legislation in due course.²⁷

In January 2021, the Foreign Secretary [confirmed](#) that the Government could not predict when the fiscal circumstances would allow a return to the target, and the FCDO was looking “carefully” at the legislation.²⁸

No requirement for legislation, March 2021

When [asked by Jeremy Hunt MP](#) whether because the 0.7 to 0.5% change is temporary, there was no need to amend legislation, the Prime Minister said this is “right”. The Prime Minister said that the law “makes it very clear that when we have exceptional circumstances [...] we are entitled to vary that 0.7 [%] commitment.”²⁹

Legal commentary and potential legal challenge, March-July 2021

In March 2021, Andrew Mitchell MP, previously Secretary of State for International Development, said he would [back a legal challenge](#) to the Government if Ministers did not seek parliamentary approval to the move to 0.5%. He argued that the 2015 law allows for reductions in “unintended and retrospective circumstances, not premeditation.”³⁰

In the same month, Lord Macdonald, previously Director of Public Prosecutions, [argued the decision](#) was “unlawful” because “the Secretary of State has proceeded on the erroneous assumption that he has some power to alter the target itself.” His opinion was commissioned by Conservative MPs seeking to reverse the reduction.³¹

In April, the former Solicitor General, Lord Edward Garnier, told the Lords that the [Government should change the law](#):

Until Parliament changes that law on the statutory duty, the Government must aim to hit it. [...] They cannot legitimise failure to hit a target by announcing in advance their intention to fail.

In response, the FCDO Minister, Lord Goldsmith, said the Government “would act in line with the Act,” which “explicitly envisages that there may be circumstances where the 0.7% target is not met.”³²

²⁷ HC Deb, [26 November 2020](#), c1018

²⁸ [Foreign Secretary to IDC](#), 25 January 2021, p2

²⁹ HC Deb, [16 March 2021](#), c170, c172

³⁰ The Times, [Tories back legal challenge to aid cuts for poorest countries](#), 9 March 2021

³¹ BBC News, [Foreign aid: Government decision to cut budget “unlawful” says peer](#), 21 March 2021

³² HL Deb, [28 April 2021](#), c557GC

Following the vote in the Commons in July 2021 (see section 3.4), the Government stated there is [no need to bring forward additional legislation](#) to amend the 2015 Act. However, Lord Fowler, previously Lord Speaker, and Lord Judge, previously Lord Chief Justice of England and Wales, [argued a ministerial statement or vote could not suspend the target](#).³³

Potential Judicial Review brought by IPPF, July 2021

On 16 July 2021 the International Planned Parenthood Federation (IPPF) said it [intended to seek a judicial review](#) after the FCDO told the charity it was ending its funding. The charity is expected to lose £14.2 million over the next three years, impacting on sexual and reproductive health programmes.³⁴

The [IPPF argue](#) that the Government’s decision to reduce the percentage of GNI spent without amending the 2015 Act is “unlawful,” as are any spending decisions of the FCDO made because of the reductions.³⁵ However, in November the High Court rejected the application on the grounds it was late and the government is allowed to cancel contracts.³⁶

3.3 Backbench amendment to restore target

Proposed Amendment, June 2021

On 2 June 2021, Andrew Mitchell MP tabled an [Amendment](#) to the [Advanced Research and Invention Agency \(ARIA\) Bill](#) to restore the 0.7% target from January 2022 and see aid spending increase.³⁷

On 7 June, the Speaker determined that the Amendment was [outside the scope of the Bill](#).³⁸ He said he [expected the Government to](#) “find a way [...] to allow the House to formally take an effective decision” on maintaining the UK’s commitment to the target of spending 0.7% of GNI on ODA.³⁹

3.4 Parliamentary vote on new conditions for target, July 2021

On 12 July 2021, the Chancellor made a Written Statement to Parliament which said that the Government [committed to spending 0.7% of GNI on aid](#)

³³ HL Deb, [14 July 2021](#), cc 1834, 1836

³⁴ BBC News, [Foreign aid: Government facing legal action over £4bn cuts](#), 16 July 2021

³⁵ IPPF, [IPPF considers legal action against UK Government’s decision to cut IPPF’s funding](#), 16 July 2021

³⁶ Devex, [Judge denies legal challenge against FCDO over UK aid cuts](#), 17 November 2021

