



Photo Credit: LWF
Burundi/Lea Gillibert.

Australia's 2025 OECD DAC Peer Review

10 Key Take Aways



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT

Agenda

Part 1

- Welcome and Acknowledgement
- Introduction
- Overview of the Review
- Headlines
- 10 Key take aways

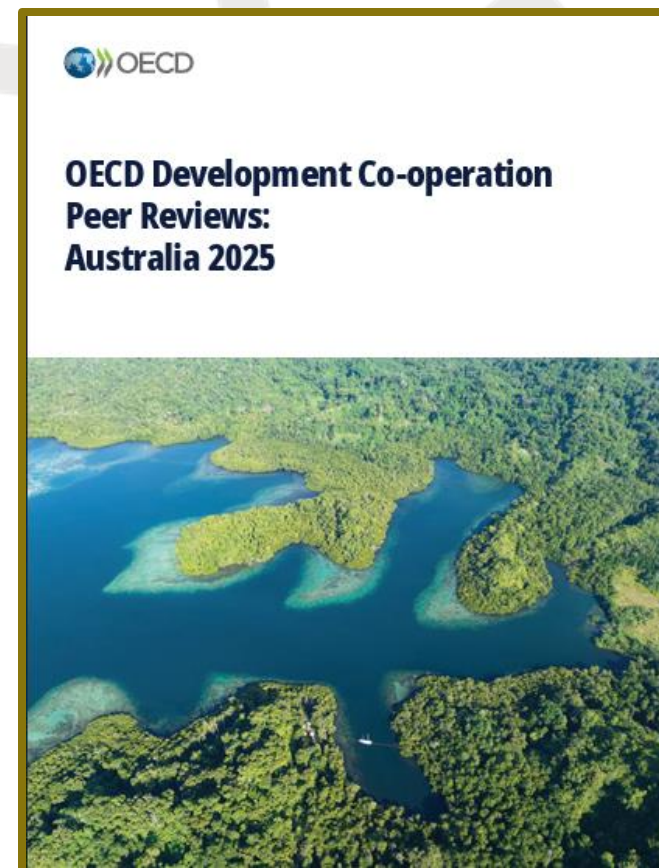
Part 2

- Q&A Discussion



Introduction

- In 2025, the OECD Development Assistance Committee (DAC) conducted a [peer review](#) of Australia’s development program. The DAC’s last Peer Review of Australia was in 2018.
- The review team consisted of representatives from Ireland and Finland as reviewers, Thailand as an observer and the OECD DAC Secretariat.
- The review involved consultations with over 120 stakeholders including partner governments, multilateral organisations, academics, and non-government organisations as well as visits to Timor-Leste and Tonga, as development partners of Australia.
- ACFID’s role in this process as the “civil society platform” for Australia ensured consultation with a broad range of civil society partners including through consultations and submissions made by ACFID members as well as ACFID’s own submission.
- ACFID welcomes the release of the [2025 Australia Peer Review](#) on the Committee’s findings aimed at improving the quality and effectiveness of Australia’s development program.



Source: OECD Development Cooperation Peer Reviews: Australia 2025, OECD DAC.

Overview of the Review

The DAC's recommendations to Australia

- To resource Australia's foreign policy including the 2023 International Development Policy, the government should...
 - ensure that ODA and non-ODA flows reinforce partner countries' development priorities and are working towards common objectives
 - continue to invest in strengthening public and parliamentary support for Australia's goal engagement, including by informing public debate with tailored communications and facilitating greater dialogue between parliamentarians and experts.
- To incentivise development effectiveness and impact for partner countries, DFAT should:
 - ensure oversight and steering mechanisms promote critical challenge in decision making around development investments, including in the choice of delivery partners
 - fully embed risk-based management, including by improving staff capacity to apply risk policies in a proportionate and flexible way
 - reinvest in strategic evaluations and synthesis work, ensuring alignment with policy and decision-making cycles.
- To strengthen effectiveness, DFAT should increase strategic engagement in programmes delivered through...
 - ensure delivery models better upstream to identify the unnecessary project complexity and layering
 - To advance Australia's commitment to an effective practice and seek to increase core funding to deliver Australia's engagement in multilateral
- To be fit to steer and lead a more ambitious development agenda, DFAT should:
 - continue embedding development capacity strengthening (pre-existing training to staff to follow through on efforts to address critical including further hardening diversity and to make greater use of locally engaged staff from management and evaluation
 - better structure the department's portfolio contributions of development investments to continue, challenging gender equality while addressing intersecting forms of inequalities, including
- Building on Australia's leadership on gender...
 - continue, challenging gender equality while addressing intersecting forms of inequalities, including

