



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Sarah Champion MP  
Chair of the International Development Committee  
House of Commons  
London  
SW1A 0AA

26<sup>th</sup> April 2023

Dear Sarah,

### **OFFICIAL DEVELOPMENT ASSISTANCE (ODA) SPENDING IN THE UK**

1. Thank you for your invitation to provide evidence on ODA spending in the UK to the International Development Committee alongside the Minister for Development and Africa and Minister for Immigration on 8 February. I have received your report of 2 March and will respond substantively but during our discussion I offered to clarify the following points in writing.

2. I was asked whether ODA reporting included Value Added Tax (transcript Q128). The total outlay for goods and services procured through the aid budget is reported as ODA. All UK ODA is reported in line with the Organisation for Economic Cooperation and Development Development Assistance Committee reporting standards.

3. I offered to specify when the Government expects ODA spending to return to 0.7% of Gross National Income (GNI) (transcript Q134). The Government is committed to returning ODA spending to 0.7% of GNI when the fiscal situation allows, in line with the approach confirmed by Parliament in July 2021 which provides a clear measure assessed against independent forecasts. The Government will review and confirm each year, in accordance with the International Development (Official Development Assistance Target) Act 2015, whether a return to spending 0.7% of GNI on ODA is possible against the latest fiscal forecast. The government will increase ODA spending to 0.7% of GNI if it expects to meet the fiscal tests in the following financial year. As set out in the Autumn Statement, reflecting a significant shock to the economy and public finances the Office for Budgetary



Responsibility's November 2022 forecasts showed that the principles for a return to 0.7% GNI had not been met for 2023/24. These forecasts suggested that the fiscal tests would not be met during the forecast period running to 2027/28. HM Treasury will provide annual updates on the implications of future forecasts for the return to 0.7%.

4. Finally, I offered to follow up on the ODA eligibility of additional resources provided in updates to the Homes for Ukraine scheme announced by Written Ministerial Statement on 14 December (transcript Q147). As I later confirmed (transcript Q151), additional resources this WMS announced are not ODA eligible: a £500 million Local Authority Housing Fund, which can be used by councils in England to buy housing stock, build new homes, convert existing non-residential properties, and refurbish dilapidated housing or empty homes into accommodation for those fleeing conflict; £150m of new UK-wide funding in 2023/24 to Local Authorities to help support those at risk of homelessness, including Ukrainians who have arrived under the settlement scheme; and the extension of 'thank you' payments to hosts for a maximum duration of two years, with an increase from £350 to £500 per month after the first 12 months of sponsorship. Instead, the reduction in the tariff given to Local Authorities to support Ukrainian guests in their first year, from £10,500 to £5,900 has reduced the ODA-eligible cost per person supported by the scheme.

Yours sincerely,

A handwritten signature in blue ink that reads 'John P. Glen'.

THE RT HON JOHN GLEN MP