³⁷ BBC News, [Conservative rebels to force vote on reversing aid cuts](#), 3 June 2021

³⁸ HC Deb, [8 June 2021](#), c865-903

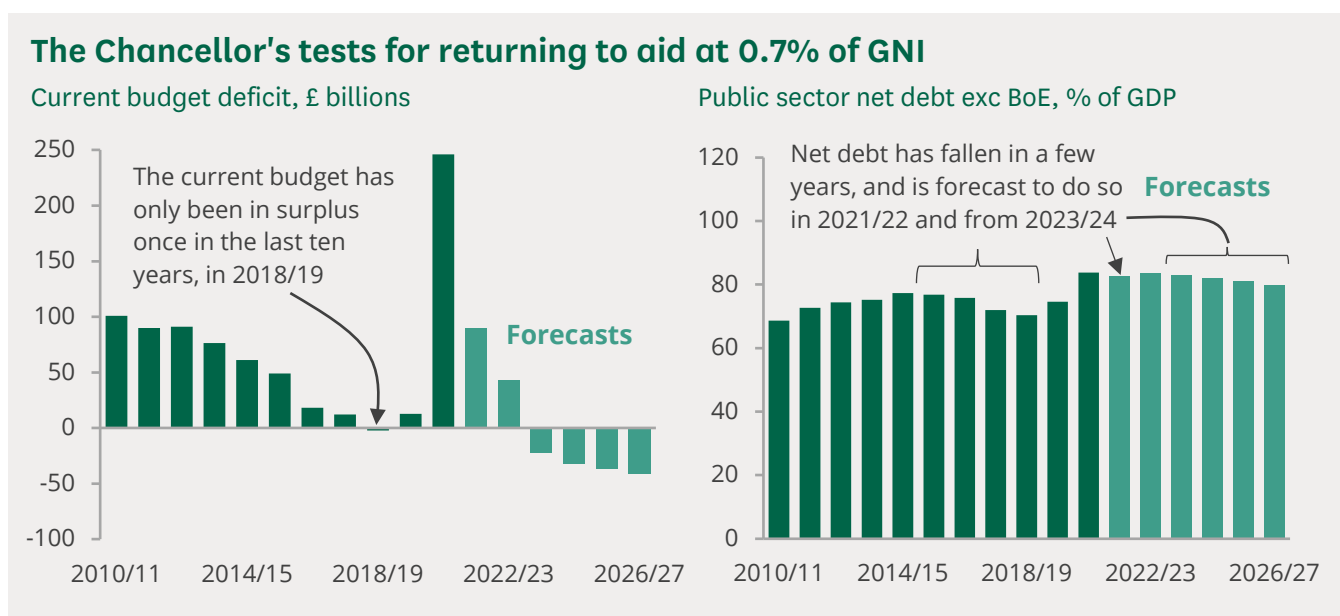
³⁹ HC Deb, [7 June 2021](#), c667

when official forecasts from the Office for Budget Responsibility (OBR) show that, on a sustainable basis:

- The country is not borrowing for day-to-day spending (that is, the country is not running a current budget deficit)
- The ratio of underlying debt (that is, public debt excluding that held by the Bank of England) to GDP is falling.⁴⁰

Both tests would have to be met, and there is no clear definition of what it means for these to be “on a sustainable basis.” However, once aid had gone back to 0.7% in one year, it would then stay at that level and the tests would no longer apply.

The most recent official forecasts, published in March 2022, show that the economy is recovering more strongly than previously forecast.⁴¹ This means that the current budget will be in surplus and net debt as a proportion of GDP will be falling from 2023/24 onwards.



Source: OBR, [Economic and fiscal outlook, March 2022](#)

This means that both of the Chancellor’s fiscal tests are now forecast to be met in 2023/24. The forecasts accompanying the Autumn 2021 Budget and Spending Review had predicted that the tests would be met in 2024/25, so the Spending Review had set money aside in that year (although not allocated to any department) to bring the level of ODA back up to 0.7% of GNI.

The Spring Statement in March 2022 acknowledged the fact that the economy was now forecast to perform better than previously predicted, but also said that there was still uncertainty over whether these forecasts would hold. The Government will therefore decide whether to bring forward the return to

⁴⁰ [HCWS172 Treasury update](#), 12 July 2021

⁴¹ Office for Budget Responsibility, [Economic and fiscal outlook, March 2022](#), 23 March 2021

spending 0.7% of GNI in 2023/24 at the 2022 Autumn Budget.⁴² If it does so, based on current GNI forecasts, the level of aid spent in 2023/24 will be around £18.1 billion.

