

# Australia's aid under scrutiny: the OECD DAC peer review and the road ahead

by Jessica Mackenzie

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Australia sent humanitarian supplies to Myanmar in April 2025 following a massive earthquake

*Photo Credit: DFAT*

Australia's aid program is over 50 years old. As the Development Policy Centre's Dr Cameron Hill recently remarked, "regular check-ups are important as you age".

That health check is currently being undertaken through the OECD Development Assistance Committee (DAC) peer review process, where experts provide an in-depth assessment of a DAC member's strengths and challenges with respect to the delivery of Official Development Assistance (ODA).

The peer review process holds the 33 members of the DAC accountable for their commitments and to agreed international benchmarks, using an agreed methodology and analytical framework. The process has impacts: according to the OECD, since 2014 **83% of recommendations** made in peer reviews have been fully or partially implemented by DAC members.

So, each member of the DAC is usually reviewed every five or six years, with mid-term reviews in between.

In mid-June, peer reviewers from Ireland and Finland, accompanied by observers from Thailand and specialists from the DAC Secretariat, were in Canberra. They are now on a visit to Timor-Leste to see Australian aid projects up close. The review team were well versed in the nuances of Australia's aid program and political landscape – right up to the outcomes of our recent election. And it's easy to understand why they take their job so seriously. This review comes at a pivotal moment for global development, making its insights particularly important for how Australia shapes its role on the global stage and maximises the value of every dollar spent. As Grace Stanhope's [Lowy Interpreter blog](#) recently highlighted, with "a new term of government, amid global fallout from the demise of partners' programs, this is a rare opportunity to comprehensively consider the Australian aid and development enterprise".

2025 has already seen significant, widespread cuts from major donors, with profound consequences. As reported by [The Guardian](#) this month, development specialists are expressing serious concerns, not least as a result of USAID cuts directly affecting Australian NGO projects to the **total value of \$400 million**. Abrupt halts to many contracts and programs mean that life-saving support is disappearing from dozens of countries.

For Australia, a robust and predictable aid program is fundamental to its standing and influence in a dynamic Indo-Pacific region.

Each peer review has different areas of focus. This review of Australia's aid program will focus on some timely and hard-hitting topics:

- **System Effectiveness:** Assessing whether Australia's aid system is fit-for-purpose in a changing global environment and evaluating how well Australia's aid system achieves long-term results, offers value for money and prioritises poverty reduction and inclusion.
- **Global Leadership:** Assessing Australia's role on the international stage, including the coherence of its foreign policy, trade and development efforts, and the effectiveness of its advocacy for Small Island Developing States (SIDS).
- **Local Partnerships:** Scrutinizing Australia's commitment to genuinely partner-led approaches and how it balances risk management with fostering local leadership.
- **Responding to Instability:** Examining Australia's innovative approaches to regional stability, with a focus on the challenges faced by SIDS (economic, climate, security and financial), and its contributions to strengthening the international humanitarian system.
- **Innovative Finance:** Reviewing Australia's increasing use of new financing models, such as blended finance and investments in quality infrastructure through initiatives like the Australian Infrastructure Financing Facility for the Pacific (AIFFP).

This review's remit also includes a check on progress against recommendations from Australia's last full review in 2018 and its 2021 mid-term review. That is, did we take on board the expert advice provided last time and to what extent have we progressed those recommendations?

The [2018 review](#) acknowledged Australia's clear policy vision for development cooperation and its strong advocacy for SIDS and gender equality. However, it also recommended:

- **Improved alignment with the Sustainable Development Goals (SDGs):** To better integrate global development targets into its aid planning.
- **Strengthening DFAT's staffing capabilities:** To ensure adequate skilled

personnel for effective aid program management.

The [2021 mid-term review](#) commended Australia's responsive approach to COVID-19. Nonetheless, it encouraged:

- **An increase in ODA volume:** Australia's aid spending, as a share of its national income, remained below many international peers.
- **Greater integration of environmental measures:** To more comprehensively address environmental concerns across the aid program.

Australia will likely be found to have made progress against these past recommendations, certainly in terms of policies announced and on the basis of some climate-finance calculations. The peer review team spoke during their visit to a wide range of stakeholders (from managing contractors to civil society groups to think tanks), with a focus on Australia's recent policies and how these prioritise development capability and SDG issues like locally-led development, climate action and gender equality. The big questions would have been: are the results showing yet, and can we say these policies are actually working on the ground?

Not surprisingly, discussion touched on whether Australia's overall ODA volume has increased sufficiently. There's a clear need to help with Indo-Pacific challenges amidst the dire global aid cuts. The increase Australia has seen since their mid-term review in 2021 (in nominal terms, not real terms) to a dollar-figure high of \$5.1 billion still means a new ODA/GNI low of 0.18%. This ODA volume pales in comparison to that of the peer reviewers' own countries (with Finland at 0.47% and Ireland at 0.57%).

Thailand's participation as an observer adds a compelling layer to this year's review. Having one of Asia's emerging donors involved in the DAC's work is well timed. There are calls to reform international institutions like the DAC, recognising the significant shift in the global development landscape. We need a future where the DAC is increasingly shaped by, and relevant to, a broader range of international partners – these dynamic economies have a crucial role to play in addressing development needs.

The review's findings will offer important insights, and one hopes DFAT is poised to listen. It will help clarify whether Australia is indeed back for good in its aid efforts, or if deeper systemic changes are needed. In a world where every aid dollar is more critical than ever, the next step is crucial: will Australia take this health check seriously and act on the advice?

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## Link:

<https://devpolicy.org/australias-aid-under-scrutiny-the-oecd-dac-peer-review-and-the-road-ahead-20250627/>