Findings

This report presents the findings of the 2025 development co-operation peer review of Australia and includes the relevant recommendations approved by the Development Assistance Committee (DAC). It focuses on five areas of... that were identified in consultation with... Following a review of Australia's... and the extent to which it is fit for... its global role including its support for... for sustainable development. It then... the lens of partner and locally led... Australia's co-operation supports peace... view takes stock of Australia's growing... investments in the Indo-Pacific. For... strengths and challenges as well as

Infographic 1: Highlights from the 2025 Development Co-operation Peer Review of Australia

AN IMPORTANT DEVELOPMENT PARTNER IN THE INDO-PACIFIC AND INFLUENTIAL GLOBAL ACTOR, AUSTRALIA'S STRENGTHS ARE...

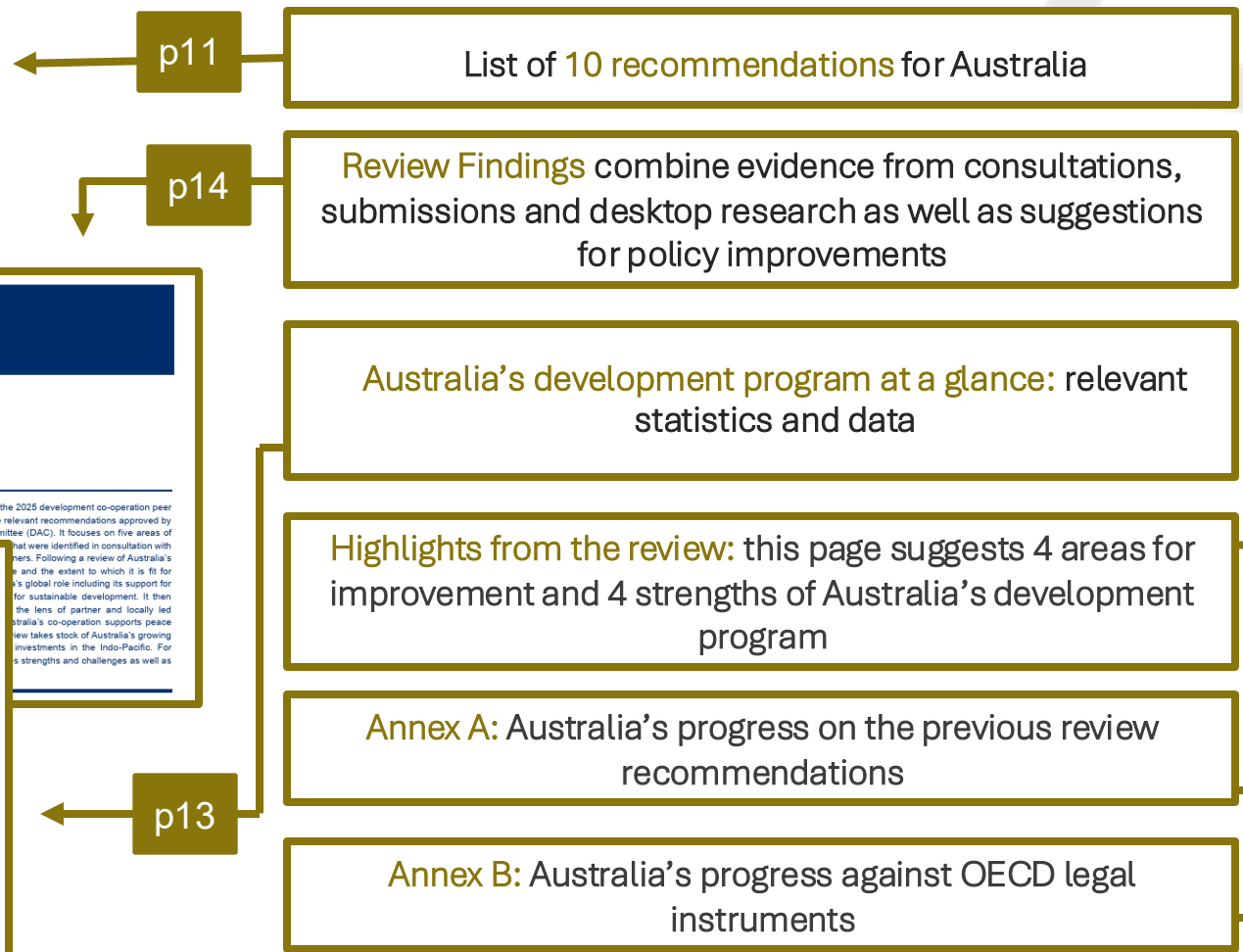
- Strategic clarity on the value of international cooperation to foreign policy
- Clear leadership addressing structural inequalities to development for Pacific partners
- A commitment to supporting local businesses in partnership with governments and civil society