July 2021 debate

The Written Statement announced a motion would be tabled in the House of Commons for debate on 13 July 2021, to allow the House to consider the proposal.

[The motion](#) was phrased as a general debate (“That this House has considered the Written Ministerial Statement relating to Treasury Update on International Aid, which was made to the House on Monday 12 July”), which are not binding. However, the Written Statement said that if the motion was negated, “the government would consequently return to spending 0.7% of GNI on international aid in the next calendar year” (that is, 2022).

[The debate](#) took place on 13 July. The motion was carried by 333 votes to 298.⁴³ Those [opposing the Government motion](#) included former Prime Minister Theresa May and the Chairs of the Foreign Affairs, Defence and International Development Committees.⁴⁴

Speaker response

At the start of the debate, the Speaker made reference to his earlier comments (see section 3.3, above), and [thanked the Government](#) “for enabling this debate to take place” and “for respecting this House,” implying that he considered his expectation for the Government to provide an opportunity for a decisive vote to have been met.⁴⁵

Response by International development committee and others

Prior to the vote, the Chair of the International Development Committee (IDC), Sarah Champion MP, [criticised the government](#) as introducing a hurdle which “could delay a return to meeting the target indefinitely.”⁴⁶ During the debate, the Chancellor [emphasised that the written statement set out a “road map”](#) that “puts beyond doubt the fact the reduction in the aid budget is temporary” and the return would be “based on data, not dates.”⁴⁷

Much reaction from the aid sector has been critical. The NGO Bond [said the decision was a “death-knell”](#) for the government’s “Global Britain” agenda and UK leadership in international development.⁴⁸

⁴² HM Treasury, [Spring Statement 2022](#), 23 March 2022

⁴³ HC Deb, [13 July 2021](#), cc225-8

⁴⁴ Hansard, [Division 49: 13 July 2021](#)

⁴⁵ HC Deb, [13 July 2021](#), c173

⁴⁶ IDC, [Chair of Committee condemns “indefinite” aid cut proposal](#), 13 July 2021

⁴⁷ HC Deb, [13 July 2021](#), c221

⁴⁸ Bond, [Rebels fail to thwart government aid cuts](#), 13 July 2021

The 0.7% aid target

The Government has emphasised the [UK's global reach](#) is achieved not only through the aid budget, but through trade, defence and diplomacy.⁴⁹

