

Small increase in aid welcomed, but COVID crisis demands more

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Budget 2021 saw a modest increase in aid, although this is likely to be swallowed up by inflation, and is primarily focused on funding operational capacity rather than an increase in actual aid to the Pacific, or those countries suffering the worst of COVID.

“Aid increased nearly 11% in the current financial year, but that is primarily making up for an under-spend in the financial year prior to that. Next year aid is budgeted to increase by just 0.7%,” says Terence Wood of [New Zealand Aid and Development Dialogues](#).

Aid will increase by about 3% a year over the following two years. With inflation taken into account, the real increase will be less.

“Making sure we have funding for experienced staff and the capacity to deliver effective aid is important. But we were hoping to see an increase in real aid too, to support those countries still suffering COVID break-outs,” says Josie Pagani, Director of Council for International Development.

Globally at least 120 million people have been plunged back into extreme poverty because of COVID. COVID cases continue to rise in [Fiji](#) (with at least 100 cases). In [PNG](#) over 100 deaths have been recorded. Jobs have been destroyed in unprecedented numbers, with some Pacific countries dependent on tourism for over 70% of GDP (Gross Domestic Product).

New Zealand’s aid makes up 0.33% of GNI (Gross National Income), well below the global commitment of 0.7%. That equates to less than \$1 for every \$100 of government spending.

“COVID has been a shock like no other. It requires a response like no other. New Zealand can do better,” says Josie Pagani.

For more analysis, please go to nzadds.org.nz

The Council for International Development (CID) is the peak body for New Zealand’s international development and humanitarian aid sector.

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