

Friendly pressure: the 2025 DAC peer review of Australia's aid

by Cameron Hill

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Officials from the Timor-Leste Ministry of Foreign Affairs met with the Peer Review team from the OECD Development Assistance Committee, 24 June 2025

Photo Credit: Facebook/Australian Embassy Timor-Leste

As part of its longstanding membership of the OECD's Development Assistance Committee (DAC), Australia participates in periodic peer reviews of other donors' development cooperation programs and undergoes reviews of its own. Given that no Australian government has commissioned an independent aid review **since 2011**, these exercises now constitute the only regular, external assessment of Australia's Official Development Assistance (ODA) and development cooperation programs as a whole. The 2025 review, led by fellow DAC members Finland and Ireland, with Thailand (a non-DAC member) participating as an observer, **has now been published**.

This is the first peer review of Australia since 2018. It is also the first since Labor came to government in 2022 **promising to** "rebuild Australia's development cooperation program" after almost a decade of Coalition budget cuts and policy ambivalence. Usefully, the review includes an update on the implementation of recommendations from this last review (in its Annex A). Of the thirteen recommendations from 2018, only four are found to have been "implemented", with seven "partially implemented" and two "not implemented".

Unsurprisingly, one of the 2018 recommendations not implemented is that Australia set an "ambitious target for ODA as proportion of GNI [gross national income] and set out a path to meet the target". While similar language around an ODA/GNI target and a pathway found its way into **Labor's party platform**, it has not been taken up as policy by the Albanese government. The Coalition went to the 2025 federal election promising to cut aid. In 2024, Australia's ODA/GNI ratio of 0.19% **ranked it a lowly 28th** out of 32 DAC donors, placing it ahead of only Greece, Czechia, the Slovak Republic and Hungary on aid generosity.

The 2025 review takes place against a very different global backdrop than that of the 2018 review: **simultaneous and unprecedented cuts** to aid funding by four of the

world's largest ODA providers (the US, Germany, France and the UK) and a dozen or so other DAC members; a **populist assault in many donor countries** on some of the very premises surrounding the provision of development finance; and the **dramatic rupturing** of the postwar “rules-based order”, of which the development cooperation architecture has, for all its faults, been an integral part. This context is acknowledged at various points throughout the review. Indeed, reading through the required diplomatic niceties and technical jargon, the document (rightly) conveys the sense that the global development and humanitarian system is under enormous, if not existential, pressure.

Against this backdrop, the review spends relatively little time talking about Australia's poor performance on aid generosity. As a Western donor that is not slashing but instead “stabilising” aid (**albeit at 2006-07 levels**) out to 2036-37, the government is spared a lengthy discussion of Australia's stinginess. Australia was a decade ahead of the curve when it came to savage ODA cuts and many other Western donors are now, sadly, simply catching up. In this context, a recommendation that “Australia accelerate efforts to increase ODA from its current low base” reads as a somewhat perfunctory, “tick the box” exercise which will (again) likely be studiously ignored. The recommendation that Australia increase its **low and declining core multilateral development funding** has more bite given the government's consistent invocation of the importance of the multilateral system and its advocacy for more of this funding to find its way to the Pacific, presumably at the expense of other developing countries.

Beyond funding, the review adopts the DAC's usual methodical, if sometimes impenetrable, assessment of Australia's current development policy settings and systems: its objectives, its coherence and its capabilities. On objectives, the review is ambivalent and somewhat confusing. On the one hand it says that the framing of Australia's development program as part of an “all tools of statecraft” foreign policy narrative has “provided renewed strategic clarity”. On the other, it finds at various points that this framing has diluted the poverty reduction focus of the program and warns that “overloading [Australia's] development assistance with competing objectives risks undermining its impact and retaining clarity over goals will be essential to ensuring its programming is effective.”

On policy coherence, the review lauds Australia's increased use of budget support to partner governments while highlighting the need to consolidate DFAT's engagement with various forms of “blended” and non-ODA development finance to avoid fragmentation, support increased scale and strengthen impact. On loans, it notes **the obvious tensions** between Australia's largely non-concessional infrastructure lending in the Pacific, growing concerns about debt distress, and many Pacific countries' inability to borrow in the wake of COVID-19. On climate

finance, it points out that Australia's growth in climate finance, including to the Pacific, is not "new and additional" to existing ODA and that this growth does not address the dissonance between Australia's regional positioning on this issue and its continuing role as a major fossil fuel economy and exporter. And the review rightly highlights the ongoing disjuncture between Australia's support for the rules-based order in the multilateral human rights and the humanitarian system and its treatment of asylum seekers that have arrived by boat.

The review is largely complimentary about Australia's work on peacebuilding, the protection of humanitarian workers and integrated crisis response, as well as its longstanding efforts to integrate gender equality and disability inclusion into its humanitarian and development programs. It argues, however, that Australia should also pay attention to other, intersecting forms of inequality, particularly economic inequality.

When it comes to capability, the review is also complimentary about Labor's efforts to improve aid transparency and strengthen development leadership and capability within DFAT. It warns, however, that DFAT's reliance on a "small pool" of managing contractors to deliver larger, more complex programs may come at the cost of opportunities to pursue "more strategic, innovative and transformative programming", enhance value for money, embed proportionate approaches to risk management and engage more directly with local partners via policy dialogue.

The review highlights the need for a more systematic use of evaluations, including strategic evaluations, to inform decision making, help break down silos and improve cross-programming learning. It also argues for a strengthened role for DFAT's high-level Development Program Committee "to provide space for critical reflection and debate and drive a stronger focus on upstream design". These and other capability gaps are discussed in the context of the review's wider finding that "DFAT is faced with a tension between the department's focus on reputational, diplomatic and fiduciary risk and political ambitions to do more with Australia's development programme".

Despite its extensive evidence base and carefully crafted, albeit largely modest, recommendations, it is unlikely that this latest review will have a big impact on the policies and practices of Australia's development cooperation program. Amidst everything else going on in the world and at home, the government appears reluctant to talk about aid spending and reform other than to say it is "not cutting funding", it is "better than the Coalition" and that the international development policy that it launched in 2023 is fully aligned with Australia's "statecraft" and does not involve any trade-offs. Nor is Australia's track record of implementing recommendations from previous DAC peer reviews particularly impressive.

Nevertheless, the peer review is a serious exercise and those politicians, decision makers and advocates, both within and outside government, arguing for a bigger and better Australian development program could do a lot worse than engage with its findings and recommendations.

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