⁴⁹ HC Deb, [13 July 2021](#), c221

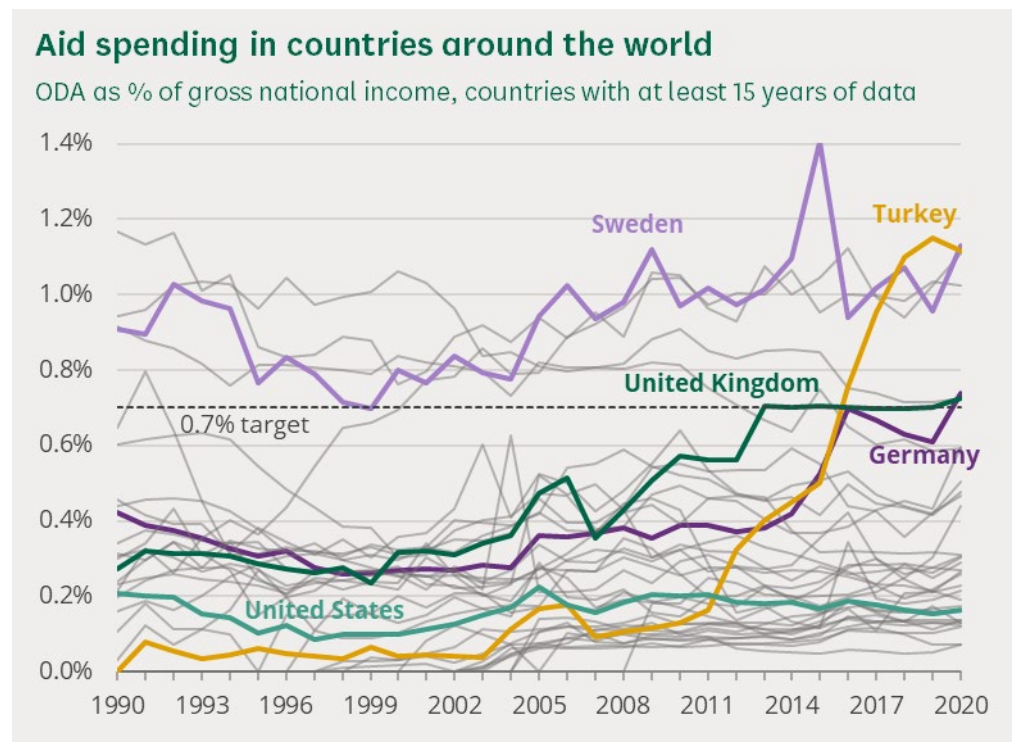
4 Performance against the target

4.1 How have countries performed?

Based on OECD data, only 14 countries have ever met the 0.7% target since 1960.

The chart below compares aid spending in every country for which the OECD has at least 15 years' worth of data.

This shows that aid spending in most countries stays well below the 0.7% target, with many (like the US) at around the 0.1-0.2% level. A handful of countries consistently spend at or above the target.



Source: OECD.Stat, [database.DAC1](#), retrieved 13 May 2021

Countries who have ever met the target break down into five main groups:

- **France and Belgium met the target in the 1960s but have since stopped.** Belgium last spent over 0.7% on aid in 1961 (when its total was 0.76%), and France's last year of meeting the target was 1967 (0.71%). Both continue to give around 0.4-0.6% of GNI as aid.

- **Denmark, Norway, the Netherlands and Sweden started meeting the target in the 1970s and have continued to meet it in almost every year.** The Netherlands appears to have stopped recently, however – it has not met the target since 2015.
- **Luxembourg** first met the target in 2000 and has since been **one of the most generous donors in proportional terms.**
- **Germany, Turkey, the United Arab Emirates and the UK all increased their aid spending in recent years.** Turkey is spending heavily on humanitarian aid because of the crisis in neighbouring Syria. Germany met the target for the first time in 2020. The United Arab Emirates reached the target for the first time in 2013, but its aid levels have fallen back to 0.45%.
- **Finland, Kuwait and Liechtenstein each met the target in only one year so far.**

4.2

How has spending changed in 2020?

In November 2020, the Government said the UK was one of several countries that were [reappraising their aid spending](#) due to the pandemic.⁵⁰

OECD data shows that in 2020 [foreign aid from official donors](#) increased 3.5% compared to 2019. The OECD said this reflected spending to combat the pandemic. A total of 16 Development Assistance Committee (DAC) countries saw a rise in their aid budgets, and 13, including the UK, saw a fall.⁵¹

In 2020, Sweden, Norway and Luxembourg met their own national targets to spend 1.0% of GNI on ODA.⁵² While the Australian Government had frozen aid funding

Percentage change in ODA spend in DAC countries, 2020

Reduction		Increase	
Greece	-36%	Denmark	1%
Portugal	-11%	Austria	1%
Australia	-11%	Poland	1%
UK	-10%	Japan	1%
Luxembourg	-9%	Belgium	3%
Korea	-9%	USA	5%
Italy	-7%	Canada	8%
Czechia	-5%	Iceland	8%
New Zealand	-5%	Finland	8%
Ireland	-4%	Norway	8%
Netherlands	-3%	Switzerland	9%
Spain	-2%	France	11%
Slovenia	-2%	Germany	14%
		Slovak Rep.	16%
		Sweden	17%
		Hungary	36%

Source: OECD, [Covid-19 helped lift foreign aid to an all-time high in 2020](#), April 2021

⁵⁰ HC Deb, [26 November 2020](#), c1018

⁵¹ OECD, [Covid-19 spending helped lift foreign aid to an all-time high in 2020](#), 13 April 2021

⁵² OECD, [Development co-operation peer review: Sweden](#), 2019, ch 3; OECD, [Development co-operation peer review: Norway](#), 2019, ch3; OECD, [Development co-operation peer review: Luxembourg](#), 2017, ch

until 2022/23, supplementary spending relating to the pandemic [means aid spending will be higher](#) in 2020/21.⁵³

In 2020, the French Government also [introduced legislation](#) to “strive” to reach the 0.7 figure by 2025.⁵⁴