... AND AREAS FOR IMPROVEMENT

- Strengthening poverty reduction and human capital at the heart of growth, infrastructure and social investments
- Embedding resilience to climate change in Australia's public institutions and private sector
- Ensuring peace, conflict resolution and disaster preparedness and early response
- Normalising the capability of public and private sector organisations to deliver on their commitments

PROGRESS SINCE THE PREVIOUS PEER REVIEW

Australia fully or partially implemented 11 of the 13 recommendations made in the last review in 2014.



Infographic 2: Australia's development co-operation at a glance

AT 51% AUSTRALIA'S ODA REMAINS LOW BY INTERNATIONAL STANDARDS

ODA as % of GDP: 0.25% (Australia), 0.30% (OECD average), 0.40% (EU average)

AT 11% AUSTRALIA'S ODA REMAINS LOW BY INTERNATIONAL STANDARDS

ODA as % of GDP: 0.11% (Australia), 0.15% (OECD average), 0.20% (EU average)

AUSTRALIA'S RELATIVE ODA TARGETS THE PACIFIC AND SOUTH-EAST ASIA

ODA as % of GDP: 0.15% (Australia), 0.20% (OECD average), 0.25% (EU average)

THE UN SYSTEM AND WORLD BANK GROUP RECEIVE MOST OF AUSTRALIA'S MULTILATERAL ODA

ODA as % of GDP: 0.15% (Australia), 0.20% (OECD average), 0.25% (EU average)

Annex A. Progress against the 2018 peer review recommendations

Annex B. Progress against OECD legal instruments under responsibility of the DAC

Recommendations adopted by the Development Assistance Committee (DAC)

DAC Recommendation on the Terms and Conditions of Aid (OECD/LEGAL/0049)

Australia met two of three provisions of the DAC Recommendation on the Terms and Conditions of Aid. The average grant element of Australia's official development assistance (ODA) commitments in 2022-2023 was 99.0%, above the norm of 88% in 2022 and 2021. Australia met the commitment on the interest terms for least developed countries (LDCs), exceeding the 50% norm. The grant element of Australia's bilateral ODA commitments to LDCs was 100% in 2022-2023. Over the same period, Australia also met the alternative norm of maintaining a three-year average of grant element of bilateral ODA to LDCs by 85%.

As of 31st Dec 2022 and 2023, Australia's ODA as a share of gross national income (GNI) was below the DAC average (0.30% and 0.31% respectively). Australia therefore did not meet this provision of the Recommendation.

DAC Recommendation on Unwinding Official Development Assistance (OECD/LEGAL/0049)

Australia reports all ODA as unaided and the government remains legally required to unaided its ODA. Since the last review, Australia has improved its adherence to the transparency provisions of the Recommendation. Since 2021, Australia has established a new procurement opportunities via the DAC team board and reporting on its past contract awards, resulting in an increase in foreign bids. DFAT notes that, since 2021, Australia has also enhanced engagement with stakeholders by delivering more than 30 industry outreach and engagement activities in its region, resulting in increased interest from foreign suppliers.