The priorities of global aid spending have changed in response to the pandemic. The Overseas Development Institute (ODI) reports that in 2020 [global aid shifted towards health security and short-term economic resilience](#).⁵⁵ Development Initiatives states increased health spending [came at the cost of bilateral aid to most other sectors](#), including water and sanitation.⁵⁶

4.3 How will UK aid spend compare in 2021?

The [Integrated Review](#) states that the UK will spend 0.5% of its GNI on ODA in 2021 and that the UK will “remain a world leader in international development.”⁵⁷

The OECD has published provisional data on ODA commitments made and delivered by the members of the DAC, along with some other countries for 2020. These indicate that the UK ranked seventh in the world for its aid spending as a proportion of GNI – if it had instead spent 0.5% of GNI it would have ranked tenth.

Because the UK’s economy is large compared to most other countries, spending 0.7% means that its aid spending also ranks highly in absolute terms (that is, in currency rather than as a percentage of the economy) – its spending was the third highest in the world in 2020. Only Germany spent more in 2020 than the UK on aid both in absolute terms (about \$29 billion, compared to the UK’s \$19 billion) and in proportional terms (at 0.74% of GNI).

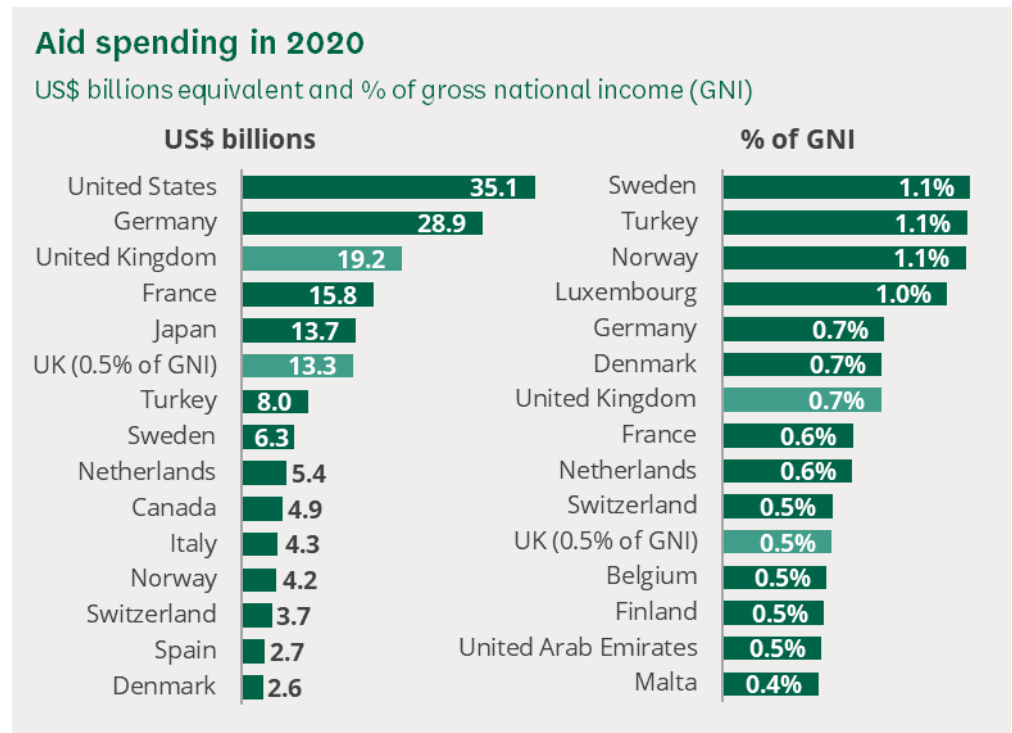
⁵³ Parliament of Australia, [Australia’s foreign aid budget 2020/21](#), October 2020

⁵⁴ Devex, [France striving to hit 0.7% aid target by 2025](#), 26 February 2021

⁵⁵ ODI, [Prospects for aid at times of crisis](#), March 2021, pp34-5

⁵⁶ Development Initiatives, [How is aid changing in the pandemic?](#), 2020, pp23-4

⁵⁷ Cabinet Office, [Global Britain in a competitive age](#), March 2021, pp4, 105



Source: OECD.Stat, [database DAC1](#), retrieved 13 May 2021 (most figures provisional)

If the UK had spent 0.5% of its GNI in aid in 2020, it would have ranked fifth in the world in absolute terms. This suggests that the cut to 0.5% of GNI may cause the UK to slip down the rankings a few places, but its spending will remain relatively high in international terms.

5 Debates on the target

This section provides a brief overview of debates on the target's utility, its impact on value for money, and how the target is defined and met.

Recent governments have expressed interest in redefining ODA and considering a more flexible target. No changes have been made.

5.1 Should the UK adhere to the target?

Arguments against

In 2012, the House of Lords Select Committee on Economic Affairs argued the target of 0.7% [should not be the centre of UK policy](#). It expressed concern that it prioritises the amount spent over outcomes, was inflexible, and risked undermining the receiving government's accountability and their incentives to invest in domestic tax collection.⁵⁸

The Taxpayers' Alliance has argued the [target encourages a focus on inputs over achievements](#).⁵⁹ The Institute for Economic Affairs has also [questioned whether target-driven spending](#) encourages others to follow, as few other states have met the 0.7% target.⁶⁰

Arguments for

The UK Aid Network argues the [commitment](#) "gives the UK leadership and influence in the development sphere and beyond."⁶¹ NGOs have also argued the target ensures long-term support for countries impacted by both the economic crisis and the global pandemic, without recourse to borrowing at high market rates.⁶²

For 2020, the NGO ONE estimates aid spending would have [been \\$189 billion higher](#) if all donors had met the 0.7% target.⁶³

⁵⁸ House of Lords Economic Affairs Committee, [The economic impact and effectiveness of development aid](#), 2012, paras 33, 95-6

⁵⁹ Taxpayers' Alliance, [Hitting the 0.7% target misses the point](#), December 2015

⁶⁰ Andy Mayer for Institute for Economic Affairs, [The case against spending targets](#), 2019

⁶¹ UK Aid Network, [State of UK aid report](#), 2017, p7

⁶² [IDC Written evidence submitted by Oxfam GB](#), 2014; Devex, [UK cuts aid budget to 0.5% of GNI](#), 25 November 2020

⁶³ ONE, [Global aid spending in 2020-What did we learn?](#), 21 April 2021

In July 2020, the FCDO Minister, James Cleverly, said the [Government is committed to the target](#) “because it is the right thing to do” and “being a global force for good” is “at the heart of the UK’s foreign policy.”⁶⁴

5.2 Does the target ensure value for money?

The IFS has argued that [ODA spending](#) is “amongst the most scrutinised of UK Government spending,” being subject to scrutiny by three bodies: the IDC, Independent Commission for Aid Impact (ICAI) and the National Audit Office (NAO).⁶⁵

In 2015, the NAO concluded that meeting the target in the context of uncertainty over the GNI has made it [more difficult to achieve value for money](#) as this encourages end of year spending to meet the target. It concluded the Government had made improvements since 2013.⁶⁶ A related report by the IDC in 2017 concluded less effective spending [was not a consequence of the target](#) and was not found to be significant.⁶⁷

In 2020, the ICAI concluded that while there were some value for money risks, with a “continuing concentration of expenditure towards the end of the calendar year,” [cross-government coordination had improved](#) and unspent aid was returned rather than used.⁶⁸

5.3 Should the target be more flexible?

Several reports have recommended that the Government consider adopting a more flexible target. In 2020 the Foreign Secretary said suggestions for the [0.7% commitment to be averaged](#) over several years is a “good proposal” and one to consider.⁶⁹

In 2020, the ICAI recommended the Government [explore ways to introduce “greater flexibility”](#) to the target, such as though introducing a “tolerance range” of between 0.69 and 0.71% of GNI or specifying the target as a three-year average.⁷⁰

⁶⁴ HC Deb, [9 July 2020](#), c1200

⁶⁵ IFS, [The changing landscape of UK aid](#), May 2017, para 5

⁶⁶ NAO, [Managing the ODA target](#), 2015, para 14

⁶⁷ IDC, [UK aid: allocation of resources](#), HC 100, March 2017, p3

⁶⁸ [Ibid](#), para 4.1

⁶⁹ HC Deb, [26 November 2020](#), c1040

⁷⁰ ICAI, [Management of the 0.7% ODA spending target: A rapid review](#), November 2020, pvi

In its [response](#) to the ICAI, the Government said it agreed with the principle of introducing greater flexibility, and would review possible approaches.⁷¹ No further announcements have been made.