Australia is one of the countries where the contrast between de jure unaided (consistently 100% unaided) and actual distribution of contract awards is the most striking, with close to 100% of awarded suppliers based in Australia. Against this, Australia's recent focus on local content and sustainable procurement, there appears to be a slight increase in the share of contracts awarded to suppliers based from abroad, particularly in terms of number of contracts, and to a lesser extent, contract value. In terms of local procurement, Australia acknowledges significant barriers for local organisations seeking to secure work contracts awarded by DFAT, including limited capacity to manage large-scale projects. To better capture the participation of local suppliers across the ODA delivery supply chain, DFAT has introduced a reporting system whereby local commercial suppliers disclose information on their socioeconomic reporting (see Box 1).

OECD DEVELOPMENT CO-OPERATION PEER REVIEW AUSTRALIA 2025 © OECD 2025

Headlines

Achievements

- Australia continues to receive international recognition for its **global leadership on gender equality and disability inclusion**, particularly in a context of a global push-back on human rights.
- Australia is recognised for its **commitment to and leadership on global public goods** such as global health.
- **Australia's support for Small Island Developing States** to address structural barriers and access finance has been critical for Pacific partners.
- Australia's **budget support for Pacific governments** has been critical in fostering regional stability and supporting partners to manage domestic crises.

What needs more work

- Australia's Official Development Assistance (ODA) has stabilised but **investment beyond 2.5% indexation** is required to arrest the current downwards trajectory.
- **Reliance on managing contractors** for program design and delivery is contributing to trade-offs in development effectiveness.
- **Increased support for continued development capability** within Government is required to meet development objectives.
- **Ensuring peace, conflict prevention and development efforts are integrated** and existing departmental knowledge is better captured and utilised.
- **Restoration of poverty reduction as a core goal** of the Development Policy's implementation (this includes in infrastructure projects).

Worth noting

- **Improved clarity on the development program's role** within Australia's broader foreign policy objectives as result of the "all tools of statecraft approach."
- **Australia's approach to locally-led development is providing leadership amongst OECD DAC peers.** However, to achieve locally-led objectives efforts to strengthen and fund local CSOs are needed (core funding has declined) as well as harmonisation and streamlining of current due diligence requirements.
- **Increasing public support for Australia's development program is underway** with the role out of curriculum material in Australian schools on the SDGs, global citizenship and international development.

10 Key Take-aways

1 Australia's Development Program is held back by lack of funding

2 Poverty reduction has slipped as a focus of the development program

3 Program management approaches constrain development effectiveness

4 Australia must take stronger action on climate change

5 Development capability must be uplifted

6 Governmental knowledge on conflict prevention must be better structured

7 Locally-led development must focus on local agency and leadership

8 Current approaches to risk must be redefined

9 Monitoring, evaluation and learning capability must be strengthened

10 Continue to communicate the value of Australia's development program

1. Australia's development program is held back by a lack of funding



Review Findings

- **Recommendation 1** calls on the Australian Government to “accelerate efforts to increase ODA from its current low base” and outlines ODA volume as one of four areas for Australia’s improvement.
- **Lack of development resources stand in the way** of the Government delivering on its foreign and development policy ambitions despite 2.5% indexation from 2026-27.
- **Australia has one of largest defence to aid spending ratios** of OECD countries, with defence spending almost 12 times that of ODA.
- **“The constrained volume of Australia’s overall ODA”** will “**require trade-offs**” such as recent decisions to reallocate funding from within the aid program to try and fill the gap left by USAID cuts in the Asia-Pacific region.



ACFID's view

The Review’s findings on ODA volume echo much of those stated in the 2018 review – with Recommendation 8 remaining ‘unimplemented’ from 2018.

Australia's ODA funding is at historically low levels. The 2008 Peer Review was congratulatory of Australia’s commitment the previous year to achieve 0.5% ODA/GNI by 2015/16.

Nearly two decades have passed since that timeline and yet Australia has gone backwards.

Australia is now the least generous it has ever been – ranking 28 out of 32 OECD DAC donors.

ACFID continues to call for Australia’s aid budget to be increased to 1% of the Federal Budget.

2. Poverty reduction has slipped as a focus of the development program



Review Findings

- The 2023 International Development Policy signals progress for Australia’s development program, however the Policy has a reduced focus on poverty reduction and “lacks actionable commitments or details on how its implementation will address poverty.”
- The lack of measurable targets and tangible commitments on poverty reduction have also flowed through to the Development Partnership Plans.
- The reduced focus on poverty reduction is partially due to the redefined role of the development program as a lever of foreign policy as Australia seeks to become a partner of choice in the region, as well as the ever-growing list of ‘priorities’ of the development program.
- DFAT encourages relevant posted staff to think about poverty reduction outcomes but this is optional.



ACFID’s view

Australia’s development program must be centred on addressing the root causes of poverty and inequality – to support peace and stability and to ensure no one is left behind.

The 2018 review states: “Australia does not track the extent to which interventions contribute to poverty reduction and leave no one behind.”

ACFID recommends restoring a focus on poverty reduction across development investments, measuring outcomes broadly across investments over time. This could be similar to the approach taken for assessing the effectiveness of gender equality and climate change across development investments.

3. Program management approaches constrain development effectiveness



Review Findings

- Development effectiveness and impact is a central theme throughout the review— particularly in relation to the **Government’s choice of delivery partners**. Recommendations 2 and 3 outline respectively;
 - “ensure oversight and steering mechanisms promote critical challenge in decision-making around development investments, including in the choice of delivery partners,” and;
 - “consider delivery models further upstream to identify the best mechanisms to meet objectives and reduce unnecessary project complexity and layering.”
- The Government’s use of **managing contractors** for 25% of Australia’s total ODA - has important trade-offs for development effectiveness. These include:
 - Layered contracting arrangements and program complexity which impact cost-effectiveness.
 - Reliance on a limited pool of contractors which decreases opportunities and bandwidth for innovation, and is more pronounced in a region with an already limited number of donors.
 - Conflict of interest risks where contractors are hired for design, implementation and evaluation.
 - “Short-term, risk averse decision making” which leads to missed opportunities for innovation and change, particularly when combined with high staff turnover and limited development experience of posted DFAT staff.
- To address these risks, the Review suggests a shift towards less complex programme designs and a “rebalancing” of strategic steering to build DFAT capability and reinstate directional responsibility with DFAT.



ACFID’s view

Development effectiveness is critical to the development program achieving its goals. The Review’s findings on program management point to a long-term capability gap which can be traced back to the integration of AusAID into DFAT in 2013 and the development expertise and capacity lost as a result.

ACFID recommends expanding DFAT development capacity and consideration of delivery models further upstream to improve the development program's innovation, locally led adaptiveness and flexibility while reducing the risk of market concentration and conflict of interest. This will help to address several risks outlined in the review and contribute to improved development effectiveness.

4. Australia must take stronger action on climate change



Review Findings

- **Recommendation 10** addresses Australia’s policy incoherence between domestic and foreign policy settings on issues such as climate change. It proposes the Government include “transboundary impacts on developing countries in regulatory impact assessments” while also engaging in dialogue with partners on incoherence issues.
- Australia has made strong progress on increasing climate change programming (for example through targets in the International Development Policy).
 - However, Australia is depending on this progress – which comes from within existing ODA – to meet its global climate finance commitments. This does not align with Australia’s “fair share,” historical responsibility, economic capacity or the global call for “new and additional” climate finance.
- Australia has played a critical role in supporting Small Island Developing States (SIDS) to access global climate finance however greater innovation is needed to increase access to funds commensurate with the challenges facing SIDS in responding to climate change.