The NGO network [Bond has argued](#) the reduction of ODA by £2.9 billion in 2021 “shows how flexible the percentage target is.”⁷²

The Government, IDC and Overseas Development Institute have also supported proposals to allow countries to become eligible for ODA if they fall back from high to middle-income status. This was the case for nine countries between 2009/10 and 2018.⁷³

5.4 Peacekeeping and ODA

UK debate on redefining ODA has centred on whether to include spending related to security-related peacekeeping.⁷⁴

The OECD’s definition of ODA has been revised since its introduction. In 2012, the DAC [launched its ODA modernisation project](#) and in 2016 [included more peace and security related costs](#) as ODA.⁷⁵

What currently counts as ODA spending?

The OECD publishes an [eligibility database](#) of projects definable as ODA. As examples of ODA-eligible schemes, it includes UK support for [civilian oversight of the military](#) and [preventing recruitment to extremist groups in Africa](#).⁷⁶ The OECD describes what is ODA-eligible in [five categories](#):

- **Military aid:** No anti-terrorism support or military equipment is included as ODA. The cost of using a donor’s armed forces to deliver humanitarian assistance is counted as ODA.
- **Peacekeeping:** Most peacekeeping expenditures are excluded. DAC reforms meant that from 2017 around 15% of donor contributions to UN-mandated and UN-led peacekeeping operations are now included as ODA.⁷⁷

⁷¹ HM Treasury and FCDO, [Response to the ICAI recommendations on: Management of the 0.7% ODA spending target](#), 22 January 2021, p2

⁷² Bond, [UK aid budget under threat: Reactions to rumoured cuts to 0.7%](#), November 2020

⁷³ [Written evidence to the IDC from ODI](#); IDC, [Definition and administration of ODA](#), 2018, para 26

⁷⁴ IDC, [Definition and administration of ODA](#), HC 547, 5 June 2018, pp14-15

⁷⁵ Safeworld, [Redefining ODA: what does it mean in practice?](#), February 2016; ICAI, [An information note for the IDC](#), January 2018, section 2.

⁷⁶ OECD, [Case 22: Defence Education: Defence in a wider security context](#); [Case 41: Capacity building workshop for African policy makers \[...\]](#), both accessed 21 April 2021

⁷⁷ ICAI, [Information note for the IDC’s inquiry into the definition and administration of ODA](#), 2018, section 2.2

- **Cultural programmes:** Included as ODA if they “build the cultural capacities of recipient countries.”⁷⁸
- **Nuclear energy:** Included as ODA if for civilian purposes.
- **Commercial projects:** Transactions that have a primarily commercial objective, such as export credits, are not eligible.⁷⁹

UK Government interest in reforming

In their 2017 manifesto, the Conservatives said they would consider [introducing a UK-specific definition for ODA spend](#) if the Government could not change the shared international definition.⁸⁰

Although the commitment was absent in its 2019 manifesto, in 2020 the Ministry of Defence said it hoped a revised ODA definition would include the “very wide range of activities that defence is involved in.”⁸¹ The Chair of the Foreign Affairs Committee, Tom Tugendhat, has also argued that spending money on the armed forces to keep peace and allow development should also count as ODA.⁸²

In 2018, the IDC argued the Government [should oppose](#) any further increase in the proportion of UN peacekeeping operating which can be counted as ODA in order to maintain the focus of ODA on poverty reduction. It also argued any UK-specific definition would undermine the UK’s commitment to the 0.7% target and multilateralism.⁸³

In December 2020, the [FCDO said it was](#) “committed to the [ODA] rules” set by the OECD and would work to “modernise the rules “where they are out of step with modern development challenges.”⁸⁴

⁷⁸ OECD, [ODA—definition and coverage](#), accessed 21 April 2021

⁷⁹ OECD, [ODA: What is ODA?](#), April 2021

⁸⁰ [Conservative Party Manifesto 2017](#), p39

⁸¹ HC Deb, [7 December 2020](#), c558

⁸² HC Deb, [30 June 2021](#), c294

⁸³ IDC [Definition and administration of ODA](#), HC 547, 2018, paras 36, 40

⁸⁴ PQ HL11261 [[Overseas aid](#)], 22 December 2020

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