ACFID’s view

*Recognising the existential threat faced by many of Australia’s development partners, **ACFID** recommends:*

- ***The Government provide climate funding that is new and additional to existing ODA, and that is grants-based.***
- ***Strengthening domestic and exported greenhouse gas emissions reduction targets in line with the pathway to limit global warming to below 1.5C.***
- ***Existing climate infrastructure financing mechanisms that are unable to utilise their loan allocations be gradually transitioned towards predominantly grant-based models.***

5. Development capability must be uplifted



Review Findings

- The importance of strengthened development capability - which is also listed as an area for improvement - features heavily, including **Recommendations 2 and 3** on development effectiveness and **Recommendation 5** on DFAT's ability to steer and lead "a more ambitious development program."
- Renewed ministerial direction on building development capability is aiming to address existing challenges, including those highlighted in Australia's 2018 Peer Review, however significant gaps remain.
- The re-instatement of the Senior Responsible Officer role at post is an important step in ensuring alignment and integration between the development program and Australia's international engagement at the country level.
- Uplifting development capability would better support staff decision-making and risk differentiation, improving delivery on the development program's objectives and enabling "the bold development programming that Australia is increasingly seeking."



ACFID's view

DFAT's reduced development capability has not recovered since the integration of AusAID.

ACFID recommends new and innovative mechanisms to create a dedicated stream for development professionals as well as pathways to onboard specialist advisors and seconded experts within DFAT to help restore lost capability.

Additionally, strengthening DFAT's professional development pipeline and promotion for development professionals within the department will help ensure development expertise is valued and recognised. Leveraging the existing "learning and evidence that programmes generate" would also bolster capability.

6. Governmental knowledge on conflict prevention must be better structured



Review Findings

- **Recommendation 5** outlines that Australia could improve its strategic direction on how the development program can be used to strengthen regional stability by better structuring “the department’s conflict prevention knowledge and analysis.”
- “Ensuring peace, conflict prevention and development efforts are fully integrated” is one of four areas for improvement for Australia.
- Australia’s efforts on conflict prevention is a consistent theme – reflective of the Review’s recognition that there is ambition within the Government both at the policy and political level to drive work on threats to peace and stability.
- There is a risk of conflict prevention being viewed solely through a humanitarian lens as it is predominantly addressed by Australia’s Humanitarian Policy (as opposed to the Development Policy).
- Bringing together the informal knowledge networks on conflict and fragility issues that exist within DFAT is critical to improved integration.



ACFID’s view

The development program is a critical tool in addressing drivers of fragility and conflict such as poverty, climate change and inequality.

*To ensure effective implementation, monitoring and oversight of relevant programs and approaches as well as facilitate linkages between development, conflict prevention and peacebuilding, **ACFID recommends DFAT establish a clear central location for conflict prevention, coordination and oversight within the Department.***

This would better capture and structure the informal knowledge networks that exist within DFAT on conflict and fragility issues.

7. Locally-led development must focus on local agency and leadership



Review Findings

- Australia places partner governments at the centre of its approach to locally-led development, noting that the share of ODA delivered through partner country governments has doubled since the 2018, from 5.4% to 11.4%. **Recommendation 3** encourages continued budget support to SIDS while incentivising delivery partners to equitably fund local organisations.
- Australia “could do more to streamline and harmonise its processes and assessment to advance locally led development objectives,” for example by “using passporting approaches that enable historic assessments to be applied to new partnerships.”
- Australia’s measurement approach through mandatory reporting should focus more on local agency and shifting power instead of participation, through for example enabling local partners to “lead design and implementation processes, using their own systems.”
- Increasing flexible and core funding for local organisations would advance Australia’s locally-led objectives. This links to OECD data that places Australia below the OECD DAC average in funding to and through CSOs.



ACFID’s view

*As highlighted in the Review, core and flexible funding is critical for strengthening and building the long-term capacity and sustainability of local actors. **ACFID continues to call for an increase to core, multi-year and flexible funding for civil society organisations. These features should be a key design principle of the Governments’ Civil Society Partnerships Fund.***

*In recognition of the high standards, and rigorous reporting requirements that accredited organisations are expected to meet, **ACFID recommends a broader passporting approach that harmonises existing requirements while reducing the administrative burden on partners. Where ANGOs are undertaking an accompaniment role, ACFID recommends using DFAT’s existing accreditation to streamline compliance. A reassessment of the current ‘passdown’ approach within ANCP to provide clarity to accredited agencies is also recommended.*** 13

8. Current approaches to risk must be redefined



Review Findings

- **Recommendation 2** on development effectiveness outlines that DFAT should “fully embed risk-based management, including by improving staff capability to apply risk policies in a proportionate and flexible way.”
- The review recognises 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,” and notes delivering on Australia’s goals requires “a reflection on risk appetite” and how staff are capacitated to undertake risk management.
- Risk-taking can be improved through strengthened development capability. This is particularly important to enable junior staff on their first posting to effectively manage risk and ensure the different types of risks are understood, not conflated and addressed appropriately.
- Although changes are signalled in DFAT’s “Risk Appetite Statement”, it is likely the Department’s risk settings will remain “a barrier to partnerships with local organisations unless more significant investments are made to provide core, flexible funding that strengthens capacity.”



ACFID’s view

DFAT risk approaches often remain focussed on fiduciary and reputation risk which is too narrow: the trade off must be balanced with consideration of development risk (the risk that development assistance will not achieve results).#

ACFID recommends the development of a more robust and inclusive risk framework which considers risk in its multiple forms.

DFAT continues to devolve risk to partners, which is often paired with limited core funding to support systems strengthening.

In line with the Committee’s recommendation, ACFID recommends CSOs be capacitated through core and operational funding to meet accountability standards and that due diligence requirements should be commensurate with grant size and CSO capacity.

Institute for State Effectiveness, Development Practice Note. Who cares about development risk? <https://effectivestates.org/wp-content/uploads/2019/04/Development-Risk.pdf>

9. Monitoring, evaluation and learning capability must be strengthened



Review Findings

- DFAT’s decentralised evaluation approach presents some constraints on gathering consistent evidence and maximising learning and improvement.
- The review calls for the reinstatement of a centralised learning function (the previous Office for Development Effectiveness) to conduct broad strategic evaluations that “synthesise and elevate learning around key priorities, challenges and enablers” and provide an evidence base to drive effectiveness and impact.
- The review notes the current approach “contributes to a risk that programming is guided more by precedent and risk aversion” instead of innovation and creativity in addressing the challenges set out in the International Development Policy.



ACFID’s view

The development program – including both ODA and non-ODA spending makes up a significant proportion of DFAT’s departmental budget. A strong evidence base is critical to determining what works and why and folding this into innovation and learning approaches to drive development impact.

ACFID calls for an independent evaluation capacity to be reestablished within DFAT. A restored evaluation capacity could resemble the former Office of Development Effectiveness, with the capacity and mandate to carry out meta-evaluations and equipped with investments in data and research to promote a culture of learning and drive effective practice.

10. Continue to communicate the value of the development program



Review Findings

- **Recommendation 1** on ODA volume also recommends continued investment “in strengthening public and parliamentary support for Australia’s global engagement.” DFAT’s new curriculum resources for Australian schools on global citizenship, international development and the SDGs is an example of such investment.
- Improving the public’s understanding of international development and global public goods is critical to building support for Australia’s development program, particularly against a global push-back on foreign aid.
- Building public support for the development program requires a well-resourced communications approach with strong political and bureaucratic leadership.
- The growing interest in a “whole-of-nation foreign policy” provides an opportunity to engage the broader Australian community, including diaspora communities that many Australians are a part of. Proactively engaging with diaspora communities, is an approach Australia could explore in the future.



ACFID’s view

Communicating the value and effectiveness of Australia’s development program is critical to build knowledge and support across government and the public.

It is important to develop a high-level narrative that explains to the public, clearly and simply, what our foreign policy, including Australia’s development program intends to achieve for Australia and the world, which has longevity across election cycles.

ACFID recommends DFAT develop and deliver a more holistic strategic communications plan aimed at increasing public awareness of Australia’s development program and the benefits it realises for our partnerships and region.

Q&A Discussion



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT



acfid.asn.au



advocacy@acfid.asn.au



[/ACFID](https://www.facebook.com/ACFID)



[/acfid](https://www.linkedin.com/company/acfid)



14 Napier Close, Deakin, ACT 2600



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT